

SOCIAL CLASS AND SOCIAL DEVELOPMENT
The Case Of Egypt And Turkey

by

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INTRODUCTION

The thrust of this thesis is to examine major postulates of the theories of development and underdevelopment to study the linkage between development and social class in the Middle East. We will examine specific hypotheses based on these theories. The accuracy of the stated hypotheses in the thesis will be examined in the analysis of the history of development of two Middle Eastern societies: Egypt and Turkey.

Focusing on Egypt and Turkey in detail, a substantial part of the analysis is devoted to: 1) examine the diffusionist mode of conceptualization, 2) provide a critical appraisal of the Metropoles-satellite formulation of A.G. Frank and, 3) consider a viable alternative model for a historical and comparative approach to study the process of development and underdevelopment.

Chapter One will present a critique of major current perspectives on development and social class. Based on a theoretical perspective and an outline for an alternative approach to the problem, Chapter Two and Three will provide an historical overview and an analysis of the socio-economic situation of the case of Egypt.

Chapter Four and Five will focus on the specific situation of the case of Turkey. The final Chapter Six, will conclude the thesis with a summary of the analysis and the implications of the conclusions for further research in the area of sociology of development.

CHAPTER I

Perspectives on Development and Social Class:

The field of sociology of development is a relatively new inquiry in the social sciences. An enormous amount of literature and important studies have focused on the developmental concerns since the post-war period. A number of empirical studies have formulated theoretical frameworks for the understanding of social, economic and political development in various parts of Asia(including the Middle East), Africa, and Latin America.

The primary reason for this upsurge is perceived to have stemmed from the dissolution of formal colonial empires and the rise of nominally independent countries of what is now called the Third World. Intensive developmental research has recently triggered great interest and quickly produced an abundant amount of literature(Balandier,1970:60-70). It has inspired a whole generation of Western social scientists who have devoted themselves to explain developmental issues of what has been commonly called an "interdisciplinary science of development" (Brookfield, 1972:1).

Despite the research and studies carried out during the past decades, great difficulties still persist. The widening gap between the developed and underdeveloped countries who represent the great majority of societies and possess the largest population, has become en-

larged over time. The challenge thus requires a new form of knowledge, owing to the diversity of these societies, degree of transformation and complexity of the problems related to development and underdevelopment.

There are numerous sociological theories of development available. In non-Marxist sociological literature they are often referred to as "theories of modernization" as distinct from Marxist "theories of development". Against obvious terminological distinction these theories merely reflect on the pattern of "development" in the now generally known ex-colonial and semi-colonial, dependent countries by attributing to them the euphemistic or polite term "developing" or "Third World". The consequences of theoretical and policy implications, not only refuse to acknowledge these countries' developmental concerns but also exempt the now developed countries of Western Europe and North America from the need to development.

But the difficulty persists mainly because the current sociological approaches to development are based on a limited experience- that of the Western societies- and in relation to the assumptions and implications of the particularly privileged situation of the industrialized countries originating in Europe.¹ Under these circumstances, concepts, theories, particular mode of conceptualization and research techniques have frequently proved unsuitable to the developmental situation of the Third World countries (Balandier, 1972:70). Consequently, the sociology of development is currently being produced by the Western industrial countries, for use in the undeveloped countries. This type of sociology of development is called in question, as unsuitable and ineffective for empirical and political reasons (Frank, 1967:20). It is precisely on these

grounds that the general validity of the sociological studies have been recently challenged and it has caused the reversal of the mode of conceptualization and the rejection of limited interpretations concerned with development.

By numerous sociological theories of development, the distinction of the terminological differences imply "economic growth" as expressing continuous and qualitative changes, in the now developed countries.² That is, in the developed societies, growth is development and it has an integrating effect. But in the undeveloped regions, growth is not development and its effects are to disarticulate these societies in the social, economic and political sense.³ Advocates of the former theories postulate a certain degree of "economic growth" as a precondition for the transition to "self-sustained" or optimum economic growth. Central to the latter persuasion is the notion that economic development does not occur through the same succession of stages in each country or the entire undeveloped region which have long been passed by the now developed countries. They argue, that today's developed countries were never underdeveloped in the same way. They view the underdevelopment of the Third World countries as historical process and based on their integration into the world market to produce raw materials to meet the industrial needs of the now developed countries. Specifically, economic growth in the underdeveloped countries means the development of underdevelopment.

This thesis will examine the assumptions and implications of a particular mode of conceptualization, the diffusionist model, which draws heavily on the notion of modernization and has provided the prevailing characteristics, empirical, theoretical and policy formulation of the sociology of development. This review will be contrasted with the above-mentioned prevailing theory known as the development model. The review

of the development model will follow the analysis and critique of the main postulates of this model to consider the formulation of an alternative approach that will be applied on the Middle Eastern societies under study.

In the diffusionist model it is made explicit that modernization is a total social process associated with economic development in terms of pre-conditions and this process constitutes a "universal pattern" (Berstein, 1971:141). Lerner(1958:47), for instance, refers to modernization as the social process of which development is the economic component. Both Lerner and Huntington(1963:32-39) refer to urbanization, industrialization, secularization, democratization, education and media participation as interrelated process all reflecting modernization. With added emphasis Blanksten(1963:184) refers to this as "the process by which people on a lower standard of living become acquainted with the benefits of a higher standard, and in consequence of this 'demonstration effect' come to desire or demand the goods of the higher level." De Sola Pool(1966:106) refer to the "sectors of the world not yet modernized(which) have an image of the modernized portion of the world", and states that the "mass media disseminates awareness of aspects of life that are not part of the personal experience of the reader or listener or viewer himself... The medial create knowledge of desirable things faster than things themselves can be produced....they prepare men's minds for new desires more rapidly than those new desires can be satisfied..."(Lerner (1963:333) furthermore states that"the spread of frustrations in the areas developing less rapidly their people which can be seen as an outcome of a deep imbalance between achievement and aspiration." Deutsch(1961: 493-

514), Lipset (1963:70) and Apter (1967-9) stress the structural aspects, social mobilization and cultural assimilation as being critical in the transformation of an underdeveloped society to a modern nation.

The conceptual generality of the diffusionist theory suggests the replacement of old social, economic, and political institutions. These factors are explained as having a limited span and incorporating archaic constraints to the formation of new institutions which facilitate optimal allocation of resources and the development of modern technology. The diffusionist theory heavily relies on the concept of what Brookfield (1972:2) calls "spatial diffusion" or the spatial patterning of change in developing countries. The diffusionists combine the concepts of temporal progress (modernization over time) and "spatial diffusion", which are viewed to be complementary and functionally related, in that temporal progress is seen as a function of one way of the "spatial diffusion" of "modernizing forces" from the center or metropolis to the periphery or hinterland. From this perspective modernization is essentially a one way process of transformation from the traditional to modern or from an underdeveloped to developed (the process of moving away from underdevelopment)---the concern being how the typical characteristics of "development" are supposedly diffused from the developed countries to the underdeveloped ones. The diffusionists argue that one part of the world, Western Europe and North America, diffuses and helps the other part, Asia (the Middle East), Africa, and Latin America, to develop. Explicit in this view is the conception of the national metropolis of these three underdeveloped continents that have already received the benefits of this diffusion, in turn, help develop their own hinterland (backward areas).

As far as the scientific validity of the diffusionist approach is concerned, it is sufficiently criticized by the Marxists, especially A.G. Frank (1967), R. Stavenhagen (1969), T. Szentes (1971) and S. Amin (1974). In contrast to the diffusionists, the Marxist critics view that the promotion of diffusion from the developed sectors and the persistence of underdevelopment as obstacle to this diffusion has the reverse effects. That is, the developed sectors, either foreign or indigenous, structurally block the development of the traditional sectors of the entire undeveloped region. Frank and Stavenhagen by examining capital investment, technology and institutions, the primary factors of development in the diffusionist approach, demonstrate that the human and material resources have diffused backwards: from the underdeveloped countries to the developed metropolis; causing decapitalization, unequal exchange and migration of workers in the impoverished underdeveloped areas (Stavenhagen, 1969:102-117; Frank, 1967:315-318, 46-47).

Based on available empirical evidence, these critics propose that intercourse between the developed and underdeveloped areas leads to integration of the latter into an unequal exchange which determines and promotes the growth and expansion of the developed areas, leaving the underdeveloped areas relatively if not absolutely worse off. Frank and Stavenhagen view socio-economic development not, as mere increases in productivity as diffusionists do, but as a conflict between forces that maintain the unequal exchange relations and those that radically change these terms. This conflict does not arise, they argue, from the unbalance relations between the leading diffused manufactured goods and lagging traditional blocks to development, but is inherent in capitalist

contradictions and deliberate policy of promoting the development of underdevelopment.

In contrast to diffusionists who see the political, economic, and social integration of backward areas with developed areas as favorable to development, Frank views the internal structures of the underdeveloped societies as corresponding to the external socio-economic forces which are imposed and have created their own specific interest zones within these countries. Such unbalanced relationship never serves the interests of the impoverished areas. The economic surplus of the undeveloped countries is expropriated and appropriated by the metropolises-satellite mechanisms eventually channelled to the world metropolises centers. This process of expropriation or decapitalization has been amply documented by Baran, Sweezy and Frank.

A.G. Frank's theoretical formulation of metropolises-satellite model consists of the following postulates:

1) it is false to suppose that development would occur through the imitation of the same succession of stages historically experienced by the West in the undeveloped countries. The now developed countries were never underdeveloped in the same way though they may have been underdeveloped.

2) it is erroneous to view underdevelopment as a mere reflection of the economic, political and social structures of the underdeveloped country itself. In large measures, underdevelopment is a discrete historical phenomena created by the historical relations between the underdeveloped satellite and the now developed Western capitalist

countries. These relations were maintained on a world scale- the consequences were that the metropolises destroyed and transferred the existing viable social and economic systems of these societies and incorporated them and converted them into the metropolises and sources of its own capital accumulation and development and resulting in the underdevelopment of the newly transferred societies.

3) the dualist perspective which views underdeveloped societies as having a dual structure-each with its own dynamics-one sector being more developed than the other and another confined to isolated and feudalistic- is challenged as incorrect because capitalism has completely penetrated even the most isolated parts of the undeveloped world.

4) the mechanism of metropolises-satellite relations are not confined to the inter-national level; they penetrate and integrate the economic, political and social life in the satellite countries, creating national metropolises to which the interior regions become satellite. This same metropolises-satellite relations extend deeper and characterize all level and parts of the capitalist system. The contradiction of capitalism are recreated within these countries and generate tendencies towards development in the national metropolises and toward underdevelopment in the subordinated satellites.

Based on the above postulates, Frank formulated the following major hypothesis:

1) the degree to which the satellites remain underdeveloped is limited to their subordinate status and lack of access to their own surplus; 2) a weaker or lesser degree of metropolises-satellite relations

may generate less deep structural underdevelopment and allow for the development of the subordinate satellites. The satellites have experienced their greatest economic development, including industrial growth, only when their links with the metropolises were weakened. But these upsurges of development were stopped when the metropolitan centers recovered economically; 3) the satellite regions most underdeveloped now are in the past most systematically linked to the metropolitan centers; 4) the big landowners (the latifundia) were originally typical capitalist commercial enterprises, responding to growing demand in the national and international markets, expanded their accumulation of capital, land and labor in order to increase their supply of commodities; 5) these landlords are not isolated, were not so in the past, but were in control of sectors of the economy which underwent changes due to drop in demand for their products.

Frank maintains that Latin America has been under capitalism since the European colonization and expansion of mercantile capitalism. Remote and isolated regions of Latin America has been integrated to the general process of commodity exchange and this change has structurally linked Latin America to the world's metropolitan centers. According to Frank, it is erroneous to refer to Latin America as feudalistic or a closed universe where a subsistence economy predominates. Thus for historical and empirical reasons the socio-economic policies based on metropolises-satellite relations aim at eliminating the possibilities of the development of the capitalist system and they are determined to increase the development of underdevelopment in Latin America.

Alternative Approach:

The diffusionist approach fails to reflect the historical experience of the colonial period in undeveloped countries and keeps us uninformed about the class structure of these countries. For the purpose of this thesis, we find not much use for the application of the diffusionist approach beyond its ability to point out the characteristics of the process of underdevelopment and the existence of the developmental concerns.

In the analysis of the situation of the Middle Eastern societies under study, we will apply A.G. Frank's metropolises-satellite model in a modified version. Although Frank's framework demonstrates the contradictions in capitalist development and the exploitation of the satellite nations by the metropolises centers, it is not satisfactory in its application in entirety:

- 1) there are fundamental structural differences between the historical patterns of the colonial period and the character of contradictions in the development of capitalism in the region.

- 2) the class phenomena, which is central in explaining patterns of development, receives less emphasis in Frank's work than the treatment of the appropriation of Latin America's national resources by the international metropolises.

The main emphasis in Frank's historical analysis has been to demonstrate continuity in the penetration of capitalism in Latin America and to establish that the metropolises-satellite relations created are the sources of underdevelopment and that capitalism cannot guarantee development. For Frank the history of Latin America since the 16th century is essentially one of intensification or temporarily decline of

these relations. For him the extraction of surplus from the satellite to metropolises is continuous and more important than changes occurring in the relations of production whether of agricultural or industrial interests (Phillips, 1977:12). According to Frank development in one part of the world is based on, and must guarantee underdevelopment in another- and with the same token class structure in the satellite countries has been the colonial capitalist structure imposed and passed from one colonial power to another: "If the ruling groups of the satellite countries have now and then found it in their interest to undertake a relatively greater degree of autonomous industrialization and development,...it was not because the essential structure of the world capitalist system had changed but only because the degree of their satellite dependence on the world metropolises had temporarily declined due to the uneven and war-torn historical development of the world capitalist system." (Frank, 1967:28). Frank in the metropolises-satellite relations stresses the continuity of exploitation and rejects the persistence of pre-capitalist or feudalistic-structures to account for underdevelopment. At the same time, Frank's framework, beyond recognizing the acceptance of dependency by the dominant classes in the satellite countries, does not account for any transformation in these societies. Although the metropolises satellite model recognizes the determinant role of a precise nationality of the foreign capitalist development-trade and commerce, for example- and changes in the form of dependency, the entire analysis remains schematic, quite static in character and overlooks the importance of the transformation of the internal structure in favor of satellization of the undeveloped society.

In the application of the metropolises-satellite model formulated by Frank, we are incorporating two additional concepts: the colonial situation and the class structure. As we pointed out earlier both of these aspects of the theory of development and underdevelopment had received less stress in Frank's formulation. The theoretical framework proposed by Frank is characterized by the concept of the accumulation of capital. Through the metropolises-satellite schema Frank has asserted one of his major hypothesis. He has shown the total integration of the undeveloped societies into the process of capitalist expansion and shows how the capitalist countries have exploited the satellite nations--- the process of the development of underdevelopment. By showing the degree of integration, Frank has rejected the notion of independent pre-capitalist economies and societies because of their integration into the determinant capitalist world---through the historical fact of the colonial rule. One of Frank's main assumption is that capitalist world economy will always take the form of a series of metropolises-satellite relationships---and the individual countries will move from one category to the other in varying degrees of strengths and weaknesses in this relationship.

For the purpose of this thesis, we will work with Frank's central hypothesis from a somewhat different direction---to analyse a single process of transformation in each one of the countries under study which is at once a process of development and a process of underdevelopment. This will urge us to redefine the major concepts used in Frank's formulation and question the postulates in relation with the specific socio-economic and historical circumstances of another region in the Third World.

We will argue that the fact that the individual countries

move from one category to another in the metropolises-satellite relationships is not so much because of these relationships but in that conjuncture the satellite society goes through a process of transformation. This transformation is determined by the internal class structures of the satellites (and the metropolises as the successful development of capitalism in Western Europe was determined by a class system) and in turn reflects on the basis of the relations of production- and its subsequent analysis- that may adequately explain the problematic notion of underdevelopment as the basis of capitalist development and not its result only.

1. The Colonial Situation

Central to the historical analysis of development is the colonial situation of the now undeveloped societies. The impacts of the initial period between the developed and undeveloped societies- a point of departure for both the diffusionist and Marxist theories of development- includes the colonial social structure, the socio-economic, political and cultural organizations and involve a pattern that historically shows how these societies were colonized and responded to the colonial order. A historical realization of the colonial situation further reveals the social and political responses of the colonized societies and how they came to terms with, resisted, escaped and the type of conflict that emerged as a result of the new situation. The colonial situation in its profound socio-economic impacts involved cultural dislocation and disorganization- through designated industrial projects and political subjugation- paved the way

for the colonial order to set external limits to the social and political actions of the colonized societies. This arrangement imposed a social structure which would inhibit the growth of the colonized own vision and understanding of historical facts and therefore makes it imperative to use the colonial situation as the ultimate frame of reference in the historical analysis of development and underdevelopment(Magubane, 1971: 419-420).

Whatever the impacts, the degree of socio-economic, political and cultural aggravation of the colonized society- in each region and country- the colonial situation was a complete hegemonic system which, when stripped of all rationalizations, it was simply domination of one group over another. This relationship was structured in such a way to include extra-economic considerations and coercive political measures of the colonial order and the loss of the colonized value system, cultural degradation and dislocation in their social structure reinforced by external forces of industrial and political subjugation. In this sense the most important impact of the colonial situation in the process of development and underdevelopment remains to be a dependent structure that deepens and aggravates the social structure of the undeveloped societies.

In Frank's model, the colonial situation is incorporated as the integration of the colonized societies in the metropolises-satellite relations which links underdevelopment to their subordinate status as satellites and their lack of access to their own resources. Further, the European colonization and expansion of mer-

ropoles-satellite relations that led to deep structural underdevelopment in the colonized societies and have integrated these regions to the world capitalist system for the process of commodity exchange and the economic benefits of the metropolises. And finally, according to Frank, that a weaker or stronger degree of metropolises-satellite relations may show momentary economic recovery or severe underdevelopment in the satellite countries. The historical data presented by Frank, confirms that the metropolises-satellite relations have strongly changed to the detriment of, and largely at the expense of, the now underdeveloped countries. The terms of this relationship has been exploitative both when the terms of trade improved and when they declined again. During the colonial era of the 19th century, for example, Britain's terms of trade declined during the first part of the period, her exports increased more rapidly than her imports in order to pay for the latter. This points out to the fact, according to Frank, that the exchange was unequal- even at the lowest terms of trade for Britain, her real gain and the now undeveloped countries' real loss from international trade during these years was correspondingly greater:

Britain's terms of trade declined and her exports increased during the first part of the period when Britain was conquering overseas markets for her industrial, especially cotton textile, exports through low prices and was destroying manufactures and even industry in Latin America, Africa and Asia....(Frank, 1976: 173).

Frank's data indicates, the effects of the colonial era as having deep impacts- and over time- the hold of the international metropolises became finer and replaced free trade and the undeveloped countries were exploited through the declining terms of trade and therefore unable to challenge in the presence of two factors: 1) increasing dependency of the metropolises on raw materials, 2) and the colonized countries, in turn,

began themselves to produce industrial products. In the first instance, the international division of labor contributed that unequal term of trade, and in the second, "industrial growth accelerated in most 'Third World' countries precisely when, during the depression, their terms of trade deteriorated most seriously and when, during the war, favorable terms of trade were not immediately significant because the imports use of foreign exchange so earned was blocked by that war" (Frank, 1976:174).

The metropolises-satellite relationship assumes a structural dependency that reflects the formal or informal control over local economic resources in a manner advantageous to the metropolitan power, and at the expense of the local economy (O'Connor, 1970:118). This relationship also suggests the many forms and mechanisms used by the colonial order and the capitalist development inherent in that dependent structure. Precisely structural dependency assumes a situation when the socio-economic structure of a country is conditioned and subjugated by the development and expansion of another socio-economic system. This relationship assumes a form of dependency when the dominant countries can expand and can be self-sustaining, while the dependent ones can do this only as a reflection of that expansion. This can of course have either a positive or negative impact on their immediate socio-economic development (Dos Santos, 1970:231).

In Frank's formulation this development is explained in the metropolises-satellite linkage which is responsible for the production of raw materials for export aimed at the transfer of local accumulation of capital. But the main question is still why the rapid expansion of

raw materials production did not, historically, permit or generate a take-off into self-sustaining domestic production of the more backward linked producers or forward linked processed goods in Asia, Africa and Latin America- but did so only in the metropolises. That is, this development created the increased industrialization in the metropolises and de-industrialization in the satellites. External dependence is at once the origin and the result of this complex situation. In a more informative manner, Samir Amin has found out more false continuity in the complex development process and emphasizes changes in the relationships between developed and undeveloped countries. According to Amin, the recent historical changes have witnessed a sharp decline in capital accumulation in the peripheries. In the past, the world capitalist system was able to resolve its inherent crisis, and sustain itself by providing markets with excessive consumer goods. At the present period this imbalance is resolved through a more co-ordinated efforts within the Western capitalist markets and capitalist development no longer relies on the spatial expansion of further market penetration of the peripheries. Some 80 per cent of the trade of the developed countries consists of exchanges among the developed countries themselves and the remaining 20 per cent with the undeveloped countries, while the exchanges among the undeveloped countries barely consist of 20 per cent (Amin, 1974:17). In other words, whether taken individually or jointly, these areas are simply the peripheries; although they have a 'new' role in the international division of labor. This assertion is made on the counts of capital accumulation on a world scale which takes place to the advantage of the developed countries-the center-and supplied by the undeveloped countries- the peripheries (Amin, 1974:3-4).

In a similar way, Frank points out the industrialization that occurs as a result of the exchange relations between the developed and undeveloped countries-- processing installations and equipment for the production of raw materials. Yet, it is quite evident that, the large scale production of raw materials does in itself constitute introduction of the means of production--since they are consumed in the raw state and constitute an input in the intermediate stage of capitalist productive process. And as for the production of raw materials, export--destined-- whether foreign or domestically owned, it is confined with the unequal exchange of the imported manufactures. These two aspects combined severely handicap capital accumulation and productive consumption among the raw materials producers and the metropolises--satellite mechanism drain the capital through the unequal exchange from the satellite to the metropolises. Frank insists though that the answer to the inquiry lies in the metropolises--satellite relationship-- inherently unequal-- and inevitably gives the metropolises the upper hand in the exploitation of the satellites and the perpetuation of the development of underdevelopment (Frank, 1976:177).

In this conjuncture, it is important to note the relationship between the internal and external socio-economic forces, their role in the process of the peculiarities of raw materials production and how they have related to the patterns of development characteristics of developed societies. Precisely, the main characteristics of the relationship between the internal and external forces remain to be monopolistic control of the trade markets, which, as noted, results in the transfer of surplus generated in the satellites to the metropolises.

Further, the relationship involves the maintenance of the satellites technical inabilities. This entire process remains inherently contradictory: it combines the inequalities in a such a way that the backward relations of productions are maintained, the export oriented economic activities disrupt the social structure and the most backward countries transfer their resources to the developed ones. It is this what Frank calls the "development of underdevelopment".

The colonial situation gives the process of this type of development the sharpest distinction. The colonial situation characterizes trade export in which commercial and financial capital in alliance with the colonialist state dominated the economic relations by way of the trade monopoly and control of the colonial land and labor power. This situation is distinguished in its features of raw materials production and the financial and industrial capital investment usually dominant in the agricultural products for consumption in the metropolises. The most important consequences of this was the development of a productive structure which corresponded to the export of select products for both external and internal markets. This situation was not a static structural arrangement; it consolidated the internal structure of the satellites and directed "the orientation of production, the forms of capital accumulation, the reproduction of the economy, and, simultaneously, their social and political structure" (Dos Santos, 1970:232).

In this context, it is important to note that the socio-economic role played by the satellite societies is wide but their existing internal market has been kept restricted to very specific

characteristics: the national income derives from the export, the super-exploitation (low wages and low skills) of the labor employed, these workers depend on their own subsistence economy to complement their income, and the ownership of land and mines by the foreign investors. These characteristics, in the intensive situation of dependency, especially form the basis of the structural relationship between metropolises and satellites and make possible the transfer of the accumulated surplus in the form of profits, while imposing limitations on the internal markets and reinvestments of the capital produced locally (Dos Santos, 1970:232).

This development, historically, placed another major limitation- in terms of the growth of the means of production- which was the possibility of generating new investments for the purchase of machinery and processed raw materials not produced locally. Financial resources of foreign origins involved in the production of raw materials permitted the companies to prefer to transfer their machines in the form of capital rather than as commodities for sale (Dos Santos, 1970:233). This situation and its understanding is crucial in order to appreciate the structural basis of the development of underdevelopment and its subsequent impacts on the social structure of the satellite societies. The most outstanding features of these effects in the social structure was the need to maintain the traditional social relations in the process of development of the export-orientation of the economy- permitting the satellites to participate in the economic activities controlled by the world capitalist metropolises. The maintenance of the traditional social relations made it politically feasible for the oligarchies to dominate

the socio-economic structure of the society-- a situation which has led to the formulation of the thesis that feudalism is in control of these societies and pose as inhibiting factor in their development-- in the transition of these societies to capitalist development.

It is the contention of this thesis to examine the basis of this claim and point out the existence of capitalist socio-economic system prior to the advent of colonialism, and the maintenance of the alleged backwardness after the colonial domination. Further on, we will point out the internal social structure of the societies under study in terms of the contradictory nature of the development process: the productive and reproductive forces as features of a particular type of development within the framework which necessarily lead to the development of certain sectors and the economic orientation to be divided between the national and international forces of domination.

2. The Class Structure

Frank's claim that Latin America has been a capitalist society since the beginning of the colonial rule, 16th century, emphasizes exchange and commercial relationships rather the process of production in his treatment of the relation between the class structure and underdevelopment. Frank tries to show that the economies of the satellites produced mainly for the market and from the very beginning tied and integrated to the world markets. This has produced a number of theoretical problems the implications of which are at issue in doing any historical interpretation of the process of development; particularly about the nature of the class structure in the undeveloped societies. For a historical approach to development it is necessary to identify the changes in the social structure, the production process and how they influence the socio-economic orientation- the pattern of dependency- in relation with the class structure, would make our perspective clear beyond the view of satellization or dependency which gives a circular argument: dependent countries lack capacity for autonomous industrialization and socio-economic development because their structures are dependent one (O'Brien, 1975:24).

Central to the metropolises-satellite relationship is the assumption of the inherent dependency. As we discussed earlier, dependency inherent in capitalist development is problematic and is not particularly helpful without specifying the structure and the origins of that dependency. The pattern of dependency as explained in the context of colonial situation involves a certain internal structural

arrangement which affects the social structure and the process of production in the undeveloped societies. The major impacts of this dependency include the disarticulation of the social structure and a coercive political method designed to integrate the satellite export-oriented economy and raw materials production to the world capitalist system. Frank shows evidence for the integration of the satellite to the world capitalist system- the alleged need of the external socio-economic forces to expand- and commercial channels linked with world markets and the economic surplus collected from the direct producers. Beyond this, it is necessary to differentiate the kind of dependency that may exist between the metropolises centers, and the pattern of dependency typical of the satellite nations. In the analysis of dependency in the satellite an additional caution is that there may be different mode of production in existence in addition to the capitalist mode of production. The discussion of the mode of production is certainly beyond the scope of this thesis, but it should be pointed out that both the external and internal aspects of many different modes of production are being articulated in relation to the underdeveloped societies. The particular articulations are the result of the historical process of the colonial domination and the perpetuation of underdevelopment - both in terms of discouraging further economic growth and the transfer of the benefits of the economic growth to the metropolis. The important point to be made, is that Frank's formulation of metropolises-satellite treats class structure as residual in his analysis of the external and internal socio-economic forces and the nature of underdevelopment. In understanding underdevelopment in terms of the class structure of the satellites, it is necessary to conceive that a certain degree of restructuring of the

mode of articulation of the socio-economic system takes place that influence the role that the dominant classes play in the transformation of the undeveloped societies. It is this aspect of the analysis that we now turn to discuss.

In the metropolises-satellite formulation the process of commodity exchange is viewed to have strongly changed to the detriment of the economy, and influenced the class structure and in the way in which the mode of production has been articulated in the now undeveloped societies. As discussed earlier, the economic activities of the undeveloped society are linked with commerce in such a way that the surplus accumulated locally is determined by the unequal exchange value. The external economic forces stimulate changes in the techniques of production as well as the composition of commodities produced. Whatever form the surplus labor takes in the process, the ability to produce for a market that fluctuates on a world scale is limited by the class structure. The competitive market pressure then places limits on commerce as a stimulant and makes it less a determinant of change in the social structure-but a determinant nevertheless (Fine, 1978:90-91).

Therefore, the focus of the external and internal socio-economic forces of the undeveloped societies must be integrated with the analysis of the internal dynamics of class structure. Especially, as we view economic development as a qualitative process and the external and internal relations as dynamic, not static and reduced to a mere formality in accumulation of wealth in general, but increased productivity of

labor and the development of the means of production. Historically, as it happened in Western Europe, the development of labor productivity in agriculture, for instance, was dependent on the emergence of a social system which enabled the direct producers to be equipped with capital and skills and advanced techniques of production on a large scale (Brenner, 1977:67).

Without the integration of the external and internal socio-economic forces with the analysis of the internal dynamics of class structure, Frank's formulation as is remains inadequate in explaining underdevelopment. In that it fails "to draw distinction between exchange-oriented and capital-based mode of production" and its emphasis on unequal exchange "relegates class relations of production and their development to a subordinate role in the analysis" (Fine, 1978:88-89). First, the development of underdevelopment does not always require a commercial system of unequal exchange. Second, the fact that the character of the labor in the satellites did not change to a free labor to lead to the formation of a free wage labor force for industry, cannot be explained solely by the precise nationality of capital and the commerce linked to the metropolis but more by the character of the class structure which determines: 1) the relatively little investment in the local industry, 2) industrial production that could meet the needs of the local markets are being organized in the metropolis which would determine the flow of potential funds out of the satellites, 3) a considerably high level of consumption of luxury products which would not permit the development of the productive capacity of the local economic system (Brenner, 1977:85).

In a nutshell, the origins of underdevelopment may be explained in the class structure that determines the system of production which applies free labor and maintains a structure that allows profits. From this point of view, underdevelopment becomes not a question of whether there are or not quantitative changes, and if these changes may lead sooner or later to qualitative changes. The reproduction or perpetuation of underdevelopment remains a sort of interplay between the qualitative changes- of internal socio-economic relations and structures, and specific external economic relations which include the quantitative changes. Taken as a whole, the socio-economic structure of the undeveloped society remain disarticulated. Internally, the effects of the two distinct sectors, the "modern" and the "traditional" increase disintegration and limit the development of factors necessary for the transformation of the socio-economic structure. Externally, the maintenance of the mechanism of dependence and the transfer of funds perpetuate underdevelopment- and on a world scale because of the lack of scientific capacities, highly skilled labor, and most advanced techniques of production- underdevelopment as a system becomes relative in the international division of labor (Szentes, 1971:284-285). This situation forces the undeveloped societies to a polarization and internal disintegration which maintain the lower development of the productive forces lower skills of production and a cheap labor force to support export production without raising the level of productivity. The export-orientation of the economy develop the most important barriers- throughout the social structure-making the re-investment of any locally accumulated capital difficult and the full emergence of a free wage labor not possible (Brenner, 1977:85).

The point made here is that the class structure of the satellites plays a major part, in what was described as interaction between the internal and external socio-economic relations, and explains the degree of underdevelopment and the character of dependency of the undeveloped societies as raw material producers. The role that the dominant classes play is in further penetration of capitalist development and how feudal relations are pushed aside or maintained in the process of capitalist development which determine the structural basis of underdevelopment. In order to verify the feudal character of the relations of production- especially in the presence of the emergence of agrarian capitalism- the analysis should not necessarily confine itself to maintain a dualistic point of view about development and underdevelopment. A dualistic perspective, especially of the diffusionist persuasion, would suggest a separation between the "modern" sector and the "traditional" sector. On the contrary, it is important to show the relationship that exists between the maintenance of feudal backwardness on the one hand, and the apparant progress of a bourgeois dynamism on the other. Whether or not the elimination of the vestages of feudalism will take place and the open door to the expansion of agrarian capitalism will guarantee development, there is no automatic emergence of the bourgeoisie to take it upon itself to push away feudal or pre-capitalist social relations in the process of capitalist development. In other words, in the process of transformation both from pre-capitalist- the "traditional"- to capitalist relations- "modern"- and from a formal to a real labor and capital relationship, the question is not how pre-capitalist relations could survive, but in what form (Fine, 1978:94).

It has also been made clear by the metropolises-satellite mechanism that capitalist relations have been established in the satellite, but they reveal the structural features that constitute an underdeveloped capitalism- known as "peripheral capitalism" (Amin, 1974). It is here that we find a comprehensive explanation of the development of underdevelopment and the structural characteristics of the classes and their dynamic role in the transformation of the social structure.

It appears that the capitalist mode of production tends to be the only dominant socio-economic force in the center and it is based on the internal market. In the periphery capitalist development takes different forms and directions and it is based on the external market (Amin, 1974:35). The distinguishing feature of the "peripheral capitalism" is that although the capitalist mode of production predominates, this domination does not lead to the expansion of the internal market and here it is based on the external market in order to meet the needs of the world capitalist system by producing raw materials. Structural features of "peripheral capitalism" include: 1) the unevenness of productivity between each sector of the economic system- the industrial sector producing consumer goods and the agriculture closed in on itself and primarily concerned with products for export; 2) the disarticulation all sectors not forming a coherent and complementary whole- making each sector appear separate from the other- and the economic system carries out marginal exchanges among themselves and largely with the world markets; 3) the dependence on the external socio-economic forces - the disarticulation results in exchange, trade and

and imports and through a structure of raw materials producing for export, the basis of the external relationship remains to be financial dependency which is extraction of profits from the peripheries to the centers (Amin, 1974:15-18).

It is in this context that economic growth becomes development in the center and underdevelopment in the peripheries. It is here that we also recognize peripheral capitalism as producing a special structure based on the development of agrarian capitalism and allows for more than one mode of production to exist spatially and contemporary to each other. On the basis of the analysis provided, we reject the unilinear explanation of development and underdevelopment and attempt to learn why some peripheries have developed capitalist relations, and others have developed a distorted form in response to the external socio-economic forces.

We agree with the explanation of unequal exchange as it relates commerce to underdevelopment. But in placing more emphasis on the role played by the commercial and unequal exchange as opposed to the process of production creates another major confusion in the analysis of the development of capitalism in the peripheries. This means the failure to distinguish between the participation of the undeveloped societies in the world capitalist system and the dominance of the capitalist mode of production. Earlier we discussed the two necessary elements as preconditions in the emergence of a capitalist mode of production: the emergence of the free labor- the sale of labor-power as a

commodity and the loss by the direct producer of ownership of the means of production. In this context, the realization of the accumulation of commercial capital does not pre-suppose the existence of a capitalist mode of production but is compatible with the most varied modes of production. A case in point is the plantation economies where a more formal relations are maintained in the participation of the beneficiaries in a world market. Here the dominant productive sectors are already capitalistic without, however, allowing the local mode of production to become capitalist (Laclau, 1979: 38-39; Brenner, 1977: 87-88).

As the metropolises-satellite schema verifies the total integration of the undeveloped societies into the process of capitalist development, through the structure of raw materials production for export, and the subsequent expansion of agrarian capitalism, it becomes crucial to consider in the analysis process of production in the context of these countries' participation in a world capitalist economic system. If we take the mode of production to be the particular form of articulation of "an integrated complex of social productive forces and relations linked to a determinate type of ownership of the means of production" (Laclau, 1979:34), the analysis of underdevelopment should distinguish between the mode of production and the economic system. The economic system itself, in turn, as the mutual relations between the different sectors of the economy--between different productive units, regional, national or world scale, could be understood in relation to the political and ideological forces. It is in this context that we could

characterize metropolises-satellite relationship as the basis of a particular type of underdevelopment- the development of peripheral capitalism.

What kind of capitalism in the peripheries develops and the question of its origins and character, the co-existence of different modes of production and the complexities of the social formations of the peripheries, still remain in the pursuit of underdevelopment and the class structure. From the foregoing discussion it is evident that economic development in the undeveloped societies are closely related to the social and political structures-- to their class structure. A complete and exhaustive analysis and definition of the concept of social class is beyond the scope of this thesis. We rather concentrate on the use of the concept of social class as a simple definition as part of the socio-logical theory of social classes and as it relates as driving forces in the transformation of the social structure of the peripheries. For our purpose classes are viewed as historical categories and are tied to the evolution and development of society. Specifically, they "are large groups of people which differ from each other by the place they occupy in a historically determined system of social production, by their relation... to the means of production, by their role in the social organization of labor,... by the dimension and mode of acquiring the share of social wealth of which they dispose (Stavenhagen, 1975:27-28). Although this definition is by no means adequate, our concern is the structural arrangement of producing material goods that constitute class relations and the potential or actual hegemonic role that the classes play in the socio-economic and political orientation of the society.

The class structure of the peripheries differ from the center in being more complex and much weaker (Roxborough, 1979:72). In the peripheries the class structure vary greatly from one country or region to another and they exhibit some profound complexities. The complexity of the class structure of the peripheries is of much interest in showing the relationship between underdevelopment and the development of peripheral capitalism. This complexity means that a greater variety of forms of class alliance is possible. Which of a particular alliance will occur in a given historical period is certainly subject to the forces of transformation in the periphery. Roxborough (1979: 74) suggests a four class model for a general pattern of class alliance: urban upper class- the bourgeoisie, lower class, proletariat, a rural upper class, landed oligarchy; the urban bourgeoisie may join with the proletariat to defend their interests vis-a-vis the demands of lower prices for foodstuffs made by those in the agrarian sector; or the landed oligarchy may be able to direct the pressure on to the peasantry by making arrangements with the urban sector. These type of alliances, whether they expand or restrict the political and economic participation of the periphery, will depend on the nature of the process of development and underdevelopment and the correlation of class forces.

To sum up, in understanding the relations between the class structure and underdevelopment, from Frank's formulation of metro-poles-satellite relationship, it cannot be deduced that what determines the type and degree of underdevelopment of the satellites- its origins and character- is indeed in the role they play in the production of raw

materials for export and their super-exploitation through that relationship. The emphasis in favor of "satellization" assumes away 1) the transition of these societies- in entirety- from one mode of production to another; 2) confuses their participation in the world capitalist economic system and a relations with a particular mode of production; 3) undermines the role of the dominant classes and the changing role of the state; 4) and most important its residual treatment of the problem of the transformation of class relations--- makes the formation of distinctive capitalist class relations of production look more as the result of the external stimulus than the basis for the capitalist production. In this conjuncture, it also assumes the class relations to be a necessary outcome of continuing commercial production for exchange with the external socio-economic forces (Brenner, 1977:38-39). In this section, we attempted to discuss some of these postulates as they relate to the historical analysis of class structure and the process of development and underdevelopment.

The method of analysis in this thesis will be comparative case-study. It will entail the analysis in depth of the individual country by means of examining the historical process of development and underdevelopment. Procedures will include the application of periodization of the available historical data. The data obtained will not only identify the different stages in the transformation of these societies but also record the outlines of the common socio-economic features of each case---providing clues for subsequent research to pin down the complexity of the problem under study (Simon, 1969:52-53; Duverger, 1964:274-276).

This thesis will, hopefully, make a contribution to the comprehensive analysis of the process of development and underdevelopment and point to problems where research is required. It will, also hopefully, provide clues for a more comprehensive mode of conceptualization in the area of sociology of development. The comparative analysis that will be applied will prepare ground for an interdisciplinary approach to sociology of development by means of integrating social, economic, cultural and political analysis. We hope this will encourage the development of a sociological perspective to provide more rigorous critiques of the generalized theories of development and underdevelopment.

Notes

1

for example, R. Robertson and A. Tudor have approached development/underdevelopment on the basis of objective or subjective possession of some economic assets relative to and perceived on the part of each society by the Third World. "Third World and International Stratification; theoretical considerations and research findings" *Sociology*, Vol. 2(1) Jan. 1968, pp.47-64.

2

W.W. Rostow proposes this economic growth theory in Stages of Economic Growth (1960), where he identifies five stages of economic growth as pre-conditions for the development of the underdeveloped countries. The five stages: 1) the stage of traditional society, 2) the pre-condition for the development of take-off, 3) that of take-off, 4) the stage of maturity, 5) mass-consumption-all stages are patterned after the development of capitalism in Western Europe. In addition to its historical inaccuracy, as socialist systems have emerged, Rostow's theory lacks any explanation on how the transition from one stage to another is made and there is no account of historical circumstances of an undeveloped society.

3

Paul Baran and Paul Sweezy, Monopoly Capital: an essay on the American economic and social order, Monthly Review Press, 1966, A.G. Frank, Capitalism and Underdevelopment in Latin America, Monthly Review Press, 1969.

CHAPTER TWO

EGYPT

1. HISTORICAL OVERVIEW: Capitalist Penetration in Egypt

The expressed purpose of this chapter is to: 1) present an historical overview of Egypt from the "metropoles-satellite" perspective, 2) examine the widely-held thesis of the Middle Eastern society as "feudal" system and, 3) analyse the initial stage that have created upsurges in development and began the shift in the class structure of Egyptian society.

EGYPT:

In the case of Egypt, it must be recognized that the socio-history of this society shows two forms of colonialism: the Ottoman Empire (1290-1914) and the Europeans, the French (1798- 1800) and the British (1882-1952) . Contemporary Egypt has survived double colonialism and imperialism .

The 19th century Middle East experienced the decline of the Ottoman Empire primarily as a result of European economic and militaristic penetration . While the Ottoman Empire hegemony submitted to European imperial powers, the forces of internal colonialization persisted under the treaty or legacy name of the Ottoman Empire but socio-economic penetration of the Europeans . The most distinct features of confrontation between the different imperial forces were consolidated in Egypt . We will explain each phase of this confrontation .

I

Capitalism vs Feudalism

The initial phase of economic development in Egypt does not begin with Mohammed Ali ; contrary to many assertions, but with the French occupation (1798-1800) . Mohammed Ali (1805-1849) came to power when the basic foundations of European capitalism were already established in Egypt. In order to clarify the patterns of development of capitalism in Egypt , it must be recognized that the overthrow of the old structure of oriental feudalism of the Mamelukes, their right to own land, was challenged and replaced by the private ownership of land and a centralized state control on the European path . The emergence of Mohammed Ali signified the change in form and feudal control from the traditional Mamelukes in the hands of Mohammed Ali and under his centralized state bureaucracy . Mohammed Ali's arrival also points out the phase in economic development of Egypt when the oriental feudal system is

disintegrating and the establishment of basic foundations of a capitalist system based on commercial economy and private ownership of land . This transition in development is reinforced in the transformation of agrarian sector into a market economy . In essence, by abolishing basic institutions of the old system, the elimination of the iltizam system¹, land registration, land tenancy, private ownership of land, the intensification of cotton industry and above all the distribution of land among the associates and members of the ruling family, Mohammed Ali laid the basis for the creation of a centralized state control and a class of landed proprietors who owned privately and produced on world as well as on local markets (Abdul-Malek, 1968: 5-7) . The effects of these changes immediately resulted in the submission of the local crafts to more competitive industries . And because of particular changes in Egypt's commercial system, the retail trade once monopolized by the Egyptian merchants fell in the hands of Europeans (Baer, 1970: 25-26) .

Before Mohammed Ali, the state monopolized the land by powerful tax collectors (multazimins) who were supposed to pay for their posts by collecting the total sum of taxes from the peasants and keeping the balance as profits for themselves. There was no private ownership of land or centralized state bureaucracy but land was controlled by the central authority of the multazimins under the ownership and exploitation of the iltizam system . Mohammed Ali not only did help to transform the old system, but also made the entire agrarian sector of the economy a system of transition between oriental feudalism and European capitalism by way of preserving certain features of both . Ali's successors , Said Pasha and Ismail , went further in regulating the institution of private private property and rapid introduction and intensification of cotton industry in order to supply the European markets , which were suffering from the American Civil War (Abdul-Malek, 1968: 57) .

But the process of disintegration of oriental feudalism was further supported upon the invasion of Egypt by Britain in 1882 . The British occupation followed the " legalization of private ownership of tax-exempt land

(1883), and of land under cultivation (1891); and finally the abolition of corvee except in cases of public need (1893)." (Abdul-Malek, 1968: 7).

By then the socio-economic features of Egypt were clearly dominated by capitalism and not feudalism. But what kind of capitalism? It seemed that a class of landed proprietors under private ownership of land consolidated the socio-economic organization to produce for market purpose beyond the Arab frontiers and functioned under stiff commercial competition directed by the foreign merchants. Those Egyptian merchants and producers who were alienated from the traditional system of production became the growing basis of Egyptian bourgeoisie.

In response to the diffusionists who maintain that the emergence of capitalism, whatever its form, leads to the development of "national capitalism" and eventually to the salvation of the country, the Egyptian colonial situation is a real disappointment. The explicit policy of Britain was to fulfill the economic need of the metropolis within England. The objectives were outlined by the British counsel general, Sir Evelyn Baring (also known as Lord Cromer, 1879-92):

1) export of cotton to Europe subject to 1 per cent export duty;
 2) imports of textile products manufactured abroad subject to 8 per cent import duty; nothing else enters into the government's intentions, nor will it protect the Egyptian cotton industry, because of the danger and evils that arise from such measures... Since Egypt is by her nature an agricultural country, it follows logically that industrial training could lead only to the neglect of agriculture while diverting the Egyptians from the land, and both these things would be disasters for the nation.
 (quoted in Abdul-Malek, 1968: 7-8)

In what sense did the British benefit from such policies - why was

there an increase in agrarian produce? Upon the British occupation the Egyptian public debt was very large: £ 98,377,000 in 1880 and £ 116,587,000 by 1900. The financial group had full control of the state and was certainly unconcerned with public debt. The immediate concern of the British government was to divert the uprising against the corrupt regime and also to gain more control over the state. This objective was carefully outlined in an economic policy, under which foreign investment rose to £ 92,000,000 in 1914 and increased the cultivated area from 4,160,000 feddans in 1862 to 5,283,000 in 1913 (Issawi, 1966: 359-374). The economic policy attracted more capital and even resulted in an increase in the Egyptian shares in European stock-exchanges - public debt dropped from £ 91.5 in 1882 to £ 80, yet it subsequently rose up to £ 95.5! (Berque, 1968: 225). Under this economic policy further improvements in external communications multiplied the links between Egypt and the European markets through the ports of Alexandria, the new ports of Suez and Port Said. The link with the international financial community brought a spectacular growth in banking and other commercial activities. The increase in foreign investment helped to grow a large export and trade activities which succeeded in obtaining some economic surplus. The effects of the economic policy appeared as exports doubled imports. A more favorable trade balance and export-oriented economy meant the incorporation into the European economy and a shift in the class basis of the Egyptian economy. As Berque states: "...only one third of this surplus (obtained from the balance of trade) ...returned to the country in the form of cash. Egypt thus recovered but one-third of the commodities it exported, and it did so in a manner more suitable for accumulating capital



and for speculation than for production re-use. This was undoubtedly one of the natural bases for the constitution of a middle class." (Berque, 1968: 225). But this surplus was as a result of expansion in growing cotton and its export to the European markets → cotton production rose from 501,000 qantars in 1860 to 2,140,000 qantars in 1865; 3,124,000 in 1879 and 7,664,000 in 1913. (Issawi, 1966: 365). Cotton became the most significant crop in Egyptian economy. Other sectors of the economy including commerce, transport and finance merely helped the appropriation of foreign capital investment and the export of cotton to outside markets. The application of all economic facilities, such as electricity, transportation etc. served in transforming the Egyptian economy into highly specialized one-crop economy. (Issawi, 1966: 365). The expansion of the one-crop cultivation of cotton and the influx of foreign capital followed the strengthening of the financial link between Egypt and the British and French interests. At first, the British and the French administrations attempted a few experiments to sustain the economy through state loans, carrying six per cent interest. A few recipients were chosen from among the owners of twenty feddans: members of the umda class (small landlords). But since these loans did not prove to be as effective, it was felt necessary to settle them on the markets through the intermediary of the newly established National Bank of Egypt (1898). The loans through the National Bank proved effective and the interest rate went up to nine per cent. Along with the intermediary agencies, the national budgets were looked up as central documents to spread progressively these experiments. The expressed purpose of these innovations was to progressively draw the fellah, who were suspicious and hesitant, into the financial institutions.

Yet, further steps were taken to incorporate the Egyptian economy to foreign enterprises which had already devised such measures in Senegal, Algeria and other colonies.

A closer look at the national budget and annual returns disclose the investment pattern and the strategy to establish Egypt as protectorate. The period of 1892, for instance, shows the annual returns of £ 9,696,000 of which six per cent corresponded to land taxation. The same budget shows the disproportion between the expenses for security (army and police): £ 749,000 and administration (technocratic control and operation of enterprises): £ 91,000, and education which occupied only one per cent of the total expenses (Berque, 1968: 231). In the absence of any reaction from the national bourgeoisie, it may be considered that the sole interest of the British and the French administration was to gain security in investment and safety in profits. With the security guaranteed, the British and the French interests became expansive. As it was expected, the main target of the investment became the agrarian sector. The French banks began the enormous purchase of 18,000 feddans from the royal family and the French investment agent described the purpose: "It is through agricultural initiative that we will be able to become the true rulers of Egypt." The British governor, Lord Cromer, still emphasized the security guaranteed by the Egyptian state authorities before any investment was made. Yet, cotton was carried to English manufacturers upon payment of one per cent export tax; it was returned, manufactured upon payment of eight per cent. (Berque, 1968: 232). It is true that the organization and regulations of many of these foreign enterprises were Egyptianized, yet the encouragement

of local industries was wiped out. Whenever successful local promoters emerged, more intermediary measures were taken to step up the investment and increase the efficiency of metropolitan financial operations. The British established the Land Bank of Egypt (1905), which predominantly helped those with large holdings in their financial adventures in the agrarian sector. Thus control over the cultivated land increased and the "financial investment were more daring, often successful", as Lord Cromer confirmed to the British government. (Berque, 1968: 232). Under these economic conditions the large proprietors and the members of the landed aristocracy gained considerably politically and financially as well.

Egypt in process of capitalistic consolidation for a while took the form of "dual control" (British and French); a control which significantly determined the political measures of the Egyptian state authority. (Berque, 1968: 224). But the imperial socio-economic forces went beyond the crushing of local crafts by manufactured goods and farther than making Egypt mechanically a dependent economy. The cotton industry brought with it an export-oriented culture and needs. Landowners no longer stayed in the country but moved to towns to benefit from luxuries as well as the control over the political life guaranteed to them by the imperial governors and the armed forces. While irrigation plans, establishment of factories were undertaking, the national bourgeoisie were encouraged to set up the National Bank of Egypt to centralize financial activities and facilities, the deposit of the state and the big landowners. An Agriculture Bank (1907) under the supervision of the National Bank of Egypt provided financial assistance to smaller landowners in order to boost the investment in

agrarian economy. The capital for increased investment did not remain idle. By 1914, capital investment was at £ 92,000,000 of which the French, British and Belgians shared respectively 46, 30 and 14 millions. Investment in various enterprises ranked according to their financial importance: mortgage credit (54 millions) first, agriculture and real estate (12 millions) second, and then industry and commerce (13 millions). (Berque, 1968: 234).

Conscious efforts were also made to change the character of labor and the conditions in the agrarian segment. The basis of the process of changing the agrarian sector was to replace the corvee labor from the irrigation services and change them into laborers. That change involved a fundamental break from the traditional relations of production on land and the financial institutions centralized the fellahin's labor and increased the labor potential in the agrarian segment. The fellahs had to carry further burdens of the commercial life and the heavy taxes, now collected by both the community shykhs and government inspectors. Therefore, the change from "feudalistic" to capitalistic exploitation was hardly a transition for the peasants. The peasants were more reluctant and suspicious of any economic changes in their respected communities.

THE DIALOGUE BETWEEN CAPITALISM AND NATIONALISM

What were the impacts of these changes on the Egyptian social structure? The changes affected the Egyptian class structure and the character of dependency on outside socio-economic forces. The major social force of landownership, still the basic unit of production, was composed of the Egyptian national bourgeoisie, which dominated the pattern of life from the British occupation (1882) to the emergence of the military regime (1952). The result tended to be the creation of an autonomous role that the national bourgeoisie played in the national economy. The competition between the landowners and the national bourgeoisie reduced enormously and further Egypt was no longer superficially tied to the international capital. The change was dynamic both in terms of the relations between the national bourgeoisie and international capital as well as the differentiation that occurred in the agrarian economy. To give a better view: the figure between 1897 and 1902 show Egypt with the population of about nine million and eight-tenths agrarian had less than one million landowners, three-fourths of which owned less than five feddans and two-fifths (2,243,000 feddans) of the land was owned by 12,000 landowners. And the class hierarchy followed: at the bottom the fellah tied to the land, the small notables accommodated by the Greek merchants, the umdas (owners of 20 feddans), the village shaykhs, the intermediate groups of Jewish, Syrio-Lebanese, coptic and Moslem tradesmen. At the top of the hierarchy, there was the Pasha, sharing the profits of the ruling circles and the important big landowners, associating with the agrarian

production. Additionally, the financial exports and bankowners linked the economy with the French and British finances. The state's role was to centralize the cotton production and investment patterns of the banks. (Berque, 1968: 240-242).

According to some recent findings, which confirm the earlier statistics of Berque, the size and distribution of land took the following pattern:

TABLE (1)
Land Ownership, 1894-1952

Year	Small holdings fewer than five feddans*		Medium holdings five to fifty feddans		Large holdings more than fifty feddans	
	% of owners	% of land	% of owners	% of land	% of owners	% of land
1894	83.3	21.7	15.4	34.3	1.3	44
1914	91.3	26.7	8.5	30.4	.8	43.9
1930	93.1	31.6	6.3	29.7	.6	38.7
1952	94.3	35.4	5.2	30.4	.5	34.2

* 1 feddan = 1.038 acres.

Source: Abdul-Malek, 1968: 57.

The group owning less than five feddans included 2,308,901 peasants who shared 1,230,062 feddans 84% of which owned 21% of the land. The big landowners -more than fifty feddans- consisted of 280 owners who owned 583,400 feddans or .01% of the owners held 10% of the land. (Abdul-Malek, 1968: 57-58).

The pattern of land ownership significantly changed upon the application of first land reform program by the military regime in 1952 immediately after the coup. As the Table shows, the proportion of the landed proprietors or landed aristocracy drops; but the size of ownership remains almost at the same level. The small holders show slight increase in proportion, while the medium holder drops to about 1%. This seems rather peculiar since the size of cultivated areas has risen and the agrarian sector shows a great deal of expansion since the middle of the nineteenth century.

But in the case of small holders, it must be cautioned that 70% of them -2,000,000 peasants- own less than half a feddan each. This group was incapable of meeting their own basic subsistence requirements. About 8,000,000 of the peasants owned no land at all; they maintained their subsistence level by renting or working as paid laborers for others. (Abdul-Malek, 1968: 58). Above the landless peasants, there was the rural lower middle class -one feddan to five feddans- who worked their own land or subleased a portion of others. The condition of living for this group very much depended on the possible rise in raw material prices or reduction in rent and cost of equipment.

The medium landholders -five to fifty feddans- consisted of the people who also worked on their own land. The group divided into two sections: the upper level (twenty to fifty feddans) who enjoyed the benefits of large properties and tended to become bigger landowners and the lower level (five to twenty feddans) who were under constant deterioration stemming from the periodic economic crisis. Members of both groups

formed the integral part of the national middle class that found varying political expressions throughout the country.

In the same way, the big landowners divided into two groups who occupied different positions in the national economy. One was the large owners who managed to lease their property, a method which was widespread in Egypt. The most influential wing of this group was the royal family and those loyal to them who owned a large proportion (159,000 feddans) of the cultivated land. The state was, therefore, drawing large profits from the agrarian sector. Only between the period of 1949-50 the state cleared a profit of about £ 824,264 in addition to what was obtained from the state owned land (182,623 feddans). (Abdul-Malek, 1968: 59).

The next group was the rich farmers who were small and mostly worked their own land. They were mainly producers of cotton and other agriculture produce for local as well as outside industries. As we will discuss later, these two wings of the national bourgeoisie exerted much pressure on reform movements formulated by various political parties, especially the Wafd.

The question that remains to be answered is why this rapid economic and financial boom and the increased flow of foreign capital did not transform Egyptian society into a capitalist system similar to what evolved in Western Europe. In other words, it is true that the capitalist system developed in Egypt: why was this development only peripheral? We already outlined the principal reasons why and how the Egyptian society

transformed into a dependent and one-crop system of production. Further explanation may be found in the fact that, under direct foreign control as well as under the capitulatory system, foreign investors enjoyed the expropriation of the economic surpluses, obtained from export, trade activities and speculations, and limited the markets to the growing Egyptian financial bourgeoisie.

The principal effects of this peripheral development is felt in all economic aspects of the society, which is marked by deterioration and fluctuation from the beginning of the first World War till today. First, there was a sharp rise in economic expansion and export activities. The two World Wars brought significant decline in all aspects of the economy, determined by the financial disasters facing cotton industry. In fact, the total cultivation of land remained relatively unchanged between 1912 and 1952 - 5,280,000 feddans and 5,845,000 feddans. Despite this slight difference during this period, the crop area rose from 7,700,000 to 9,300,000 feddans in 1952 and 10,050,000 in 1957 (Issawi, 1966: 366). Egyptian's use of chemical fertilizers and machineries, together with the extension of cultivation, increased the agrarian output enormously. The agricultural produce increased respectively by 15% and an index of 114 between the periods of 1924-1939 and 1954-1958. Some measures were also taken to diversify the agrarian pattern, but although some success was made, in 1955-56 fruits and vegetables accounted for about 7 per cent of gross agricultural products; and livestock, dairy and poultry accounted for only 22 per cent, as opposed to 25 per cent for cotton. The Egyptian pattern of trade remained heavily dependent on one crop: cotton.

TABLE (2)
FOREIGN TRADE (1848-1956) (Yearly Averages)

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	Volume of cotton exports (millions of qantars) ^a	Average price of cotton (talariis per qantars) ^a	Value of cotton exports including seed (millions of Egyptian pounds) ^a	Value of all exports (millions of Egyptian pounds)	Index of import prices (1938=100) ^b	Buying Power of Egyptian exports ^c (millions of Egyptian pounds at 1938 prices)
1848-52	0.36	9.6	3.4	2.2	58.8	3.7
1853-57	0.50	9.4	4.7	2.8	66.5	4.2
1858-62	0.57	13.2	7.6	3.1	66.5	4.7
1863-67	1.69	32.2	54.5	10.9	84.7	12.9
1868-72	1.59	19.9	31.4	9.9	75.6	13.1
1873-77	2.49	17.4	43.3	13.5	74.2	18.2
1878-82	2.52	14.2	35.8	12.1	60.2	20.1
1883-87	2.78	12.9	35.8	11.7	54.6	21.4
1888-92	3.89	11.9	46.3	12.6	56.0	22.5
1893-97	5.20	9.0	46.7	12.9	51.8	24.9
1898-1902	5.89	9.3	54.6	16.1	56.7	28.4
1903-7	6.28	14.4	90.1	23.1	60.2	38.4
1908-12	6.72	16.8	113.0	28.1	64.4	43.6
1913-17	6.28	21.3	133.8	32.0	84.8	37.7
1918-22	5.10	46.5	237.4	58.3	198.4	29.4
1923-27	7.24	32.4	234.4	54.5	130.1	41.9
1928-32	7.06	19.6	138.4	37.6	105.4	35.7
1933-37	8.02	12.7	102.9	33.0	90.8	36.3
1938-42	6.72	15.3	102.5	26.0	171.2	15.2
1943-47	4.27	37.4	160.4	48.6	296.0	16.4
1948-52	7.36	87.2 ^f	647.2 ^f	158.6	339.0	46.8
1953-56	6.58	61.3 ^f	403.3 ^f	137.6	397.8	34.6

^a Cotton season ending in year specified. A talari is one fifth of an Egyptian pound.

^b Until 1938, index of price of exports of manufactured goods from the United Kingdom; 1938-56, index of price of all imports into Egypt.

^c Value of all Egyptian exports divided by price index of imports.

^d Average of 1850-52.

^e Average of 1880-82.

^f Average of 1953 and 1954.

Sources: Annuaire Statistique (Cairo); A. E. Crouchley, The Economic Development of Modern Egypt (London, 1938); Werner Schlotz, British Overseas Trade (Oxford, 1952); The Economist (London); National Bank of Egypt, Economic Bulletin (Cairo).

The sharp rise and decline in the production of cotton shows the unfavorable terms of trade. The Table shows the production of cotton which accounted for over 80 per cent of the total import capacity. It is evident that the output in cotton indicates a sharp rise before the wars, a sharp fall during the wars and the depression, and a sharp rise after the Second World War. The export value of cotton, at the same time, remained almost consistent until the Korean War (Issawi, 1966: 367, 372). A closer look at the trade pattern discloses the fact that the buying power of export failed to increase after 1914. The primary reason may be found in the supply and demand pattern of the world markets. The small rise in cotton output and the increase in local consumption of cotton and, at the same time, the demand on the world market faced the competition of other producers and products (i.e. synthetics), kept the price on cotton from rising compared to other products (Issawi, 1966: 367).

It must be pointed out that the periods which marked the transformation of the Egyptian economy into the world markets, also involved the historically crucial movements of the peasants. The peasants active participation began in the armed struggle against the British occupation of 1882 in the national revolution led by the Egyptian officers (led by colonel Ahmed Arabi). The national revolution precipitated the resentment of the foreign financiers and the financial disaster imposed on Egypt by Britain and France. The revolution of 1919 under the leadership of Saad Zaghlul (initiated and led by the Wafd national political party) profoundly manifested: "On the one hand, the drastic crisis among the medium and poor classes of the peasantry because of the increases in taxation during the war; and on the other, the consolidation of the commercial middle class of the cities and its aspirations to sovereignty over the market and the

national state" (Abdul-Malek: 63).

Although the revolution of 1919 lasted for a short period of time, its impacts proved to be far-reaching. It resulted in awakening of national consciousness and led to the subsequent attempts by the peasants in their struggle against the local exploitation and corruption.

To what extent, the combined effects of the earlier transition to one-crop orientation and the deterioration of the old economic structure kept the present regime pre-occupied, remains to be seen in the systematic efforts of the army state to resolve the economic crisis. Although independence and political re-organization somewhat postponed the problems, land and peasantry and the tendency of the national bourgeoisie to remain autonomous in the national economy, were the growing concerns of the army regime that seized power in 1952.

In brief, nineteenth century Egypt is marked by these objectives: the legalization of the right to privately owned land, (i.e. land became a primary unit of the agrarian economy), the emergence of landed proprietors who supplied the world as well as the local markets, the establishment of a centralized state which controlled the national economy, regulating foreign capital investment to free peasants from the obligation of unpaid labor, making the agrarian sector a temporary transition system to transform the oriental feudalism into the Western capitalist system, and the increase in awakening of national consciousness among the peasantry. Our review of the case of Egypt suggest that, to refer to Egypt as a feudal society is erroneous. It is true that "oriental feudalism" characterized the Egyptian way of life.

But feudalism in Egypt differed fundamentally from European feudalism: there was the state control over land and not private ownership of land, ownership and regulation of land by the multizimins (who resembled the feudal lords in Europe) under the iltizam system, but they were all under the state control. As we have seen, the emergence of Mohamed Ali and his followers marked the abolishment of mamulukes and the iltizam system and furthered the integration of the Egyptian economy to the international markets, completed through the development of a specialized and successful one-crop export-oriented economy. But all these changes, as we noted, did not remove the exploitive relations that existed between the land owners and the peasants. In fact exploitation and the new functionaries to collect taxes etc. served as effective in moving Egypt from its feudal stage into a capitalist stage of production. It was that exploitive system of private ownership that moved Egypt from landed aristocracy of Mohammed Ali (1805-1849) to Said Pasha (1858-1863), Ismail (1863-1879) on to the British acceleration of cotton production as raw material. And as the Egyptian agrarian products gained market value, one may no longer relate the dependent and underdeveloped nature of the Egyptian society to feudalism but to capitalism in its Egyptian variant. Therefore, Egypt was not feudalistic due to the persistence of agrarian sector of economy. What was actually the case was that other sectors of the economy were lagging behind the agrarian sector. This pattern was determined by the changes in the socio-economic systems: the change from the landed aristocracy to one-crop or export-oriented economy.

If Egypt was not in a feudal stage and capitalism established, then

what are the characteristic features of this capitalism? Also, if it is certain that capitalism survived in Egypt, under what conditions the "feudalistic values" persisted in the Egyptian society, and what decisive actions were taken by the national movements, as the country enters the period of the military rule of 1952. The present military regime ignores the role played by the national bourgeoisie in the incorporation of the Egyptian society into the international capitalist system. The military regime in power, further, attempts to disguise its own class composition by mediating between the national bourgeoisie and the peasantry. Having considered the socio-economic realities of the present military state, we will now turn to social, economic and political conditions that gave rise to the intermediary role of the army state.

III
CAPITALISM IN MEDIATION
THE SETTING FOR THE MILITARY REGIME OF 1952

The period of the rise of Egyptian bourgeoisie and the British colonial rule depicts the coexistence and reaction to the historical transition from feudalism to capitalism. We already noted that the British occupation occurred after Arabi's mass based revolt and as a reaction to the socio-political instability that prevailed. That violent occupation, followed the economic and political take-over of the country. Changes introduced in the socio-economic system gave rise to the Egyptian bourgeoisie but remained "underdeveloped" until now. The bourgeoisie advanced as a vanguard within the Egyptian social structure and began its political reaction to restrict the expanding foreign capitalism, to which it was an ally, but to consolidate its position as an objective force. Thus the period of coexistence exhibited a particular political reaction formulated by the political parties. There were three groups of political parties between 1922-1952:

- 1) the Wafd(delegation), largest national party, established after the First World War and led by Sa'ad Zaghlul.
- 2) parties with narrower national base inspired by big landowners, landed aristocracy, financial exports, industrialists, e.g. Al Hizb Al Watani(the patriotic party), Hizb Al Umma(the national party) and the Saadist Party.
- 3) ideologically oriented parties, e.g. Al Ikwan Al Muslimin (the Muslim Brothers), the Young Egyptian Party and the Communist Party(Dessouki, 1968:60).

During the period of socio-economic differentiation(1922-1952) and the political response formulated, the political parties of the Saadists, the Independents and the Wafd played an important role.

The Saadists and their allies clearly represented the interests of the industrialists and professional groups who principally desired a liberal constitutional system of government. Their policy consisted of a rigid suppression at home and wanting to remain allies to the imperial interests of Britain and after 1945 of the United States(Abdul-Malek:1968:11-12). The industrial upper middle class who had the upper hand of the Saadists policy went so far to perceive Egypt not only as a cotton producers but also as the(becoming) cross-road between the imperial interests in the region; England's control of the Middle East consolidated and the threat of its competitor faded and was replaced by the United States. But the implementation of the Saadist industrialists at the home front was of more significance. As soon as the Saadists led the government(El-Nahas, Ahmed Maher, Nokrashy, Ali Maher, 1942-45, 1945-1952) the industrial bourgeoisie made efforts to find an independent political expression of its own. But failing in this led to the reorganization of all potential forces who favored the Saadist policy. The reorganization which was imposed by the political and economic circumstances did not put an end to the potential threat of the Saadists. The Saadist alternative persisted even after all political parties were officially abolished in 1952.

Unlike the Saadists, Wafd had a broad mass basis. During the seven years of its rule it recruited more members from among the peasants-

workers. Principally as a vanguard of the national middle class and the big landowners who had the upper hand in economic policy, Wafd emerged as a result of the consolidation of the "national bourgeoisie" in Egypt. We noted earlier, that the occupation by Britain accompanied socio-economic changes from which the merchants benefited a great deal. The establishment of numerous firms and factories created the desire among the commercial and industrial and professional strata to promote Egyptian products. The big landowners, too, desired new patterns of investment in the agrarian segment for their surplus funds. The steps taken included the establishment of Bank of Misr in 1920. Later Wafd (1922) issued proclamation asking people to boycott English products and not to deposit in English banks. The attempt followed encouragement to invest in Bank Misr and to buy Egyptian stocks. These calls were subsequently aided by institutional changes, one of which was the creation of Egyptian Federation of Industries (1924). (Abdul-Malek, 1968: 10).

While it was certain that the Wafd represented the merchants, businessmen, big landowners, it also represented the intelligentsia and the nationalists. In a word, Wafd was a party of the "national bourgeoisie". The mass basis of Wafd, however, gained more currency in Egyptian political history. Wafd was clearly associated with the Revolution of 1919 which openly opposed the British occupation and demanded a "national state" of Egypt. Initially Wafd rose as a party representing the peasants in their toiling and hardship of the commercial capitalism. Peasants revolts damaging communication lines, seizing land, laid the basis for the national unity from which Wafd benefited during the seven years in power (1919-1927). Wafd did not only serve as the Egyptian delegation to the Paris Conference of 1919

but also delegated the unity between the lower class city dwellers, the peasants and the intelligentsia. The significance of Wafd as a symbol of national unity appeared in: the proclamation of the constitution of 1923², the creation of Bank Misr in 1920, the substantial reinforcement of the labor movement, the first Federation of Egyptian Trade Unions and the emergence of the ideological parties of the Socialists (1920) and the Communists (1920) (Abdul-Malek, 1968: 17). But despite all the significant achievements under Wafd, the Revolution of 1919 was considered as a failure. The basic cause of the failure includes the fundamental contradiction that persisted between the peasants and the national middle class and the armed forces. The principle aim of Wafd, the control over the political power and providing conditions for a democratic life by the economic vanguards of the "national bourgeoisie" appeared as irreconcilable. Wafd was operating under the objectives which were usually pressed by the more militant members to accelerate industrialization, limit the private ownership, expand social welfare and increase education facilities.

The phenomena of consolidation of capitalism and the national movements posing reaction to the process exhibited the coexistence between "feudalistic" and capitalistic socio-economic systems. Changes and political actions that took place, enormously affected the internal structure - the class relations and the direction that Egypt was heading. For one thing, it became increasingly clear that the Egyptian bourgeoisie composed of two factions: the "national bourgeoisie" whose interests were expressed by the Wafdist policy and the industrial bourgeoisie represented by the Sa'adists and the so-called Independents. As mentioned before, the Wafdists' composition included the big landowners, the national intelligentsia and a large segment of the peasants and the urban wage workers. Since these groups did not have any authentic relations with the foreign capital, it made Wafd

appear more genuine nationalist in its reform policies than the Sa'adists. Wafd, therefore, ideologically expressed a national will and a desire to gain autonomy for Egypt.

The Sa'adists were led by the industrialists who were still very close to the land and agrarian production. The main objective of the Sa'adists was not to industrialize Egypt but implement an "industrial consciousness" through the establishment of big corporations. Minority membership of the Sa'adists was held by foreign investments who could solely expand by establishing more industrial complexes in order to accelerate the export production. Later as Sa'adists overthrew the Wafd, they put an end to the basic democratic reforms and turned the clock backward and maintained a monopolistic class policy. (Abdul-Malek, 1968: 10-13). Both political parties ruled Egypt for a period of thirty years.

NOTES

- ¹ Iltizam system is a dominant system of land tenure in Muslim societies, under which influential officials and those loyal to the central government hold land, for which they pay a fixed amount of revenue forcefully collected from the peasants.
- ² Under Zaghul Britain was forced to terminate the protectorate status of Egypt.

CHAPTER THREE

2. Critical Phases of the Egyptian Transition

The following chapter will 1) present the analysis two phases of the socio-economic transition of the Egyptian society: the First Phase(1952-1959) and the Second Phase(1961-1967) and, 2) outline the specific impacts of these critical periods on the social structure and the emergence of the social formations in Egypt.

A comparative discussion that follows this chapter is likely to add more understanding to the thesis as a whole.

The Consolidation of the Military Regime

First Phase: 1952-1959

The Egyptian Free Officers seized power on January 26, 1952. In the First Phase (1952-1959), the military regime aimed at destroying the monarchy, the British occupation and modifying the structure of power to create a modern national, independent, industrial society.

On January 25, 1952 the collapse of the king's authority was facilitated by a full-scale battle raged between the British forces at Suez Canal base and the popular militia groups that had been conducting guerrilla warfare since October 1951. On the same day the army and the police went out into the streets, curfew was imposed, the constitution of 1923 was suspended, the government was dismissed and the Wafdists, Communists, nationalists, trade unionists were arrested. Six months later on July 23, 1952, the Free Officers seized the army headquarters at Abbassia. With the abdication of king Farouq the monarchy collapsed.

The Free Officers were organized secretly within the officer corps. The officer corps were composed of the members of the propertied classes, especially land owning aristocracy and members of the middle classes and the petty bourgeoisie. The officer corps made up the whole of the general staff as well as the mass of the officers on active duty. As for the rest of the army the military academy remained open to young cadets from the middle classes, whereas the troops were mainly fellahin and poor townfolk who were not financially able to buy themselves off military service (Abdul-Malek, 1967: 69).

At first, the Free Officers worked with the technocrats of the industrial bourgeoisie and various Wafdist elements. Some members of the Free Officers were affiliated with the civilian political organizations, in particular the Muslim Brothers and Marxist groups. But they had very little knowledge of the political techniques needed to make their vision a reality. The Free Officers began their rule with no political organization and with an incomplete blueprint which upheld six principles:

1. Faced with the British armies stationed in the Suez Canal zone, the first principle was to liquidate colonialism and the Egyptian traitors supporting it.
2. Faced with the despotism of feudalism which ruled arbitrarily over vast territories, the second principle was to liquidate feudalism.
3. Faced with an attempt to exploit the Revolution's sources of energy in the interests of a group of capitalists, the third principle was to put an end to the domination of capital over the government.
4. Faced with exploitation and despotism, which were the inevitable consequence of all that had gone before, the fourth principle was to install social equity.
5. Faced with the plots aimed at weakening the army and utilizing what little force it had left to threaten the domestic front, which was ready to revolt, the fifth principle was to set up a powerful national army.
6. Faced with crooked politics which deformed national realities, the sixth principle was to establish a sound democratic life. (Abdul-Malek, 1967: 69; Horton, 1962: AWH-5'62, 3).

The first principle, the British occupation of the Suez Canal, was the key to the understanding of the realization of other objectives of the Free Officers regime. In the view of the Free Officers, foreign military occupation had become the symbol of powerlessness for the Egyptian masses. To win over the army that was held in reserve, neutralized, affiliated with the palace and the British interests, involved the aim of establishing a strong national army. Until 1936 when the Wafd took the opportunity to open the doors of the military academy to include the members of the middle classes and the petty bourgeoisie, the army was confined to the members of the landed aristocracy and a support for the regime.

The Free Officers' contention was that the crisis in capitalist development, Egyptian inferiority with respect to foreigners, the loss of state's authority over capital and the traditional political parties, all stemmed from the privileged position of the landed aristocracy who had exclusive control in the countryside. The Free Officers program of agrarian reforms intended to weaken the social, political and economic basis of the big landowners and increase the number of small landowners. Another aspect of the agrarian reform was to modify the pattern of capital investment from the agrarian sector to industry. In the anticipation of the big landowners' attacks on the new regime, with all their political resources from the countryside, especially the rich peasants, a paramilitary organization, the Liberation Rally (1953), was set up to help the regime at both economic and political front. The Free Officers hopes for accelerated economic development and the creation of a modern national industrial state, were rooted in the class situation of the petty-bourgeois character of the military itself. They mainly wanted to reorganize the political and economic order within the existing mode of production; by sacrificing a fraction of the ruling classes, the landed aristocracy, with the help of modern elements of the national bourgeoisie. In the process, however, because of the Egyptian class situation

and favorable external circumstances, there emerged new bourgeois class interests grouping within the military state . We will focus on each aspect of the situation .

The Struggle For Political Power:

At the initial stage of the military regime (1952-1956), the petty-bourgeois military elite basically lacked a class perspective, beyond some aspirations, of the transition of the dependent capitalism in Egypt . Their class situation did not bear any direct contact with the productive process, and they lacked to vision an alternative mode of production . Upon the seizure of power, the Free Officers immediately faced crisis arising from the contradictions existing between their objectives and the established ruling classes represented by various political parties .

To resolve the paradox, the Free Officers moved to the political front, and in order to politically weaken the big landowners , the Revolutionary Command Council³ fiercely attacked all political organizations-associated with the ruling class as well as those with the petty bourgeois basis- the Wafd, the Muslim Brothers, the Communists and the trade union organizations (Hussein, 1973: 99) . At this time, Liberation Rally(1953-1957) was founded, headed by Nasser, to carry the military regime through its transitional period . Liberation Rally had two functions to serve: one was to purge the army and another was to dissolve the existing political parties . The army regime faced a crisis when all anti-military dictatorship forces which combined Wafdists, communists, various elements of the army, and the Muslim Brothers in their own separate way, confronted the regime . Upon realization, Nasser managed to have Liberation Rally organize demonstrations in favor of the removal of certain army officers and a parliamentary system under military . Under Nasser, the Revolutionary Command Council remained the only powerful political organization and consolidated all political power in Egypt. The political victory of the military over the traditional political organizations, did not, however, culminate in a sound class base for the petty bourgeois military elite . The ruling class still maintained eco-

conomic control throughout the country . But the consolidation of political power allowed the military regime to increase its activities at the economic front and in particular in foreign affairs . We will focus on each aspect .

Agrarian Reforms:

The land reform of 1952 was the first major political undertaking of the military regime in its first phase . Upon the establishment of the military government, in the rural areas there was already talk of agrarian reform . The agrarian reform was initiated when the country was at the height of political confusion caused by the collapse of the monarchy and military dictatorship over the existing political organizations⁴ . Opposition to the land reform came from the large proprietors, in particular from the traditional wing of the Wafd which had fallen into the hands of the big landed proprietors, they argued that land reform was in violation of the constitution (1923 still in force) and the very principle of private property adhered in Islam . The Revolutionary Command Council, on the contrary, focused on the basic political block resulting from the concentration of great areas of land in the hands of a small number of owners . What the RCC had mainly at stake was, of course, the political power exercised by the landed aristocracy, whose privileges were in contradiction to any industrial programs. This contention of the military regime drew much sympathy from the Sa'adists and other modernist wings of the national bourgeois (e.g. Liberal-constitutional party led by DR. Mohammed Hussein Heykal-the most brilliant ideologist of Nasser's regime) . The basic objectives of the Agrarian Reform of 1952-1961 were as follows:

1- limit to landownership was fixed at 200 feddans, in 1961 100 feddans for the individual applicable to fertile or waste land.

2- exemption to this limitation was made to: industrial companies, scientific agricultural companies, charitable organizations and owners burdened in debt, under special conditions specified by law .

3- the owners affected by the reform would be compensated for the

value by negotiable government bonds .

4- the land expropriated by the state would be distributed to the peasants within five years-although the owners could sell their land to the peasants not exceeding 5 feddans-with 3 % interest (reduced to 1.5 % in 1958) paid by the peasants over thirty years (forty years in 1961) with additional charge of 15 % of the total land (reduced to 10 % in 1958 and exempted in 1962) . The beneficiary must be adult Egyptian without any criminal conviction, must be actually engaged in agricultural activities, and the total ownership of the beneficiary must be under 5 feddans at the time of distribution .

5- the relations between the owners and tenants of land was fixed at rental value of the feddan, seven times the land tax or half of its crop - No one could rent land unless he was going to work it himself (the agrarian legislation of 1961 prohibited holders of 50 feddans or more to rent land, only the small holders could rent land) .

6- agricultural co-operatives would be set up to arrange loans, supplies, fertilizers, livestock, seed, farm machineries and to market the harvest for those holders up to 5 feddans .

7- farm workers would be permitted to form unions to protect their own interests (nothing came out of this) .
(Abdul-Malek, 1968: 70-72; Saab, 1967:34, 181-82) .

After the promulgation of the law in 1959, some 333,782 feddans of land (430,860 feddans in 1961) expropriated from private individuals were distributed to small holders of 2-5 feddans (i.e. 118,938 farmers by 1959) . According to official sources, out of the total area subject to distribution in 1959 (650,000 feddans) the average area of holdings distributed in full ownership was approximately 2.8 feddans; and the total number of people who benefited from the distribution, purchase of small holdings and the rights to tenants amounted to 1.2 million persons .

Under the program nearly 955,000 feddans (i.e. 15.5 per cent) of the total area under cultivation (5, 964,000) were transferred to small holders under 5 feddans . Much of this figure, however, includes the area sold by landowners to small farmer (145,000 feddans) and foreigners who in 1954 held 160,000 feddans (i.e. 2.63 per cent) of the owned area (Saab, 1967: 27-29) . In 1960, 97,000 feddans were distributed to 35,000 small holders in full ownership and under tenancy . This brought the total distribution since 1952 to 430,850 feddans held by 162,773 owners and tenants i.e. 160,000 families in 1952, 317,000 in 1967 (Saab, 1967: 28; Boeck, 1971:392) . In 1962 the state claimed to have transferred nearly 645,642 feddans to 226,000 families- i.e. 10 per cent of the land to 2,000,000 peasants (Abdul-Malek, 1968:72) .

The Socio-Economic Implications of the Agrarian Program:

The real implication of the agrarian reform of 1952-1961 should be viewed against its political significance . There is no doubt that Egypt at this stage was in a transition from a dependent capitalism, under colonial political structure and predominantly agrarian, to a moderate, independent industrial state . The military state intended to facilitate the process by breaking the political power and social basis of the landed aristocracy and redirect the pattern of investment into the industrial sector and remove the popular discontent primarily arising from the reality of impoverished peasants . It is to this background that the moderate character of the land reform should be understood . But before discussing the efforts of the military state to accomplish the transition away from the predominance of agrarian sector, we will examine the peasants' situation .

In 1958 a series of investigations found that the peasants were paying some LE 50 per feddan to cover the installment on agricultural loans, irrigation, facilities, farm supplies and other expenses . In some places

the peasants worked only to pay their annual expenses (Abdul-Malek, 1968: 73) . On the other hand, in the loss of rich proprietors who were no longer determining the land rentals, the group of medium owners (5 to 50 feddans) frequently abused the existing tenancy regulations and found a way to profit . The vast majority of tenants and sharecroppers who rent their land from the small absentee landlords, often their own relatives, were forced into paying much higher rent than the legal rates . In 1960, the government's estimate of rent violation was at 80 per cent ⁵ . In the absence of large proprietors from public and political life in rural areas, and also the concern to integrate the peasant masses into the framework of the military regime, the government managed to install the new form of political organizations with a sound social basis . The ever-growing medium size owners were easily integrated to the military state; supported by small holders, and formed the general co-operative societies throughout the country . The Ministry of Agrarian Reform, in 1959, controlled some 807,000 feddans, i.e. 13 per cent of the area under cultivation and had a capital of LE 82,000,000 . The Ministry had drawn some LE 2,754,000 profit and became the biggest single landed proprietor in Egypt's rural areas (Saab, 1967:28; Abdul-Malek, 1968:73-74). Under this formulation the state agencies managed to suppress any discontentment of the poor peasants and farm workers . The integration of the ever-increasing small holders (under 5 feddans) to the social, economic and political objectives of the military state structurally sustained the impoverishment of the peasants and left the medium owners (5 to 50) intact in the economic sphere .

The actual effects of the new socio-economic order is better realized in Table (3) . The Table shows an increase of holders under 1 feddan 2,018,163 (21.4 per cent) in 1950 to 2,122,978 people (32.3 per cent) in 1956 . There is also a reduction in holders of 200 feddans or more (2,136 in 1952, 1,742 in 1956) for the same period . The proportion of the area, however, shows no significant change for those under 1 feddan (112,000 to 142,000 feddans) . The middle sector (5 feddan to 50 feddan) remains intact throughout . The redistribution obviously does not take

the rate of inflation (LE 800, actual LE 280) which determined the rental value of land and the growth of population which was rising (21.5 million people in 1952, 23. million people in 1956) . The overall redistribution resulted in a small fraction in the size of the middle sector owners (5-10 feddans) ; reduced from 79,259 to 81,036 owners . The entire group of medium owners (10-200 feddans) remained unchanged . In fact the impact of the redistribution on the landless and poor peasants was drastic: the number of landless peasants increased from 9,350,000 in 1950 to 12,500,000 people in 1966 (Boeck, 1971: 392) .

Other socio-economic effect of the land reform was the rise in unemployment among the farm workers when the land reform became an integral part of the new social, political and economic structure in rural Egypt . Between 1950-1967 there was an increase of 22 per cent in agriculture population in contrast to 12.8 per cent increase in cultivated areas (Boeck, 1971: 393) . With large proprietors having fewer estates to exploit and the small holders doing all the work themselves, there emerged a surplus of farm workers from 42 per cent in 1947 to 47 per cent in 1954 . Under the new socio-economic order the family of the small holders functioned as a "self-sufficient" unit of production; this, therefore, needed less hired workers . Since these units increased in higher proportion, the labor surplus became available in the market . The result has been a progressive growth of unemployment and the availability of cheap labor on the market for an agriculture of tenant farmers (Abdul-Malek, 1968: 75) The existence of the family units with limited ownership made it the absolute necessity to join the co-operatives (400 in 1957 holding 500,000 feddans) which were regulating the production and crop rotation . The purpose of these co-operatives was to supply credits, and consolidate the commercialization of agrarian products and increase a surplus for the individual growers . The basis of farm land , therefore, remained individual ownership of the land and the structure of agricultural production entirely capitalistic and within the existing mode of

production (Abdul-Malek, 1968: 78-79) .

While it is certain that the economic effect of the agrarian reforms was negligible, agriculture still remained as the predominant sector of the Egyptian economy; employing 56 per cent (1964) of the labor force, and a major contributor to national exports . Through years, the agriculture share to the national economy fell, because of the fragmentation of land in small units, from 40 per cent in 1952 to nearly 28 per cent in 1963 . The masses of peasants continued to be poor, and the per capita income originating in the agriculture sector (16.7 per cent in 1964-65 of the national income) lagged behind other sectors - industries 26.9 per cent, 43.2 per cent in public service - (Ghonemy, 1968: 80) .

Despite the claims made by the military state, the land reform was an economic failure . As Table (4) shows the completion of the agrarian reform program did not change the basic class situation in rural Egypt and it was not fundamentally different from 1952 . Perhaps the main achievement was that the landed proprietors disappeared from the political life and still the majority of the Egyptians remained landless and poor peasants . The situation justifies the observation made by Boeck: the majority of poor and landless peasants " forming a proletarian mass, a rural petty bourgeoisie, and a privileged majority of medium and large-scale farmers . The only difference is the greater weight of the medium bourgeoisie within the privileged group and the growth of a rural petty bourgeoisie . These, in fact, are the two classes which provide support for the Nasser regime in the countryside . " (Boeck, 1971: 393)

The External Circumstances:

The formation of the medium bourgeoisie and the petty bourgeoisie was facilitated by the military state in encouraging modern and imported means of production . The application of better means of production helped the medium bourgeoisie become the integral part of the ruling class (the traditional bourgeoisie and the bourgeoisie integrated by the state) in Egypt . By 1956 the power of the military state reached the height of its prestige and increased its ability to maneuver both abroad and within the country . It gained more strength with the support of the modernist wing of the traditional bourgeoisie on both political and ideological level (Hussein, 1973: 101) . At the same time, the military state achieved a solid economic base in pressing the traditional bourgeoisie to adopt to new courses of economic development, while taking the initiative away from them . As we pointed out, the military state gained a relative degree of autonomy between 1952 and 1954 when it managed to suppress all politically powerful forces, from the paralysis of the landed proprietor, established a military regime and benefited from the formation of medium bourgeoisie and petty bourgeoisie .

The military state, however, derived crucial political and economic advantage from the existing conflicts among the external forces . The period of 1955-1956, therefore, shows how the military state widened its external possibilities and domestic strength . The defeat of foreign interests resulted in serious economic and political setbacks to the traditional bourgeoisie, who had until 1956 enjoyed their independent economic relations with foreign capitalists . We will examine the favorable external circum-

stances of the military regime closely .

The relation between the Egyptian bourgeoisie and foreign capital seems deeper when political and economic crisis are viewed as inevitably rather than accidentally . As the military crushed or neutralized all major political opposition within Egypt, everything seemed clear for an invitation of both the Western capitalist powers and the Egyptian capitalists to take up the new courses of economic development to invest in industry . The industrial bourgeoisie⁶ directed by the Egyptian Federation of Industries had since 1953 given their approval to the shift for the investment in industrial sector . They recognized the favorable conditions existing but put more emphasis on the fact that the great industrial nations must be a major partner in this orientation (Abdul-Malek, 1968: 88) . On the other hand , the landed wing of the bourgeoisie who had recently undergone the agrarian reform, refused to collaborate .⁷

In recognizing that the business circles were reluctant to take up new economic responsibilities , the government enacted certain laws to exempt the new industries from taxes from 50 per cent , if they reinvested their profits . Concessions were also made to oil and steel companies, projects of irrigation , railroads and highway construction contracts were signed with the U.S. and other Western countries . The government encouraged foreign capital by assuring that " the profit derived from the investment of foreign capital may be transferred abroad in the currency of the country of origin . " At the same time government loans were made to the Egyptian investors, a total of LE 54.2 million (Abdul-Malek, 1968: 101-102) .

The Army Makes Its Own Policies :

The Bandung Conference era ⁸ enabled the military regime to retain the monopoly of power and to control the bourgeoisie itself , despite the economic gains that the entire business circles made under Western orientation . On the domestic level, the Bandung Conference experience confirmed the Egyptian military regime as a newly independent state , realized the importance of mobilizing the people for the socio-economic reorganization and made a certain degree of democracy a necessity to carry out the state plans . ⁹ On the external level, the experience created tension which led to the nationalization of Suez Canal and the tripartite aggression of the combined military forces of France, Britain and Israel .

The external circumstances indeed reflected on the transitional characteristics of the military regime and the subsequent socio-economic policies that developed as well as the nature of foreign capitalism in the Middle East as a whole . When Britain signed the Anglo-Egyptian treaty (1954) , the evacuation of the British troops was agreed on the precaution that in case of attack on any Arab country and Turkey Britain would interfere . This simply meant that the European interests in the Middle East needed to be guarded against any possible threats of the nationalist movements . After all several of the Arab countries were under the British and French protectorates . Egypt's proclamation as an Arab state was taken by the Europeans as a call of unity among the national liberation movements of all Arab countries under colonialism ,

in particular in Morocco , Sudan , Tunisia , Iraq , and Jordan where colonialism was already being challenged . No matter how tenuous and indirect , the call of unity was a major threat to the British and French interests . Egypt's announcement of the conclusion of a trade agreement (Sept. 1955) under whose terms Czechoslovakia was to supply arms to Egypt , signaled the beginning of a new path .¹⁰ A few months later , Britain announced the creation of the Baghdad Pact (Nov. 1955)¹¹ with Turkey , Iraq , Iran , Pakistan and United States serving as military advisor (Abdul-Malek, 1968: 103; Gallagher, 1960: 8; Robinson, 1965: 319) . This brought the Middle East openly into cold war with the Soviet Union and the United States focusing on key areas .

While the cold war was fermenting , the Egyptian military regime was at action on the economic front . The military regime , although forced into the juncture of the cold war , still preferred financing by the United States and the World Bank to the Soviet Union bloc .¹² But the refusal of the United States and Britain to finance the project of constructing the High Dam on the Nile to supply power and irrigate new areas , a third of Egypt's arable land , revealed the nature of external forces surrounding Egypt . The military regime had hoped to receive technical and financial assistance , relying on the prestige Egypt had gained at the Bandung Conference and on the pretension that Western capitalism no longer maintained the monopoly on the capital and technology needed for the project . The United States and British refusal reflected on the worldwide Anglo-American strategy , which since the Second World War demonstrated a steady tightening of political , military and economic

control over all inter-governmental bargains . The central part of this strategy was to subordinate the economic and political assistance to the military strategy , intending to set the industrialized Western nations against the developing countries to implement a commercial and raw material orientation in less developed countries . ¹³ The latter point makes it amply clear why the United States and Britain could not tolerate deviations from this pattern and attached several conditions to their acceptance of the Aswan industrial project . Shortly after the newly proclaimed president , Nasser , decided to nationalize the Suez Canal Company . The purpose of the action was both economic and political . It was conceived to find the capital needed (the profits of the Canal Company was LE 16 million annually) and at the same time it offered the opportunity to confirm Egyptian sovereignty in its challenge to the colonial powers of Britain and France . Three months later , on Oct. 1956 , the tripartite military forces of Britain , France and Israel invaded Egypt . The United States and Soviet Union forced the three nations to cease their armed aggression and later they withdrew from Egyptian territory .

The attitude of the United States and the Soviet Union toward the attack on Suez by the tripartite forces stemmed from different roles that each played . The United States attempted to accomplish the Eisenhower plan to establish its control over the Middle East . Besides , in Nasser's nationalization of the Suez Britain and France suffered economically and not the United States . In fact till 1954 the United States

enjoyed good political relations and secured capital investment in Egypt . Soviet Union , on the other hand , was considered an enemy till the Suez crisis and had no over-all strategy for the Middle East .¹⁴

Following the attack on Suez , the attitude of both Soviet Union and the United States changed . Soviet Union offered to provide the capital and the technical assistance needed for the construction of the Aswan Dam and for building several industries (Hussein, 1973: 137) . After the evacuation of the tripartite military forces , the United States announced the offer of \$ 56,500,000 loan of the World Bank for improving and deepening of the Suez Canal . The World Bank made the intention of the offer clear :

In 1968 at least one trip through the Canal was made by more than one-third of all ocean-going vessels and three-fifths of all oil tankers of over 4,000 gross tons . Traffic through the canal has grown steadily and now amounts to 18,000 ships and 140 million tons of cargo a year , of which 70 per cent is oil , mainly from the Middle East . "

(Gallagher, 1960: 17)

The offer was basically the cash that went along the Eisenhower expedition to the Middle East . Soon the United States persuaded that policy and later landed troops in Lebanon (1958) and Jordan to crush the national uprising and Saudi Arabia and Tunisia helped to build the cornerstone of American imperialism in the Middle East . This marked an end to the British and French hegemony in the Middle East .

The underlying intention of the combined military aggression to crush the Nasser regime and to paralyze the Egyptian military forces , failed .

Nasser's regime gained excellent credentials and applied them effectively. In the meantime laws were forced on all banks, insurance companies and other foreign commercial agencies to make them Egyptianized. The Suez event in Egypt meant the end of the privileged Anglo-French position.

The Coalition Between Statism and the National Bourgeoisie:

The successor of the Anglo-French monopoly in Egyptian economic life was of dual nature. On the one hand, the private business of the national bourgeoisie, especially the Misre and Abbud groups, developed; and on the other, the growth of the Economic Agency guaranteed the emergence of state capitalism in Egypt. The private complex of both Misre and Abbud, the most powerful representative of the industrial and commercial bourgeoisie, where in the past had to make deals with the foreign powers and negotiate with the landed aristocracy, now they had only one negotiator: the military state. The hegemony of the landed aristocracy being swept away and the promulgation of the Egyptianization of foreign financial institutions, the national bourgeoisie increased their investments and profits went up. Under the strong hand of the military regime, whose primary concern was economic development, the bourgeoisie gained and expanded. The combined holdings of 148 Egyptian corporations amounted to 53 per cent of the total capital of all Egyptian corporations; and the results were calculated by the National Bank of Egypt: "The ratio of income to capital

invested , ... reached 15.1 per cent for all groups ... a maximum of 38.8 per cent for the food and beverage industries to a minimum of 4.9 per cent for the real-estate sector ... 25.5 per cent in the textile group ...". The total profits went up by about 7 per cent above the past year ; and they amounted to the total of LE 44.2 million (35 per cent of the total capital and 23 per cent of that held by the investors) (Abdul-Malek, 1968: 112) .

The combined effects of industrial , financial and commercial prosperity , were to be seen in the spectacular growth of the Misre network .¹⁶ The Misre network consisted of twenty seven large companies which were regulated by the Bank of Misre . The Egyptianization of the foreign firms, which required 25 per cent down payment at the time of purchase , gave the Misre group a good chance to expand and become the true centre of monopoly in Egyptian economic life . Under the new economic order , the basis of competition was either eliminated or controlled by setting up new companies .

Closely related to the Misre network , was the Abbud group who grew out of the royal family , the English and American capital investment . The Abbud controlled what was not covered by the Misre and enjoyed the financial influence over the Egyptian Federation of Industries , the Bank of Misre and the Suez Canal .

The process of Egyptianization also provided grounds for the growth of the state Economic Agency .¹⁷ Its expansion came from both direct government support , ensuring the state's control of industry and corporations , and the negotiations between the private corporations and the Agency through the government . The military regime's

economic share , was in fact , controlled by two most powerful enterprises: the Suez Canal and the Economic Agency . The application of the World Bank loan to improve and deepen the canal for more navigation, proved dynamic for the state agencies and increased the receipts (it reached LE 51.5 million in 1960-61) . While the volume of profits was rising , the Misr and Abbud groups were negotiating joint partnership in several key industries: Misr insurance , Misr Airways , Misr Trade Co. etc. all combined their efforts with the Economic Agency . The Minister of Industry justified the action:

Since it was necessary for us to carry out economic development in the broadest sense and as quickly as possible ... we found it necessary to offer private capital , endowed as it is with all its potentials , the opportunity to take part in industrial projects either alone or in co-operation with capital from the public sector . (Abdul-Malek, 1968: 132-133)

This justification was matched with another , which was the merger with Syria in 1958 . Although the Syrian-Egyptian merger was called the Arab unity , in the absence of any real frontier or common political interests , the actual basis of that merger came from the unity between the state capitalism and the private Misr group . Under the pressure exerted from high officials and technocrats and the negotiations reached between the Misr of Cairo , under the control of the Economic Agency , reluctant Nasser was urged to sign the economic adventures . The political defeat of these economic activities became common knowledge when in 1961 the merger between Syria and Egypt broke . But this economic adventure was not in vain . During the period of the unity with Syria, 1958-1961 , the military regime initiated a reign of

of terror . The communist and leftists were sent back to the prison , and organizations were set up to do anti-communist propaganda . The Americans were quick to respond to Nasser's terror with another \$ 13 million aid and reinforced the previous good relations (Abdul-Malek, 1968: 127) .

So far , the evolution of the first phase of Egyptian society has been discussed in terms of the establishment of the military regime . We discussed how the military elites managed to paralyze the landed aristocracy , temporarily cut their ties with the Western capitalism , took political initiative away from the Egyptian masses , suppressed the left with the industrial bourgeoisie on its side and encouragement received from the foreign capital .

The most important aspect of the period discussed , however , concerns the emergence of state bourgeoisie through the coalition of the private sector and state capitalist sector (1957-1961) . It was pointed out that the period of 1954-1956 resulted in a relative autonomy of the military regime from the state power , dominated by the ruling class (the landed aristocracy and the bourgeoisie including the traditional and the modernist wing) . This period enabled the emerging state bourgeoisie to establish itself by taking systematic measures of repression of all mass based political organizations and maneuvered within the international developments . After the coalition between the landed aristocracy and the urban based bourgeoisie (1923-1952) collapsed , the military and the industrial bourgeoisie emerged

victorious .

The coalition between the industrial bourgeoisie (1957-1961) and the military government resulted in more autonomy for the military state; it began to take economic initiative at home and co-ordinateed its efforts with the industrial bourgeoisie on international developments . Under the coalition , the military state still did not excercise an important economic function . The process of economic production and the means of production were still dominated by the private sector . It is certain , for instance , that the Economic Agency along with the Misr and Abbud complex owns a significant part of the means of production , but this ownership is usually negotiated and influenced by the private sector . That is , the emergence of a new sector of ruling class, distinguished from the private sectors and with no organic or historical ties with the private sector , is not possible . This becomes possible when the military state serves important economic function with the growing importance of the state sector .

The coalition with the private sector enabled the Economic Agency and other state functionaries to centralize and co-ordinate the state capitalist sector land to focus on the formation of state bourgeoisie . The coalition , which was essentially an equilibrium between the private and state sector , extended the hegemonic role of the military state and the formation of the state bourgeoisie derived from the development of

of relation of foreign and indigenous socio-economic forces within Egypt .

During the period between 1961-1967 , the military state attempted to ensure the stability of the formation of the state bourgeoisie . This period saw the destruction of the economic power of the traditional bourgeoisie, through the nationalization of key private enterprises , and based itself on the state bourgeoisie . Measures were also taken to integrate the peasants and industrial workers into the state apparatus and systematic ideological efforts (i.e. Arab Socialism) were made to express a " new " mode of production , While the social position of the state power was consolidated within Egypt , the state's political maneuver on international developments became limited . Now, we will briefly , turn to this phase (1961 to the present) in the evolution of Egyptian society .

Second Phase (1961-1967)

The Emergence of State Socialism

The Second Phase (1961-1967) begins with the application of the Charter of National Action (May 1962), which characterizes further transformation of Egypt's socio-economic and political structure. The Charter of National Action proclaimed: "Socialism is the way to social freedom" (i.e. equal opportunity to a fair share of the national wealth) and "scientific socialism was considered as a method by which the just and proper use of all national wealth can be guaranteed. In broad terms, the Charter viewed socialism as an inevitable historical solution to the problem of social and economic underdevelopment. Historical inevitability of socialism was weighed in view of the development of international capitalist monopolies impeding or making an appendage of "local capitalism". Scientific planning and state control of the means of production were considered appropriate in accordance with the socialist solution as opposed to "individual efforts sustained only by the profit motive" and voluntary efforts (Horton, 1962: 62-63).

In practice the Charter of National Action involved: 1) the centralization of total political power of decision and not only the control over the state, 2) the establishment of the hegemonic role of the state in the decision-making in the economic, social and ideological fields, 3) a significant reduction in the conception of political alliances, previously maintained with the industrial and commercial wing of the bourgeoisie. Although the interrelationship of all these political actions constitute the essence of the second phase, we will examine the economic, political and ideological dimensions in some detail.

Egyptian Socialism in Action:

The economic aspect of this phase begins with the gradual promulgation of the laws of nationalization. Early in 1959 a law was passed according to which the companies must set aside 5% of their net profits for the purchase of government securities. Their future distribution of profits, cash or share, was limited to 10%; subsequently other laws were passed which called for the state control of some thirteen public utility companies. In 1960-1961, at first, the National Bank of Egypt and Bank of Misr were nationalized; then all banks, insurance companies in both regions of the UAR (42 large industrial, transport, commercial, financial and reclamation companies in Egypt and 51 in Syria) were taken over by the state. Further measures prohibited any person or corporate entity from owning a market value of more than LE 10,000 and extended the state-owned or affiliated companies to act as commercial agencies and monopolize the imports. (Issawi, 1963: 58-59). By the beginning of 1962 this process completed as all the key economic enterprises (banks, insurance, heavy industry) were state owned and the medium-sized economic institutions were forced to accept a 51% state participation in both ownership and management. In less than one year, a new wave of nationalization distributed all existing companies, amounting in all to 367, among 38 public agencies headed by the High Council for Public Agencies, presided by the chief of state.

The series of nationalization directed by the variously defined socialism affected the field of economics in several ways:

- 1) the centralization of both the economic resources as well as the

ditional loans; and 3) foreign investment for limited periods and unavoidable circumstances. (Horton, 1962: 66). The Charter of National Action allowed a significant amount of foreign investment in industry, agriculture, mining, electric power, transport and tourism. Special committees were appointed to appropriate the technicians, experts and other legal and economic matters. The Egyptian policy reserved certain industrial and commercial activities for Egyptian nationals: ownership of agricultural land, banking, mining enterprises, imports and exports. The Egyptian state deserves the right to nominate chairmen of the boards and chief executives of all Egyptian corporations of substantial holding (Habachy, 1959: 562-64). In practice, however, the economic orientation was strengthened by foreign investment. The centerpiece of Egyptian foreign-inspired development plan is the Aswan Dam. The construction began in 1958 with two Soviet loans aggregating LE 404 million. Egypt has gradually leaned heavily on the Eastern block for foreign credits, in addition to other Western credits, notably from West Germany and the U.S., to finance its development plans. Although total external indebtedness has never been officially disclosed, Egypt has come very close to exhausting its foreign credit opportunities (i.e. the borrowing from the International Monetary Fund has amounted to the 125% of the quota). The financial estimate and investment target of the Five Year Plan (1965-1970) has been given at LE 4,152 millions of which one third will come from foreign sources and two thirds from domestic savings. The foreign contribution is expected to rise by about 22% of the GNP by the end of the plan (Economic Review, 1965-1970: 20)¹⁸. Despite the unusual proportions of the state sector, foreign aid and investment, at least in the short run, tended to strengthen the economic orientation in Egypt.

II

Public Sector:

Another major objective of the Charter of National Action was to give pre-eminence to the public sector, which after the series of nationalization owned a substantial proportion of the key economic enterprises and shared 51 per cent in the ownership of a number of light and medium industries¹⁹. By launching the five-year plans the private sector was materially weakened in favor of the public sector. Although the nationalization measures had made the public sector the major power, giving total control of the greater part of economic activity, the Charter of National Action confirmed private ownership as the basis of the national economic development:

"But control over all the tools of production does not mean the nationalization of all the means of production, the abolition of private ownership, or interference with the rights of inheritance".

This pattern was strengthened in two ways:

- 1) creation of an efficient public sector that can provide leadership for economic progress and bear the main responsibility for planned development.
 - 2) existence of a private sector that without unfair exploitation can contribute its share to national development within the planned framework for economic progress.
- (Horton, 1962: 63).

Both private and public sectors laid the basis for a mixed economy and ordered to function under the umbrella of national capitalism directed by the technocrats and military officers. The basis of the economy remained capitalistic, as land was left intact by nationalization, the public sector was regulated by the market demands and profit motivation and the terms of trade were determined by external forces.

A further aspect of the nationalization was that the power of decision of the representatives of private capital in companies of substantial holdings was diminished. There were still a large number of small and medium-sized enterprises: workshops, artisans, small banks etc. Also, the nationalization

of some 367 companies affected was divided into two categories: one came directly under state control and those with 50 per cent ownership as well as the once transferred to the public sector. The balance of these provisions remained in the hands of private owners (Abdul-Malek, 1968: 172). But nationalization measures as well the Five-Year plans tended to extend the state's control over the whole range of economic activity.

III

Public Sector as Agent of Industrialization:

A major economic concern expressed in the Charter of National Action has been to increase industrial production through the public sector. The state has been consistently struggling against the private sector who refused to undertake industrial development. By substantial isolation of the private sector it was certain that industrial productivity would increase. The Five-Year Plans, therefore, focused on moving Egyptian economy from the predominance of agrarian sector. Although some improvements were made in this direction, the distribution of the labor force (table 5) reveals that 764,000 persons in 1957/1958 and 847,000 in 1964/1965 were employed in what may be termed industrial activity. But the pattern points up that 56 per cent in 1957/58 and 59.3 per cent in 1964/65 of the population engaged in agriculture.²⁰ With the population growing rapidly (annual rate 2.8) and 63 per cent of the population living in rural areas (37 per cent urban in 1967 with 27 per cent living in five largest cities), underemployment, most important characteristic of underdeveloped economies, is expected to increase. This pattern is strengthened by the decrease in the contribution of the agriculture sector, still predominant, to the gross national product: 32.7 per cent in 1954/55, 30 per cent in 1957/58, 28.3 per cent in 1961/62 as against industry

from 16.9 per cent in 1954/55 to 22 per cent in 1961/62 (Quarterly Economic Review, 1965-1970: 1-22; Gallagher, 1960: 45). The pre-eminence of the public sector seemed to have co-existed with the fundamental reliance on a single sector, the agriculture sector. The estimates of the 1962/63 budget (table 6) put the private sector's distribution of national income in agriculture at 41.0, leaving only 5.1 per cent by the public sector. Against this, the distribution in industry is much greater (28.0 per cent public, 18.8 per cent private sector). For the same period, the contribution of the private sector to the national income has been estimated at 65.8 per cent, leaving the remaining 34.2 per cent to the public sector (Abdul-Malek: 1968: XVII).

Agriculture still remains the largest single sector of the Egyptian economy. The cultivated area consisted of 6,228,000 feddans (6 million acres), after the Aswan Dam it increased by another million feddans (1,038,000 acres) as well as 700,000 feddans mixed farming in upper Egypt. The value of agricultural production remained within the specialized production of cotton. All the advantages of specialization and improvement of agricultural production resulted in dependence on a single crop: cotton. The 1962/63 estimates show 1,657 feddans (i.e. 28 per cent of the total area under cultivation) devoted to cotton cultivation. Total production of cotton increased steadily: 9,564,000 metric cantars* in 1960/61 to 10,400,000 metric cantars in 1966/67, with no increase shown in other agricultural products, except sugar cane (Quarterly Economic Review, 1965-1970: 1-22). A closer look at table 7 reveals the underdeveloped nature of the Egyptian economy in its reliance on food stuff from external sources: cereal and milling products rose from LE 47.0 million of the total imports in 1962 to LE 70 in 1966; while the exports of

* 1 metric cantar = 50 kg.

raw cotton went up from LE 83 million in 1962 to LE 143 million in 1966. The trade pattern corresponds to a self-perpetuating situation of heavily reliance on the exports of raw material with the pre-eminence of agriculture as a single strong sector in the whole economy. Also, as table 8 shows, the Egyptian term of trade is exclusively determined by the external markets of a few countries (between 1964-1968 exports were confined to USSR and Czechoslovakia while the imports were dominated by both the Eastern block, USA and Western Europeans).

IV

The State Ideology and the Alliance between all Classes:

From the military regime's point of view, the practical thrust of "scientific socialism" in Egypt was in its dissolution of class distinctions. Through efficient planning and unhindered application of science and technology, "scientific socialism" was considered a suitable formula for greater economic equality in favor of workers and peasants who were formerly exploited. In light of the failure of the previous national governments (1919-1923 under Wafd), the refusal of the major political forces to cooperate on land reform, the alliance of feudalism and capitalism in support of the imperialist aggression on Suez, the military regime proclaimed "scientific socialism" as a historical inevitability. In a sense, the regime was confident that "scientific socialism" in pursuit of "sufficiency", "justice" and "freedom"²² and with the "alliance of all popular powers" will eliminate exploitation and establish conditions which will extend individual

rights. The dissolution of class distinctions and the end of the domain of one class, shall allow equality and freedom for each individual "to shape his destiny, to define his position in society, to express his opinion and by means of his thought and experience and hopes to take active part in leading and directing the evolution of his society". (Dajani, 1965: 20).

Nationalization has been considered as the principal device of the "socialist solution", for bringing the formerly existing private enterprises into the state domain (public sector). The state control over the economic activities does not, however, rely on instrument of policy, but on the public sector, which is owned and run directly by the government. From this point of view, nationalization is seen, not as an end in itself nor does it signify socialist intent or create socialism. Nationalization signifies the transfer of ownership to the people - from one or a few to all, though it is not in terms of complete nationalization of all means of production or the abolition of private ownership; it is a re-adjustment in the economic relations, facilitating public control over the means of production, broadening the base of ownership and regulating profit-sharing arrangements. The sole guarantee that this transition will favor the lower income classes and peasants is the state control over economic activities.

In Nasser's own words:

Under our socialist and cooperative system we regard the state as a patron of everything, private as well as public ownership. The state is responsible for the protection of the individual against anyone who wants to exploits him. The state is responsible for the protection against economic and social exploitation. I believe that we should give freedom to private capital, at the same time balancing it with public capital which is the state sector, thus preventing it from exercising any control over the government. I must protect the consumer, and find income for the owner of capital.
(Quoted by Mohyed-din, 1966: 38)

"Social justice" -i.e. dissolution of class distinctions- reached its climax as share-holding has been limited to LE 10,000 and an income tax system set the top income from all sources at LE 5,000 a year. At the bottom, workers and lower-income-class employees were guaranteed the distribution of 25 per cent of all corporate profits and out of the maximum seven members of a board of directors, two are to be the representatives of the workers and employees of the company. No person was permitted to hold more than one office in the government, public enterprise or companies (Saba, 1961: 13). Since the state is the sole or co-owner of all key enterprises, the remaining profits may also be said to go to the exploited classes, indirectly through the state expenditure. Thus the material welfare of the general masses is expected to rise by the reduction in exploitation by profit-earners.

"Scientific socialism" of the Charter of National Action confirms its conviction of private ownership by leaving the agrarian sector in the hands of private owners. "Scientific socialism" of Egypt "in the domain of agriculture does not believe in nationalizing the land and transforming it into the domain of public ownership" (Dajani, 1965: 23). The Charter asserts the individual ownership of land, within limits that do not allow for feudalism. Agrarian reform, whether before or after the advent of socialism, did not entail nationalization of the land expropriated from feudal ownership. The reforms mainly called for re-distribution of land, to provide a chance to the largest number of landless agricultural workers to become private landowners. "The revolutionary solution to the problem of land in Egypt is by increasing the number of landowners". And this expansion must be supported by co-operatives, "along all stages of the process of agricultural production", the Charter of National Action confirmed (Dajani, 1965: 23). In 1964

when Nasser was approached by some Arab socialist to introduce co-operative or collective farms, which involved co-operative ownership of the land, he rejected the proposal with the assertion that "private ownership is safeguarded and the law organizes its social function" (Sayegh, 1969: 118).

The Alliance Between All Classes:

In meeting the challenge of social and economic development in Egypt, the military regime dismissed capitalism in favor of "scientific socialism" as the sole formula of a genuine development. Capitalism was found inadequate for the urgent requirements stemming from underdevelopment. One basic requirement is a complete mobilization of all resources, through planning and the application of science and technology. The regime was convinced of the limitations imposed by the international monopolies on the national capital in the countries now developing. These were:

- 1) national capital can no longer survive the competition without custom protection paid for by the people;
- 2) the only hope left for national capital is to relate itself to the movement of the international monopolies -thus turning into a mere appendage and leading the country to doom. (Abdul-Malek, 1968: 329).

The economic measures of the "scientific socialism", through "efficient socialist planning", were prepared to increase production, to put an end to all the rigidities in the traditional order, which may stand in the way of rapid economic development. But the economic measures must fulfill these conditions, according to this calculation:

- 1) the consolidation of the national finances;
 - 2) the dedication of all the resources of modern science to the task of making this (national) capital profitable;
 - 3) the inauguration of overall planning of the process of production.
- (provision of the Charter quoted by Abdul-Malek, 1968: 329).

The political aspect of the underdevelopment in Egypt, from the regime's point of view, involved the "alliance of Popular Forces": the peasants, the workers, the soldiers, the intellectuals and national capitalism. The rationale for the "alliance" was to be found in the objectives of "scientific socialism" which included the "dissolution of class distinctions", as well as "the creation of conditions in which diverse classes, each performing a valid social function, and all free from domination and exploitation, can coexist within the framework of national unity and in harmony". (Sayegh, 1969: 113). Although misunderstandings and conflicts among these classes were recognized, the regime urged them to organize themselves into a "Socialist Union". Within the framework of national unity, differences and conflicts existing among these popular forces did not, from the regime's point of view, constitute class conflict generating class struggle. While the alliance of all classes is possible, including the alliance of the exploitative classes, the domination of "any class -be it capital or labour, feudalism or the farmers- is incompatible with socialism..." The domination of one class, or one alliance of classes, is class dictatorship whatever the identity of the dominant group. (Sayegh, 1969: 114).

The military regime's ideology of "scientific socialism" divorcing itself from socialism understood and practiced elsewhere, launched the for-

mation of the Arab Socialist Union to carry on political mobilization throughout the country. ASU as a single political party, equipped with the ideology of "scientific socialism", emerged to incorporate the members of the lower classes into the political system, a task formerly undertaken by the Liberation Rally (1953-1957) and the National Union (1957-1962). The regime remained convinced that unless the ideological obstacles were removed from the political structure, the "socialist" objectives set for the construction of a society on a new basis will be impaired. Besides, the military regime had envisaged the formation of an alternative to the political parties that were dissolved. The aim has always been not only to recruit supporters, but ally the people behind the political and economic projects designed by the regime. In his exclusive conversation with Heikal, editor in chief of Al-Ahram, Nasser states the basic aim of the National Union Party replaced by the Arab Socialist Union:

This National Union is not a party exclusively for capitalists, for workers, for landowners or for farm labourers. Nor is it a party for those who have inherited or their less fortunate fellow countrymen. It is not a party for a special class, a particular group or a specific individual. It is an organization for the whole fatherland without any distinction or bias.
(Heikal, 1959: 570)

In 1972 Arab Socialist Union aimed at sustaining the alliance between all classes. The ASU²³, according to Nasser, is "the highest popular authority in the country... (it is) the political framework for mass action by the alliance of popular powers, the living embodiment of the authority of the people, which transcends and directs all other authorities on all levels, the safeguards and guarantees of sound democracy", within the framework of the principles of the Charter (Sayegh, 1969: 124-125).

The repeated attempts to begin afresh stable political organization reveal a desire to establish organizations that come closer to the objective of the military regime backed by the state bourgeoisie. These organizations could provide the military regime with a class base formed independently and outside the state itself. Essentially a system of two-way political mobilization has been underway in this period: from the ruling circles to the nation, transferring to the people decisions taken at the top, and from the people to the rulers, conveying to the top, aspirations organized at the bottom. Measures were taken to accommodate at both levels. Immediately after Egypt was proclaimed "socialist" state, systematic provisions were made to appoint new management staffs as head of the public agencies, presidents of companies - all were appointed by the chief of state. These new managers were recruited from among technicians, economists and engineers with European training. In the Economic Agency, for instance, the one agency that had until 1961 centralized the state sector, there were 42 engineers, 38 business administrators, 26 lawyers, 43 university graduates with various trainings, and 21 persons with no university degrees. Before nationalization these people had occupied executive positions in different private sectors, now they all turned into top managers of the state companies. The various agency boards showed the same proportions: one-third engineers and scientists, the rest included high officials and business administrators. Although few military officers were appointed as managers, they were encouraged to take professional training in various schools (Abdul-Malek, 1968: 175-176). Basically the state functionaries were controlled through an alliance between the technocratic elites and the military officers.

The elements recruited by the ASU, by and large, turned out to be those who used to provide the cadres of the political parties just dissolved. Members of the lower classes who happened to join the ASU found themselves in a conjuncture of the old political elites with relatively better-off position, from a social and political point of view. The elements from the lower classes rarely held a position of importance, and they remained in an inferior position, and were therefore of no significant challenge to the leadership of the ASU.

At the bottom, the 50 per cent representation in the National Assembly of the workers and peasants and the "scientific socialism" as well remained a placard without application. As Mohy-Ed-Din, the Liberal-Marxist military officer, nicely admits:

In the midst of this elections (1964) to the General Assembly were held and the members of the rich began to play up to the workers and the peasants... As regards the slogan of 50 per cent worker-peasant representation in the National Assembly, the definition which put directors of even big companies in the category of worker and the owner of up to 25 acres... in the category of peasant, allowed seats intended for workers and peasants to go to the middle groups... the remaining 50 per cent of the seats in the National Assembly are meant for the middle groups, it becomes clear that the class composition of the legislature has changed in favor of the latter. It was not the National Assembly alone which suffered from this composition. Lower and medium-level organizations of the Socialist Union also suffer, since the election brought to them the very same middle groups, big employers in institutions having basic units of the Socialist Union, traders and professionals. In the village some old elements managed to infiltrate into important posts.

Nobody can be held responsible for this. (Khaled Mohy Ed-Din, 1966: 41)

From the state viewpoint, the admission of rich peasants, top ranking employees, medium and rich traders, to the political field, meant to merely underscore the importance of modifying the class structure of the legislative and the Arab Socialist Union, by granting equal weight to the peasants and workers. In the growing economic influence of the state bourgeoisie and the

persistence of its social weight through family ties, especially in the country, the public attention was drawn to the role of the state. Much emphasis was placed on the hegemonic role of the state in its attempts to promote the state bourgeoisie (managers, specialists, contractors, suppliers, etc.) and winning the entire bourgeoisie to its side. Socio-economic policies, as pointed out, compelled the state to grant equal gains to the bourgeoisie as well as to the workers and peasants. The accumulation of individual wealth to be used for building private enterprises and therefore for capitalist exploitation was not viewed as a threat to "scientific socialism", since the laws and the "socialist officers" were there to stop the process.

Whereas at the bottom the workers and peasants expected to gain in view of official rules and decisions, at the top, the separation of hostile classes was guaranteed by the state action. Nasser emphasised:

Our society includes classes that are in relations of contradiction, not of collision; it is essential that the state assure the people of the place which is its due and from which the ruling classes of the past threatened to evict it by all kinds of means. Thus far we have avoided a clash with reaction by peaceful means, whether these were political isolation or sequestration; if reaction persists in provoking clashes, it could be that peaceful means would no longer be adequate and that matters might come to violence... I want to repeat that we lived under the domination of one class for many hundreds of years and that we want to emerge into a government of the people, a democracy of the people, instead of the dictatorship of reaction. (Quoted in Abdul-Malek, 1968: 340).

The clash with the bourgeoisie has been avoided not arbitrarily but in favor of a re-alignment of all bourgeoisie sectors which dominated the decisive means of production and defined the precise role of the state power and its relative autonomy. The petty bourgeoisie on whose behalf Nasser and other state ideologists built the alliance between all classes transformed, became an integral part of the ruling circles, and ceased being merely the executives

devoid of political power and economic initiative. The establishment of the state bourgeoisie corresponded precisely with the consolidation of the petty bourgeoisie as representatives of the system, capable of establishing direct class relations between the state and the Egyptian masses. These class relations were such that the minority at the top monopolized political power and economic initiative and the majority of the people simply lived by the state's decisions.

During the period under study (1960-1967), the military state reorganized the political structure of the country to consolidate the new economic structure and to increase the hegemonic role of the state bourgeoisie. The "scientific socialism" within the framework of the Charter for National Action assumed the struggle against the traditional bourgeoisie and vigorously attempted to achieve its goals of "sufficiency", a just distribution of wealth and dissolution of class distinctions. While "scientific socialism" was still devoid of a strong class basis, the Arab Socialist Union allegedly supplied the political and ideological apparatus needed to promote the hegemonic role of the state bourgeoisie. As seen earlier, systematic nationalization, which enabled the state bourgeoisie's control over the major means of production, was carried out without reaction from the traditional bourgeoisie. This transition involved the change in the hierarchical aspect of the class structure by removing the landlords and big capitalists from the political structure and taken away the economic initiative. Yet, the transition did not in itself change the nature of production and the nationalized means of production, depending on the characteristics of the class which dominated the state (the state bourgeoisie), served the state bourgeoisie to benefit from the state policies, accumulate wealth and gain more

social and political weight. As the state bourgeoisie consolidated, the petty bourgeoisie became an integral part of the ruling circles and therefore farther removed from the lower classes and peasants. The process altogether involved two fundamental developments:

1) the class situation changed as the state bourgeoisie consolidated its hegemonic role through the state ownership and without being organically tied to the traditional bourgeoisie. The class relations were maintained exactly as the state bourgeoisie owned the means of production within the framework of unchanged capitalist relations of production and existing class distinctions.

2) the changes in the class relations, dispossessing the traditional bourgeoisie from the means of production and the consolidation of the state bourgeoisie, created socio-economic problems the solution of which required further dependency on another foreign power (from Britain changed to Soviet Union). These developments were facilitated by alliances reached between all bourgeois sectors and the workers and peasants, with the state above all those alliances, through massive propaganda which attempted ideologically to identify the interests of the state bourgeoisie with those of the workers and peasants.

I

The Forces of Transformation in the Ottoman
Empire and Egypt: A Comparative Overview

In the Ottoman Empire, before the formation of the Arab States, the pattern by which the "oriental feudal" structure was challenged and replaced with the private ownership of land is different from Egypt. The differences are both in the structure as well as in the social and political mechanism by which land was regulated. We will focus on each aspect of the problem.

As in Egypt, the feudal order of iltizam was abolished in the Ottoman Empire at the beginning of the nineteenth century. Measures were taken to introduce and regulate the private ownership of land by the farmers and collections of taxes were made by the state authorities (Baer, 1966: 80). But unlike Egypt, in the Empire there was no centralized state machinery to regulate the irrigation or the economy. The state authority was composed of a central government, tax-farmers (multizamins), the office-holding local feudal lords, and along with these, there was the autonomous functionaries of the millets (i.e. the self-governing Moslim-Christian religious communities). As compared to the central government, these basic functionaries were in better control of the economy and thus weakened the government's attempts to improve on communication networks, supervision over land registration. The central government maintained control through allocations made with the janisaries, the sipahis and the multizimins. From this situation, two basic principals emerged which regulated the agrarian production as well as the collection of taxes from the peasants: one was the feudal, which was based on the allocation of land and the taxes to be collected by the feudal lords in return for military services. The other system

was centralistic, controlled by the government through the intermediary agents of multizamins and the officials who collected taxes from the cultivators (Hershlag, 1964: 15). These two basic systems were in coexistence throughout the Empire. Unlike Egypt, where Mohammed Ali initiated some reform programs which accelerated the transitional period and his successors who helped to expand the agrarian sector of the Egyptian economy, in the Ottoman Empire Mahmud II's reform efforts were carried out in different stages. The destruction of the janissaries, for instance, followed the reunification of the sipahies to function as military feudal estates with those of the central government (Baer, 1966: 79-90).

In the Ottoman Empire, political and social circumstances, because of external, Western and Russian imperial interests and internally the existence of various nationalities, were not helpful to the efficient introduction of reform in order to facilitate private ownership of land or the emergence of landed aristocracy. It, also, took Mohammed Ali relatively short time to abolish the iltizam system, destroy the Mamelukes and appropriated the land by state authority. In the Ottoman Empire, although iltizam was officially abolished (1839) the military feudalism survived throughout the Empire. The feudal estates that were taken after the destruction of the janissaries were ordered to be held by both the sipahies as military feudal and those of the state. A more fundamental difference still remained as the feudal estates taken from the sipahies were transferred to tax-farmers (multizamins), a system of land control which was abolished in Egypt under Mohammed Ali (Baer, 1966: 81-82). In the Ottoman Empire, the remnants of military feudalism survived to such an extent that it was a constant challenge to the state and its land. As a result, the Ottoman state failed to grant land to cultivators as incentive in order to do away with the iltizam system or establish a landed aristocracy. Therefore, the Ottoman state

laws usually aimed at the consolidation of the state rights to ownership of land, "by imposing severe restrictions on holders of miri lands and by listing exactly and in detail all rights held by them before its enactment which could not be denied them." (Baer, 1966: 83). This appeared contrary to the Egyptian situation, where the state had significant control over its lands and the laws aimed at the expansion of the rights of ownership of the Egyptian landlords, the extension of the agrarian sector, as well as to guarantee stability and security. The Ottoman state's weakness also appeared as compensations were made to holders of miri land¹, confiscated for public use. In a sense the Ottoman state played a more liberal role in relation to property rights and the feudal system of land ownership.

As a result of political and social circumstances and the particular role of the state, the proportion of mulk land did not grow at all. But through the efforts of the central government, the miri land increased, mainly by enacting laws and other restrictions. Unlike Egypt, cash crops of cotton and sugar, in the Empire, foreign capital and land speculators did not occupy the investment in the agrarian economy. The existence of millets and the survival of iltizam system did not cause fragmentation among the peasant cultivators. The fragmentation was avoided as the miri and mulk land ownership divided the Empire's landed property into two distinct types of ownership, the miri, as state rights, and mulk, feudal estates. In Egypt, the big landowners prevented the fragmentation in order to maintain the family ownership and increase the ties with foreign and local capital which had large ownership of land. In the Empire, foreign capital as well as land companies merely engaged in land speculation and never expanded to a significant level. Although the state proportionately owned more (40% or more) land than in Egypt (17%), (Baer, 1966: 90) there was no policy for creating a new class of small landowners by granting the state land. Unlike Egypt, in the Ottoman Empire there was no concrete state policy

to encourage the transformation of land into big private owners. In the Empire, feudal lords exercised their military and political power, in using the weaknesses of the central government, they managed to provide protection to peasant cultivators in return for expansion and military services.

CHAPTER FOUR

TURKEY

1. THE LEGACY OF THE OTTOMAN EMPIRE: An Overview

The main purpose of this chapter is to: 1) present an historical overview of the First Turkish Republic and, 2) discuss the initial stages in the development of social formations in the Turkish society.

THE OTTOMAN STATE VS. THE FEUDAL AUTHORITY

Under Sultan Mahmud II (1808-1839) the struggle over control of land between the militarily powerful feudal lords and the state authority was more critical than other periods in the Ottoman history. This period known as Tanzimat (re-organization) involved the challenge to the feudal landowners' military power which had strong backing from the religious communities and other social agencies such as ayans (local lords). Upon the realization of the power of the landowners and overwhelming military supremacy of the janissaries, Mahmud sought to destroy these institutions, not by confrontation but by making state concessions to them. An ittifak (pact or alliance) reached between the sultan and ayans allowed the central government to put limits on the military activities of the janissaries who still made up of the large part of the central government's standing army. The state authority in turn gave more administrative status to the ayans and therefore removed them further from their religious and communal support. For the first time, there was a state of co-existence between the central authorities and the feudal lords, as mutual benefits involved the acceptance of state authority by the feudal lords in return for recognition of their own possession and the right to pass it on their heirs. (Karpat, 1968: in Polk, 80). Ittifak, although an agreement on paper, represented the principles by which the separation of the government from the sultan, as well as separating the state from the religious authorities, Moslems and non-Moslems alike, was implied. The pact also represented the need to create a new army and turned the janissaries into well-paid army recruits. (Berkes, 1964: 90-91).

As the process of Tanzimat went further, the role played by the landlords in the socio-economic order changed. The descendents of the older landlords became a sort of new strata of landowners with more state recognition and rights to private ownership of land. Along with the new landowners, artisans and merchants stood in support of the economic re-organization by the state. The result was more centralized state authority and state guard of the economic assets. More military reforms were undertaken and further limits were placed on the feudal authorities to challenge the state. In the economic sense, however, the feudal lords shared a certain common interest in the "new" economic system as well as in their sparing of increased taxation of the peasants. While the peasants were rioting against the oppressive feudal privileges, the state's efforts tended to make them more dependent on the state authority instead of the feudal lords. (Hershlag, 1964: 28).

The Rise of the Bourgeoisie:

Although Tanzimat had long-term objectives, the immediate result was the destruction of the janissaries by the new and modern army of the state. Once the central authority was consolidated, it was sought to establish direct control over the peasants and the estate taken from the janissaries were distributed among the state officials. As pointed out earlier, the destruction of janissaries took many steps and the feudal control over land was widespread and consisted of all the mulk land throughout the Empire.

The socio-economic basis of a new class to own privately and regulate economic activities based on the economic rationalization of the state certainly emerged as a result of the state efforts to break the

big military feudal lords. Some recent explanations¹ throw much light on the aspect of the transformation of classes in the Ottoman Empire. Accordingly, the formation of the new classes in the period of Tanzimat is the result of the transformation of the Ottoman socio-economic structure into private ownership of land. Under the circumstances of economic re-organization the big and small landowners, merchants, money lenders, artisans, officials, clergymen, etc., did not engage in cultivating the miri land of the state. They established small enterprises, legally owned, on small pieces of land. These enterprises grew into bigger operations in grain cultivation for export. In all these enterprises land was privately owned and independent of fief holders. From this development two principles emerged: one was the emergence of a new type of labor relation as these enterprises depend on hired farm labor, and second that feudal authority remained at the state level. As Gandev points out, "on the lower plane ... we have a de facto bourgeois land ownership, a capitalist system of production with capital investment and hired labor and the collection of capitalist land rent. On the upper plane we find an over-all feudal authority laying hands on part of the capitalist land rent under the guise of feudal rent". (Gandev quoted by Karpat, 1968: 82).

Consolidation of Commercial Capitalism:

Further impacts of the Tanzimat showed the overwhelming power of the central government and the failure of the newly established artisans to face the state authority and to play a dynamic political role in the economy. The new strata, therefore, did not suffer set-backs from the existence of large feudal or private land holding and their control of the exchange economic relations but from the oppressive measures of the state imposed on various groups throughout the Empire. The state, on the other

hand, imposed heavy taxes on the peasants and others and on the other encouraged an economic order of free exchange which resulted in massive migration of cultivators from the agrarian sector to the commercial centers within the Empire. (Karpas, 1968: 82). The unsatisfactory development of agriculture deeply affected the artisans and local craftsmen and left them at total mercy of the state and an economic order based on private property and free trade. Although capitalist economic relations were guaranteed by the absolute state control over land and commercial and trade activities, that development was not complete. The private groups in agriculture, trade and crafts demanded more efficient state bureaucracy, freedom of enterprise, protection of property and the call for the formation of a national legal order which would in turn tie economic activities to a regulatory bureaucratic order. (Karpas, 1968: 83).

Another aspect of the development of capitalist economic relation was that it was unevenly prevailing throughout the Empire. The Fertile Crescent and Anatolia region had barely removed the old feudal order and mainly served as the hinterland of the Western regions where commercial and cultural relations were patterned after the European system. Other regions of the Ottoman Empire experienced new economic ties and also the emergence of commercial middle classes and the first nationalist ideology in the Empire. Thus the seeds for a nation-state to emerge later in the Empire were laid.

These changes laid the fundamental basis for the need of reform programs to facilitate commercial and trade activities, and to transform the old economic order into a modern system by the Ottoman state. The rise of Mahmoud II and his program of Tanzimat was the result of the preceding internal changes and the Ottoman ties to external forces of Britain and France. In the period of Tanzimat Islamic economic system and especially

the laws of inheritance became the target of Mahmoud's reform programs. The most essential objective of the Tanzimat was, in fact, to establish property rights and to guarantee the rights to ownership by the state. Iltizam (tax-farming) was, therefore, replaced by a state controlled taxation system and centralized such institutions as millets. (Karpat, 1968: 84). The period of Tanzimat can be interpreted as the beginning of modernization, and the period of secularization. The proclamation of the Tanzimat reforms, known as Islahat Fermani or Reform Edict, includes among other things:

"...a guarantee of complete freedom in the exercise of all religious beliefs and rites, the prohibition of all defamatory designations for any class of people on account of religion, language, or race, ... a promise of reform of judicial tribunals and the creation of mixed tribunals, the reform of penal and commercial codes to be administered on a uniform basis and the reform of prisons, a guarantee of the right of foreigners to own real property ...a proposal for the devising of necessary measures for the commercial and agricultural improvement of the provinces with help ... from education, sciences and European funds". (Berkes, 1964: 152-53).

The central theme of the edict was to introduce political, legal, religious, educational, economic and moral reforms in which conditions existed for an enlightened Ottoman Empire.

Mahmoud's special relations with the European powers further encouraged his use of the non-Moslim communities in gaining support for the reform programs. Greeks, Armenians, Jews and Christians cooperated with Mahmoud's programs and policies. In fact, Mahmoud began to abolish the millet communities intending to separate these communities from each other and tie them individually to the state bureaucracy. The efforts to divide millets later entered the international diplomacy which drew considerable support from British and

French governments for the Christian communities and Kurdish separatist movements. (Berkes, 1964: 96). In a word, Tanzimat helped the transformation from feudal and semi-modern commercial economic relations to a modern system of private property and the state guaranteed the rights to ownership and the establishment of institutions to offer equality to separate minority groups. The reform programs resulted in changing the basis of the Ottoman Empire during Tanzimat:

"He (Mahmoud) found an absolute monarchy supported by a centralized bureaucracy and a state army recruited from among commoners and formed with a new, secular, and progressive orientation". (Berkes, 1964: 92).

The state under pressure of the landowners was urged to assure a steady cultivation and if necessary an increased circulation of land so as to increase the state miri land; and also to put limits on individual claims to miri land. As against the dominant development of private ownership of land, the state's insistence to keep miri land intact and the conversion of miri land into private property appear as contradictory. The reforms under the Land Code (Arazi Kanunnamesi) of late nineteenth century was a measure to reassert the state's right to land through the establishment of a state sector and an enlarged private sector. (Karpas, 1963: 86). The Land Code reform program followed the establishment of a ministry of agriculture to assume full control of state land and also stimulate agricultural production, which could in turn encourage the development of industry. As a result of these measures the government managed to restrict control over land which were free of taxation because of traditional and religious privileges. As we have seen, land ownership after the period of Tanzimat takes the form of large landed estates which originated from the measures taken by the Tanzimat.

The Setting for the Rise of the Young Turks:

The end of the political and economic program of Tanzimat came when the Turkish elements organized revolts against its economic and political structure. The period of Turkish revolts which culminated with the rise of the Young Turks and subsequently the support of the new Turkish Republic, is known as the Hamidian period in the Ottoman history. Abdul-Hamid II (1878-1909) took full control of the Ottoman state by overthrowing the last "enlightened monarch" of the Tanzimat. Hamidian period was a movement which marked two tendencies:

- 1) it was a logical continuation of seventy five years of social change of the Tanzimat and
- 2) an open reaction against that change. (Duguid, 1973: 139-155).

Hamidian period was also distinguished as despotic and notoriously anti-Western. The period aimed at centralizing all the forces within the Empire in order to bring sovereignty and unity in the Empire.

The focus of the Hamidian regime was to unify the Moslim population and solidify changes through an autocratic, centralized government from which the liberal and parliamentary tendencies of the Tanzimat was drifting away. Hamid felt the establishment of the despotic regime was the best solution to increasing foreign terms imposed by the Berlin Conference (1878) and the mounting economic and political crisis spread throughout the Ottoman Empire. Hamid, therefore, took an extraordinary oppressive measure which encouraged the anti-Western elements and imprisoned liberal groups. It was the result of these oppressive measures that a new generation of Turks,

known as the Young Turks, began an armed struggle against Hamid's regime.

Hamid's contention was that it was impossible to transform the Empire along the lines established by the Tanzimat reform programs without a centralized state authority. (Shaw, 1968: 29-39). Tanzimat reformers had subordinated the need for a strong centralized state authority to unity and survival of the Empire. Hamidian regime recognized the degree to which the Tanzimat changes could be made permanent, particularly if support was obtained from the local notables and the designated constituencies. In realizing the alienation of the notables caused by the government policies and the economic and military defeats imposing harsher terms, the Hamidian regime attempted to create a feeling of hope and the means by which the traditional system could survive the systematic European-oriented changes. Much of government offers were in projects and policies which were renewing the Islamic faith and traditional loyalty to the Ottoman ruling circles. Various attempts of this kind were formulated in a Pan-Islamic policy pursued by the Ottoman rulers. Implicit aim of such policies was to renew the religious basis of the Ottoman sovereignty and to discover the Turkish basis for political and cultural reconstruction of the Empire. The advocates of the Pan-Islamic policies intended to ease-up the penetration of Western socio-economic forces to increase state control over the non-Moslim milits, which functioned as autonomous communities, and to make Islamic state as the basis of unity in the Empire. (Berkes, 1964: 202).

For our purpose, it is conceivable to approach the main contentions of the Hamidian period in two ways: first, its anti-Western sentiment stemmed from the fact that the peasants and lower classes in the urban centers

directly came under the influence of Pan-Islamic faith. The result was setting a conservative mood against the reform programs. Second, and this is closely connected with the first, is that the basic obstacles to a centralized Ottoman state was the existence of various non-Moslim minorities as national groups. Unless there was control over these nationalities the sovereignty of the Ottoman state was in danger. An illustration of this situation is the reform proposal of the British government which affected the Armenian and Kurdish population of the Eastern regions. (Duguid, 1973: 141). The focus of the reform was to establish European inspectors of judicial tribunals and tax collection and a decentralized power in the hands of the local governors. The Ottoman rulers were completely in favour of the reform and even approved of the appointment of the British officers. (Duguid, 1973: 142). The regions under reforms were heavily populated by the peasants and small landowners. The program pointed out to the immediate acceptance of European pressures on the central government as well as the re-establishment of the Ottoman state control over the area. As a result of forced implementation of European-oriented reforms, there were no major outbreaks by the Kurds or Armenians against the Ottoman regime. (Duguid, 1973: 146).

Whereas for the Ottoman state Pan-Islamism or Ottomanism was an uneconomic adventure, the Europeans (especially Britain) were consistently supportive of the Islamic fervor in order to confirm their relations with the Arab Middle East. Pan-Islamism or Ottomanism was, therefore, a trade off involving the fusion of European penetration and the Arab nationalist movement as well as the disintegration of the Ottoman Empire. Contrary to suspicious pretensions of the Pan-Islamism or Ottomanism, the socio-economic development of the European financiers exposed the Turkish society more firmly to European influence. The Europeans' (especially the British)

policy was to influence the territories close to the Suez Canal and the Red Sea but not to promise Arabs independence or support the liberal orientation of the caliphates. The European socio-economic influence was to such an extent that the national metropolitan centers began to be patterned after particular industries. Salonika, Istanbul, Izmir, Samsun and Zonguldak, for example, had the French capital investment of coal and tobacco industries. Industries like public construction, railroads, telephone, street cars etc. involved combined foreign investments and the Ottoman state agency of Public Debt. (Berkes, 1964: 273).

It was against the socio-economic realities of the European influence that the talk of Pan-Islamism or Ottomanism appeared as no real threat to any Europeans but rather advantageous:

"But these expressions of religious zeal were ineffective against the material power of European states seeking to dominate both the Near and the Far East. What appeared on the surface as a drive for freedom and independence in almost every Muslim country, and it was defeated in a struggle between European powers for the spoils and natural resources of these countries. In this struggle both Turks and Arabs were destined to be losers, and at the same time to turn against each other". (Berkes, 1964: 270).

From these circumstances two fundamental developments emerged: one was the establishment of the international financial corporation known as the Administration of the Ottoman Public Debt, and the other was the increase in flow of European capital into the Empire. Under the European influence, any major economic adventure, banking, large-scale trade, construction of public works, railroads, irrigation, bridges, mines etc. was financed and controlled by the European financiers. The establishment of the Administration of the Ottoman Public Debt (1882) itself helped the

expropriation of the revenues of the Empire to European metropolitan centers. The Public Debt made possible not only the exploitation of the natural resources of the Empire but also a further inflow of international investment capital for the construction of selected and profitable industries. The Ottoman Public Debt accordingly was provided with revenues from various taxes and monopolies for service of the debt. The Public Debt agency enhanced the financial welfare of the Empire and produced a surplus that was controlled by the foreign creditors. One important type of investment under the direction of the Public Debt Administration appeared in the construction of railroads. Under the direction of the council representing the foreign investors, the first train of the Paris-Vienna-Istanbul express was completed. The Berlin-Baghdad line was soon constructed which connected the Empire and the regions of the Indian Ocean with the central Europe. The purpose of these constructions was to link the remote regions of the Empire to the European metropolitan centers. National metropolis such as Salonica, Izmir, Istanbul, Mersin and Damascus, although shaped the economy of the hinterland regions, themselves remained only on the periphery of the European metropolis. (Berkes, 1964: 272).

The Young Turk Movement:

Having considered some of the basic socio-economic realities of the Hamidian period, we now turn to the Young Turk Movement which opened the struggle against Hamid. The Young Turks at first, in 1908, aimed at the restoration of constitutional rule and of parliament which had been sus-

pended since 1878. Opposition to Hamid's regime originated in the growing nationalist movement among the non-Turkish groups as well as the International pressure facing the Ottoman Empire. Among other nationalities, Arabs led a growing consciousness and cultural rival to achieve an autonomous status within the Empire. A similar situation began to develop in Bulgaria, Albania, Armenia and Greece. These groups through their respective nationalist and revolutionary organizations attempted to gain cultural and political autonomy. As a result of the separatist movements, the Ottoman Empire was confronted with great internal and external crisis. Now more so than ever before, the European powers began to take up reform measures that would impose limits on Abdul-Hamid to partition the Ottoman Empire.

During this period, the opponents of the Hamid regime founded the secret organization which came to be known as the Committee of Union and Progress (CUP), 1889, which was also called the Young Turk group. The Young Turks included the three types of secret organization in the institutions of higher education, the factions formed by those in exile in European metropolis and the army officers. Among these groups the dissatisfaction of the army officers was of great importance in what resulted. The resentment within the army seems to have encouraged the 1908 revolt. In 1908 some army units began mutinies and others defied authority when ordered to put down the mutinies. After a series of brief clashes, Abdul-Hamid was forced to restore the constitution of 1876 and eventually thrown out.

Later the Young Turk movement adopted Western aspirations and encouraged two objectives: union and progress. Union stood for the co-

operation of all Ottoman nationalities and progress meant a revolutionary change through educational and economic measures. (Berkes, 1964: 325). The notion of union upheld by the Young Turk movement reflected on the disintegration of the Ottoman Empire because of the emergence of autonomous national groups. Since the nationalist separatist movements were already helping the collapse of the Ottoman Empire, the call for the union of nationalities was to prevent further disintegration of the same. Also, at this period the millets had turned into political and national communities and each had the political support of the European powers. The Young Turk movement, therefore, demanded the disassociation of the Ottoman state from the Islamic rule in order to encourage the process of secularization and make millets remain as cultural and not political entities. Further, the Young Turk movement was well-aware of the European intentions to partition the Ottoman Empire. In other words, the Young Turk demanded an international status for the Ottoman Empire. These aspirations of the Young Turk movement did not prove as intended. As a result of the Balkan wars (1912-1913) the Ottoman power was completely destroyed from the Balkan area. Soon the Greeks invaded the Anatolian peninsula. As the Ottoman state was doomed to collapse, the European supported the Greeks and the Arab national movements against the Empire and demanded its partition. Until the emergence of the military officer, Kemal Ataturk (1923-1938), the founder of the Turkish Republic, the Greeks held on to the Anatolian and the British, French and Italian forces occupied various parts of the Empire.

The Committee of Union and Progress and the Turkish Republic:

The CUP although not yet a political party, in 1909 five of its members were in the cabinet. Secret CUP congresses exerted much influence

on many other chambers. By 1914 the CUP movement had become more pervasive. The internal division had affected the structure and political operation of the CUP. A Liberal Union faction of chambers and a handful of army dissidents began to disturb CUP's control over government. After an attempted coup was put down, thereafter CUP controlled the government and developed into a political party with nation wide organizations. (Davison, 1968: 110). Thus there came into being branches of the CUP in every town. The product of these organization efforts did not yet develop a political party with the usual program and ideological expression. The CUP through the spontaneous works of the sympathizers became a national organization. It became the basis of the Turkish Republic to emerge in 1923. But the CUP national organization had become so elusive that it made it difficult to know the nature and orientation of the movement it represented. Nor was it clear what composition the CUP leadership had.

The CUP had a mass basis but it was largely dominated by the urban elites of "European knowers" and intellectuals. The CUP's class basis was elusive and evolving. The CUP's "class basis gradually shifted from that of the unrooted masses to the esnaf (artisans) and the tüccar (merchants) of the towns - the classes out of which the Party of the Union and Progress later sought to forge a Turkish bourgeoisie". (Berkes, 1964: 329). The Young Turks belonged to the newly emerging classes; lecturers in government colleges, lawyers and doctors trained in Western institutions, journalists, minor clerks in the bureaucracy and the army officers trained in the military colleges. As a Western observer in 1908 described the Young Turk movement as a middle class: "The high officials, generally speaking ... were hostile to the movement ... The lower classes were, as a rule, indifferent. It was among the junior officers of the army and navy, the middle and lower

grades of civil service, the professional classes, and the ulema, that the movement for reform carried all before it". (Quoted by Ahmad, 1969: 18). The critics of the movement regarded the CUP as unfit to rule the country. The CUP, at first, was prevented to assume power because of the obstacles posed by the traditional circles as well as the lack of a centralized and co-ordinated nation-wide organization. The various branches of the CUP were scattered and isolated from one another, with no comprehensive policies and without any recognized leadership. The power structure was shared between three separate forces: the Palace, the government and the army, and the CUP. (Ahmad, 1969: 19). Once the constitution was proclaimed the CUP secret societies began activities throughout the Empire. The CUP began to win the elections and controlled the Chamber of Deputies by reaching agreements with the non-Turkish nationals and gaining support from the professional groups and the landed proprietors in the towns. The elections showed the well balanced representation of the CUP: 147 Turks, 60 Arabs, 27 Albanians, 26 Greeks, 14 Armenians, 10 Slavs, and 4 Jews, out of 288 deputies. (Ahmad, 1969: 28). At this stage the actual strength of the CUP was an exaggeration, and it did not amount to very much change beyond acting as the vanguard of the constitution. Once the despotism of the sultan was destroyed, the CUP only satisfied few expectations. The traditional millet system, where the individual was treated under a separate law, was found incompatible with the centralized state. All Ottoman nationals were granted the same rights and duties, regardless of the national and religious origins. In fact, there seemed to have been little change in the CUP's relation with Britain and France. The European powers enjoyed extra-territorial rights. The CUP relied on the British support to win over the local disputes as much as the sultan himself. (Ahmad, 1969: 23, 32).

The most important aspect of the CUP movement was its relation with the European powers. It was due to the CUP's attitude towards Europeans and foreign capitulation that there developed different ideological factions within the Young Turk movement. The factions had agreed on one point. They believed that all socio-economic crisis of the Empire was the result of the Hamidian despotic rule. They hoped to gain Western support in order to begin things anew. The plan to re-organize the economy and achieving an economic transformation brought into focus different ideological persuasions: one was the Liberal Union, the political organ of non-Turkish nationalities and the traditional Muslim groups. The Liberals believed in a secular state where the non-Turkish millets would be regarded a non-entity as a central political authority. By supporting liberal socio-economic policies and the freedom of private enterprise, they encouraged separatist nationalist movements among the non-Muslim elements. They allowed this sort of separatist nationalism by advocating the decentralization of the Ottoman administration. The Liberals were Europeanizers and some of them even believed that it was best suited to invite a European power to carry out the socio-economic policies. The Liberal faction was led by Sabahaddin (1877-1948), whose program of private enterprise became dominant as the Young Turks gained more power over the Ottoman state. (Ahmad, 1969: 161; Berkes, 1964: 330).

Another faction was the Mohammedan Union, which demanded the Islamic unity as the basis of the Ottoman state. The separatist groups of Armenians, Greeks, Arabs and Turks joined this faction only to carry out their own covert separatist activities. Mohammedan Union strongly opposed the idea

of union based on the Ottoman ideals. It believed in the rule of the Sheriat, and union had to be on the basis of ideal of Islam. The Union aimed against any Western oriented reforms as well as the reformism of the CUP and the Liberal Union. The Union exerted much influence on traditional deputies in the Chamber and some of the army officers. The Mohammedan Union influence was prevailing over the traditional and conservative elements, until their first attempted counter-coup of 1909 was suppressed by the government. (Ahmad, 1969: 40). After the suppression of the Mohammedan Unionists the Liberals filled the vacuum in the struggle for power over the Ottoman legacy.

Although all factions disagreed over the central question of religion and state, there was a common consensus that the origin of Western civilization was liberal capitalism. On this issue all factions came closer. The factions were organized around the Private Enterprise Program of Sabahaddin, a plan which prevailed the current of thoughts of many political groups within the Empire. (Berkes, 1964: 333). According to this program, a liberal economic order was natural and would bring Turkey into the order of the Western capitalist economic system. The Liberals found the capitulation system as contradictory to the principles of liberal capitalism and therefore rejected it. They were hopeful that since liberal capitalism had reached the state of maturity in Turkey, the Western capitalists would voluntarily give up the capitulations. Contrary to what the Young Turk liberals aspired, the Europeans increased their capitulatory privileges and gained more concessions as the Empire became more disintegrated. Just as each national group demanded new privileges in addition to those traditionally attributed to them, the European powers demanded more capitulations and economic privileges within the Empire. By now the Ottoman Public Debt

agency had become powerful and would refuse to grant any loans unless new concessions were made. With a staff of 8,931—more than the entire ministry of finances—this agency exercised a great deal of influence on the political, social, and economic life of the Empire. (Berkes, 1964: 334; Ahmad, 1969: 75). The Ottoman Public Debt was shared as: France 60%, Germany 21% and Britain 14%. (Williams, 1968: 6).

The schemes and intentions of the European powers had become common knowledge. As a delegate to the CUP convention states:

Under the circumstance, it is evident that Ottoman society stands... as a freak of nature. What will be the fate of the Turk in this monstrous situation? What will be his lot if the Ottoman state loses its dependence?... What will happen to him at the hands of the imperialistic sectors? (Quoted by Berkes, 1964: 335).

This period of the Ottoman history (1911-1913) signified two major developments: one was the CUP movement no longer meant the unification of all nationalities within the Empire. The Turkish elements became unified in the face of challenges from other nationalities. This kind of Turkism originated as a movement committed to the problem of reform in the Empire and as a challenge to the Mohammedan Unionists and the Liberals. The Turkists included the utopian socialists as well as the romantic nationalists. The Turkists were a synthesis of the two currents of thoughts of the Liberals and the Mohammedan Unionists. Ziya Gokalp (1875-1924) was the leading figure who viewed the Turkish nation as a result of the breakdown of the Islamic basis of the Empire with the modern technological and economic superiority of the Europeans. For Gokalp a nation consisted not of the Islamic faith, ethnicity or common economic ties, but a cultural entity

and national ideals toward which the nation aspired. (Berkes, 1964: 346). The Turkists' views established as the predominant ideology of the Turkish Republic under Ataturk as well as the present regime. Another development was the emergence of the rival ideology of economic independence. A faction of the CUP argued that the economic independence of Turkey was incompatible to the European economic and political interests. The advocates, therefore, rejected the further incorporation of Turkey into the European capitalist economy and challenged the Liberal economic independence guaranteed by the existing government. Parvus was the leading Marxist who formulated the anti-Liberal and anti-imperialist economic ideas. According to him capitalism in Turkey would be destroyed if imperialism is abolished. Parvus outlined the following: 1) Turkish economy was a satellite of European capitalism; 2) European capitalism is consolidated and controls the Turkish resources by the capitulatory system of privileges and the imperial agency of Public Debt; 3) economic disaster of Turkey stems from the decline of the native industries and constant government borrowing of European capital; 4) Turkey was under such enormous repayment of loans that it was impossible to achieve economic and financial independence under the prevailing conditions. Parvus' detailed economic analysis showed that Turkey had repaid the European loans several times over, and demonstrated that the imperialist powers would not voluntarily give up the capitulations, abolish the Public Debt or reduce their control over the natural resources and trade. Parvus considered those advocating the contrary as misleading the CUP. (Berkes, 1964: 336-337).

With the desire to abolish the capitulations as a pre-condition to the struggle for economic independence, and to prevent Turkey from imperialistic aggression and an area of colonial exploitation by European capitalism,

the CUP movement began to be viewed in a new way. As perceived, two developments were prevailing: the internal struggle between the national groups within the Empire and the imperialistic warfare over the Ottoman territories known as Western mandates and protectorates. As we pointed out, these paradoxes of the Ottoman Empire were well kept in mind by the Turkist Unionists who had synthesized the actual Turkish situation. As a prominent Turkist Unionist put it (1914):

We are nationalists and democrats ... We believe that the real substratum of the Turkish existence is the peasant class ... Still, while our nationalism demands that we give the primary place to the peasantry, it equally demands that we support the growth of the Turkish bourgeoisie... If the Turks fail to produce among themselves a bourgeois class by profiting from European capitalism, the chances of survival of a Turkish society composed only of peasants and officials will be very slim. (Quoted in Berkes, 1964: 426-427).

The desire to develop an autonomous national bourgeoisie to regulate the "national" economy and unify the nationalities was genuine. Both the right and the left elements of the CUP urged the government to abolish the capitulations, bring the non-Turkish businesses under the government control and take economic and political measures to nationalize and secularize the economic institutions. The nationalists within the CUP even perceived the First World War as providing the chance for the formation of such a social class. The point was that the Turkish nationalists intended to challenge the Liberal and Islamist Unions by showing that the economic success of Turkey was untenable without the material success of the Turkish bourgeoisie. The Western powers were, on the other hand, determined to reinstate the imperialistic impositions that the CUP intended to abolish. This factor made the national movement appear a genuine anti-imperialist force. In the critical political situation (1913-1918) prevailing on the Empire, the

British and French exerted much pressure to shatter the CUP movement and its government control. The Germans in the meantime, provided financial assistance with no conditions which would disturb the integrity of Turkey. The establishment of German banks and financial institutions, left good impression on the Turkish government until the German ally Italy declared war on Turkey in 1914. (Ahmad, 1969: 80).

Another important factor involving the changes in the CUP by the beginning of the First World War was the question of the army. With the approach of the War, the army officers considered the ideologists of the CUP movement as incapable of unifying the national groups as well as maintaining political order. The army, as it was pointed out, was the most important single faction within the CUP since the army revolt of 1908. When the Empire faced more economic disaster and the politicians failed to sustain law and order, the professional soldiers came into the arena of politics much more directly. The army left the civilians in the government but retained the right to veto any measures that they thought unfit. The increasing role of the army made the CUP function only as an association and not as a political party. Within the army rank and file the professional soldiers were determined to create an army free from the influence of the politicians and ideologists of various unions. The powerful officer, Sevket Pasha, demanded the army to be free from all constitutional checks and refused to permit the ministry of finances to look into the military expenditures. The army's power to declare martial law defied the authority of the central government (i.e. the Sultan-Caliphate) (Ahmad, 1969: 49).

The Balkan wars (1911-1913) as well as the presence of Greeks in Anatolia and the subsequent defeats of the Turkish army resulted in the reorientation in the relations between the civilian and the professional soldiers. The military became directly in charge of the government and the civilians and professional soldiers were no longer equal partners not even in war time.

The army's desire to be independent basically stemmed from the fear that the increasing power of the national bourgeoisie would probably make the civilian cabinet more powerful than the military officers in the Chamber. Some indication of this was already given in the dispute over the military budget and the ministry of finances. The central government (Sultan-Caliphate) also began to resent the army's independence and its interference in political affairs. While the CUP and the army were assisting one another over the patriotic ideals of the Turkish territories, the Sultan exploited the nationalist resistance against the Greeks in Anatolia and gave diplomatic support to the Allies. The Sultan recognized that the prevailing Allies strategy was to destroy the Empire, it was hoped that the Allied powers would survive a Sultan under a similar protectorate system as in North Africa and the Arab Middle East. The Sultan took measures hoping to spare "the revolutionary reformers of the need to prove ...that the independent national existence of the Turks was not dependent upon the existence of the Sultanate-Caliphate, and that that institution had become incompatible with national existence. (Berkes, 1964: 433-434). More important than the exploitation of the foreign powers and the nationalist resistance was the defeatist attitude in the army.

The army officers reorganized the army units, with the assistance of newly arrived military mission from Germany, and aroused the patriotic feeling among the junior officers. With some success on the Western territories, the military was well on its way to the First World War. The death of the Ottoman Empire was signified by these conditions forced on the Turks, as outlined in Mudros Treaty on October 30, 1918:

- 1.- Severance of relations with the Central Powers.
- 2.- Immediate demobilization of all Turkish armed forces.
- 3.- The placing of all Ottoman possessions in Arabia and Africa under Allied military control.
- 4.- Opening of the Straits to Allied vessels and the occupation of all fortifications by the Allies.
- 5.- Recognition of the right of the Allies to occupy any strategic point in the event of a threat to Allied security.

(Robinson, 1965: 15)

The effects of the First World War went far deeper than simple military defeat. It provided grounds in the combat to foster the economic growth of an autonomous national bourgeoisie that would carry the economic interests of the Turkish nationals within the Ottoman Empire. Accordingly, a democratic regime would take steps to develop a national economy and implement a policy that would set free the Turkish masses from the European economic exploitation. Akcura, a Turkist Unionist confirms:

...The foundation of the modern state is the bourgeois class. Contemporary prosperous states came into existence on the shoulders of the bourgeoisie, of the businessmen and bankers. The Turkish nation awakening in Turkey is the beginning of the genesis of the Turkish bourgeoisie. And, if the natural growth of the Turkish

bourgeoisie continues without damage or interruption, we can say that the sound establishment of the Turkish state has been guaranteed. (Berkes, 1964: 425).

In the realization of socio-economic realities, the emphasis on the growth of a national bourgeois class shifted. The formation of a Turkish nation-state led by the national bourgeoisie to organize the economy and keep Turkey to the Turks, seemed no more than a utopian ideal. For one thing, the national bourgeoisie was scattered throughout the Empire. The genesis of the Turkish bourgeoisie was in the Western regions (Balkan, Istanbul areas) and a developed and autonomous national bourgeoisie was only a reality among the Turkish-speaking people of Russia and among the landed aristocracy in Egypt. Second, the nature of the European capitalism, especially British and French, in the Empire was such that a national bourgeoisie was not intended to develop. Their interests went so far as to make the Ottoman Empire as a frontier of interest through capitulations and the mandate system. The Unionists, therefore, focused on the most neglected aspect of the Ottoman Empire: the impoverished people. These consisted of small land-owning or landless peasants, small artisans and shopkeepers (esnaf), and wage earners and workers. (Berkes, 1964: 427). All these classes were in decline and impoverished under the onslaught of European capitalism and big foreign industries determined to make Turkey a satellite for colonial exploitation. With the end of the Ottoman Empire (October 30, 1918), the socio-economic impacts of the war and the uprising of the Arab nationalist movements against the legacy of the Ottoman Empire, the talk of Pan-Turkism, Pan-Islamism and Ottomanism became void justifications. Instead, a populist state with a new sort of Turkish nationalism seemed to have more realistic socio-economic and political basis.

Basically, the transformation of the Ottoman Empire into a Turkish nation has been the result of the consolidation of the populist tendencies with the CUP. As we pointed out, the army had an increasing populist role to play. In the absence of a developed national bourgeoisie to unify the national forces and put limit to foreign usurp, the sultan's political adventures and the increasing expression of peasant discontent, the army seemed to have filled the vacuum created by the collapse of the Ottoman state. Kemal Ataturk (1881-1938), the first army officer recognized the real need for the formation of a populist Turkish state. Ataturk knew the army well from his experiences with the "Action Army" (1909), a unit assigned to restore order and discipline among the rebellious troops in the Eastern regions (Anatolia) and the capital. Ataturk's contention was that for Turkey to emerge as an independent nation, it is necessary to separate the army from the CUP party (i.e. the party of Union and Progress). As early as 1909, Ataturk maintained that CUP could not be victorious in the internal affairs so long as the army remained inside the CUP. By urging the Third Army, whose leadership he shared, to leave the party, he implied that army should remain as a professional force and let the party alone take care of the political affairs. (Robinson, 1965: 236). Ataturk and Inonu (ruled the country between 1938-1950), another prominent military officers, resigned from the party and devoted themselves exclusively to military activities.

The road to populism chosen by Ataturk and his collaborators was not another utopian ideal. The formation of a populist nation-state facilitated by the combined effects of both external and internal conditions.

We will focus on each aspect.

As perceived, the international conditions served as the basis for the creation of the populist nation. At the beginning of the War, the diplomatic maneuvers between Britain and Germany had prevailed upon the Turkish situation. In 1914 Britain managed to take over Basra, a rich oil area in the Persian Gulf, occupied the Arabian Peninsula with the anticipation of Turkish attack on the Suez Canal as an act of retaliation, which would show the strength of the German and Turkish alliance. (Earle, 1966: 282). As a result of the War, however, the CUP government collapsed. The Sultan-Caliphate, Talat Pasha, resigned. The Allied troops occupied the Turkish territories and caused the dissolution of the parliament and arrested or sent to exile all the leading deputies. In signing the Mudros and Sevre treaties, armistice conditions were imposed only to make it possible that the European imperialists could create a protectorate over the Ottoman Sultan in Istanbul and a small Turkish state in a part of Anatolia. The intention of the European imperialists was to maintain the existing colonial interests and assure safety: "British imperialists were desirous of keeping Turkey weak. A weak Turkey could never again menace Britain's communications in the Persian Gulf and at Suez; a weak Turkey could be of no moral or material assistance to restless Moslems in Egypt and India". (Earle, 1966: 322). At the time of Mudros Treaty the government exercised almost no authority, nor did it represent the Turkish people. But the Sultan-Caliphate signed all these treaties on behalf of Turkish people. Allied forces were in control of the Western region and the Straits and of Istanbul, and the Ottoman government was forced to cooperate with the invading forces. In 1919, the British and French forces occupied central parts of Anatolia (oilfields of Turkey and Iraq), Italians landed in southwestern Anatolia, and Greeks invaded Izmir. By 1920, secret plans were drawn at Paris to partition the Arab territories and handed the

Sevre Treaty, the terms of which were: 1) the demilitarization of the Straits, 2) the creation of an independent Armenia and Kurdistan, 3) the establishment of Anatolia as sphere of economic interests of Italy and France, and 4) the restoration of capitulations and a complete control of Turkish finances. (Davison, 1968: 119-120).

The Turkish internal situation reflected upon the international conditions surrounding the region. In the early years of the treaties a number of resistance movements began against the foreign occupation. A group of armed nationalists attacked the French garrisons in the south and forced them to evacuate. (Robinson, 1965: 286). At the time of the Mudros and Sevre armistice, Kemal Ataturk was a leading field commander and had gained enormous popularity in organizing national resistance to the invaders in the Anatolian region. The national organization and local leadership left from the collapse of the CUP government made possible the formation of the National Pact (1920). The Pact declared unconditional national independence, the rejection of any protectorate or mandate, the rejection of territorial rights for foreign nationals and powers, the acceptance of assistance from any power with no imperialistic objectives. The Pact, in addition, declared the Sultan-Caliphate an Allied captive, announced the need for an alternative government and considered Istanbul no longer representing the Turkish people. (Berkes, 1964: 435; Davison, 1968: 122-123). A National Assembly was set up at Ankara, based on a constitution drawn up by Ataturk and Inonu. The Government of the National Assembly was created with Ataturk as president of the Assembly and Inonu as chief of armed forces. The new republic of Turkey that was

declared in 1923 was based on that constitution. The immediate support for the formation of the new Turkish republic came from the achievement of the organized as well as local, spontaneous and sporadic resistance movements that sprung up in Western and Eastern Anatolia. Many non-Turkish nationalist societies formed organizations to combat against the determined imperialist forces to turn Turkey into a colonial state. But the process of the formation of the new republic was given more impetus as Ataturk's Government of the National Assembly reached agreements with the Allied forces. Ataturk signed the Treaty of Angora or Ankara (1921-1922) according to which France agreed to completely evacuate its forces from Turkey in return for economic concession which would allow the French capitalists to venture into any economic pursuit. (Robinson, 1965: 290; Earle, 1966: 325-326). A similar agreement was reached with the Italians to evacuate Anatolia in return for economic concessions. (Robinson, 1965: 290).

In the midst of all the diplomatic wars and maneuvers, a new rival emerged: the Americans. In the economic exploitation of Turkey, the presence of the Americans was a relief. It involved no crude and open diplomatic rivalry as the Europeans traditionally maintained. Besides the American capitalists did not intend to threaten the newly established nationalist republic, as did France and Britain. All odds seemed favorable to American capitalism; the result was that American exports to Turkey rose from \$50,000 at the beginning of the 20th century to \$3,500,000 in 1913, and in 1920 it reached \$42,000,000. This matched the American imports from Turkey, from \$22,100,000 to \$39,600,000 during the period of 1913-1920. (Earle, 1966: 339). Under Ataturk the Ottoman-American Development

Company was granted the right to own some mineral resources, including oil and government owned land, free of charge, for the period of ninety-nine years. (Earle, 1966: 341-2). In 1930 the first American loan - \$10 million - was given to Ataturk in return for a match monopoly² in Turkey (Robinson, 1965: 298). At the time when Ataturk was challenged by other factions within the National Assembly, especially the Liberals who wanted a Western type of Turkish government but not a republican regime, the economic concessions and private treaties had importance beyond measures. A Kemalist, Dr. I. Fouad Bey, points out the direction the new republic is taking:

We Turkish wish to develop our country, we need foreign co-operation. Now, there are two kinds of foreign co-operation. There is the foreign co-operation that is coupled with foreign political domination - domination that brings profit only to the foreign investor. We have had enough of that kind. There is another kind of co-operation - the kind we conceive the Chester Project and other American enterprises to be. This kind of co-operation is a business enterprise and has no imperialistic aim. It is a form of co-operation designed to profit both American and Turkey, and not to invade Turkish sovereignty and Turkish political interests in any way. This is why we prefer American co-operation. That is why the Grand National Assembly at Angora is prepared to welcome American capital with open arms and secure it in all its rights. (Earle, 1966: 343-344).

The reception for the American capital meant to gain more confidence among the popular masses for the populist regime. A constitution and the People's Party were established to remove the obstacles at the economic and political fronts. The Kemalists were by now convinced that the Turkish society was composed of not social classes with conflicts of interests, but classes whose co-existence was indispensable if the new Turkey had to survive. Ataturk himself understood the situation well (1923):

The aim of a people's organization as a party is not the realization of the interests of certain classes against those of other classes. The aim is rather to mobilize the entire nation, called people, by including all classes and excluding none, in common and united action

towards genuine prosperity which is the common objective for all. (Quoted in Berkes, 1964: 463).

The populist call for common action involved the strive to replace the warring classes. In 1924, therefore, the People's Party became the Republican Party and nationalism was replaced with populism. In 1925, dictatorial powers were given to the government to suppress and to impose death sentences to national militants and socialists. (Robinson, 1965: 295) Thus the Populist state achieved its short term objectives: to avert the anticipated civil war and set Turkey onto the secularization process. The first one was achieved as the peasants and other impoverished classes existed predominantly in inferiority and servitude in relation to the state, and carried the heavy burden of the war. The second aim became a reality through the state reforms at the legal, religious, and educational level, the seeds of which were laid during the nineteenth century.

The Turkish situation, however, faced the stubborn fact that the middle class was in the process of becoming, but it was not yet consolidated to form a class to be autonomous and independent of the Western and non-Turkish capitalists. Also, the Turkish bourgeoisie was under direct threat of Western imperialist subjugation. In the absence of an independent bourgeoisie, the populists filled the vacuum and led the country to become a dependent state. After the Second World War Turkey heavily depended on the United States and immediately after joining the NATO (1949), Turkey becomes the vanguard of the American interests in the Middle East.

NOTES

- 1 There are two types of land in the Ottoman Empire: the miri land which was owned by the central government and the state and the usufruct to the individual, and mulk land in absolute freehold ownership, and until today the miri land is not subject to the Muslim inheritance law.

- 2 The combined efforts of the U.S. State Department and various American corporations led to the establishment of the American monopoly in Turkey. Among others, the Standard Oil and Ford Motor companies began their operations in oil, tobacco, and in production and exports of automotive products from the United States to Turkey as well as to the general area. Each company in a separate way enjoyed the benefits: the Standard Oil company expanded the imports of oil, in particular tobacco which was the largest product imported from Turkey (showing a steady growth of \$9,837,473 in 1914 to \$11,252,794 in 1941). General Motors opened a large plant assembling about 7,500 vehicles a year. Both companies were exempted from custom duties and import taxes. General Motors was paid a premium of \$30 for each vehicle imported into other parts of Turkey from the assembly plant in the "free zone" (Istanbul)!

For an excellent historical documentation on American economic and political interests in Turkey between 1914-1941, see Trask (1971), especially pp. 106-138.

CHAPTER FIVE

2. Critical Phases of the Turkish Transition

The expressed purpose of this chapter is to: 1) examine the socio-economic policies of the First Phase(1950-1959) and the Second Phase(1960-1967) in the transition of the Turkish society,2) discuss their implications on the maintenance of existing class relations and the attempts to consolidate new class interests and, 3) point out how the internal socio-economic and political forces and external limits help the system hang together.

First Phase(1950-1959):

The First Phase(1950-1959) involved the strive to give the populist Turkish state a class base, and to make the dependence on external forces politically and economically viable to completely suppress the currents against the status quo . The First Phase , therefore consists of a series of dialogues and maneuvers over the course of action , essentially to a common objective: that the state must consolidate the rival powerful classes and itself remain in charge of that alliance . The alliance between classes and remained solid until the emergence of the military coup in 1960 . Here we will examine the class nature of the dialogues that took place and point out the external basis of the strive to sustain the status quo in Turkey .

The Ottoman-Ataturk Legacy:

In the previous chapters we discussed the socio-economic forces that caused the formation of the Republic of Turkey and the basic structural measures that made possible the alliance of the powerful classes and averted the dispensable civil war precipitated by the European occupation . What went on, after Ataturk's death(1938) , under Inonu(1938-1950) involved the unresolved question of alliance between classes . We will examine this aspect of the Turkish socio-history closely.

As pointed out earlier, Ataturk came to power as a result of political agitation of the Committee of Union and Progress which forced sultan Abdul-Hamid to concede to reforms guaranteed by the suspended Constitution of 1876 . It is true that Ataturk was not a member of the CUP , but he made some in-

roads in national politics during the period which marked the CUP as a national movement . The inability of the CUP movement(i.e. the Young Turks of 1908) to extend their successes in electoral politics and their influence among the younger Ottoman army officers , and civilian administrators of the central state bureaucracy helped Ataturk fill the political vacuum . The occupation by the European troops and the resistance organized against foreign invasion in Anatolia, led by Ataturk, consolidated the political currents to such an extent that the Kemalist movement established itself as a viable alternative to the entire Ottoman regime .

But the crucial support to Kemal came , and this laid the basis of the alliance between classes , when the Western(istanbul) bourgeoisie and the Anatolian bourgeoisie viewed the national independence indispensable to the establishment of a state on new basis . Toward this objective the Union and Progress Party , spearheaded by the bourgeoisie , incorporated all elements to completely liquidate both religious leaders and feudallords who were determined to maintain the old sultanate system . As we observed , the liquidation of theocracy and feudalism affected by the reforms undertaken by Kemal neither led to a complete removal of landlords from the political structure nor to the emergence of an autonomous bourgeoisie , away from the subjugation of the European imperialists. That is why the Kemalists as well as the entire bourgeoisie survived in duality: on the one hand, it struggled against the theocracy and revival of old feudal system, and on the other established conditions conducive to a national industry and commercial network , independent of foreign monopolies . The Kemal reforms , which were directed against the old system succeeded but they did not go beyond the legal , cultural and religious level .

After Ataturk , the alliance between the powerful classes began to diverge . For one thing , both factions of the bourgeoisie , under Inonu (1938-1950) who succeeded Ataturk , became disturbed as a result of a new foreign policy¹ which agreed to the payments of the Ottoman debts by the finances raised through restrictions placed on trade and on the account of Turkish own resources . On the domestic level , the principle of etatism-state-capitalism were established to increase state control and some ownership in the economic sphere without serious interference with the private enterprise .² Etatism was viewed as a necessary measure to meet the economic crisis that Turkey encountered . As Robinson points out:

Etatism grew as a result of compelling need for accelerated economic development, the failure of private enterprise to maintain the desired pace, the non-availability of foreign capital, and the ambition of empire-building bureaucrats(Robinson, 1965: 111) .

Etatism became an established principle of the Kemalist constitution and the Kemalist Republican People's Party promised prosperity by reinforcing the state's control over industry , manufacture of armaments and public utilities, leaving all other sectors open to private enterprise(Robinson, 1965: 112) .

Despite the guarantee given to the private enterprise , etatism created discomfort between the Kemalists and the liberal elements of the bourgeoisie . The emphasis of etatism placed on the creation of a national industry , reflected the interests of the Anatolian bourgeoisie who had helped finance and organize the Kemalist regime . The Anatolian bourgeoisie was particularly resentful of foreign capitalist monopoly and hoped to achieve some autonomy by the state industrial plans . The etatistic economic policy in its regimentation placed Kemalists in opposition to the liberalism of the Istanbul bourgeoisie .

The most outstanding feature of etatism appeared to be in its successful fusion of the Istanbul and Anatolian factions of the bourgeoisie , maintaining their different economic interests , reflected in their political orientation . The Anatolian group³ profited from the state inspired industrial plans and was in support of the state in its strive for a "national" economy . The Istanbul group , on the contrary , enjoyed the trade and commercial activities and wanted to give full initiative to private sector and maintain direct economic relations with the foreign capitalists - a liberal economic view .

The reflection of these different economic concentration gradually expressed the need for the development of political parties as alternative to the Kemalist Republican People's Party . Inonu who enjoyed the one party rule and the alliance between classes maintained by Kemal faced the liberal challenge . In the general election held in 1950 , the Democratic Party , the political organization of the liberal faction , won an overwhelming majority .⁴

The Democrats , under Celal Bayar(1950-1960), maintained a policy of unreserved identification with the West in the Cold War, a minimum government control over the economy and the encouragement of private enterprise , both Turkish and foreign . The Democratic leadership composed of the new bourgeois elements as well as the traditional commercial bourgeoisie who were in support of "free trade" system . This is evident in the basic policies undertaken . Bayar states:

The aim and essence of our economic and financial view is,... to reduce to a minimum state interference and,... to restrict the state sector in the field of economy as much as possible, and, by inspiring confidence, to encourage the development of private enterprise to the utmost....According to our view, it is imperative that the field of economy belong mainly to private individuals or companies and that they operate under an economic regime founded on private ownership and personal freedom ... Our aim in the field of domestic and foreign commerce-

in case of interference is not forced upon us-will be to give freedom to business (quoted in Robinson, 1965: 144-45).

For the implementation of this policy , specific plans were undertaken to liquidate all the existing state-owned industrial enterprises in favor of private business , as well as , to guarantee profits for the big land owners in the agrarian sector , by abolishing taxation on agricultural produce and an increase in the flow of capital and credit . As we shall see later , the state faced considerable problems in carrying out these plans .

What was the outcome?

Throughout this period the liberal economic policy pursued by the Democrats , continued , if not increased , the existing social and economic difficulties . The unfavorable circumstances , on both domestic and foreign level , did not maintain the status quo , but **also** necessitated the military coup in 1960 . Here, we will examine the economic and political aspects of the period under study .

I

The Economy:

Under the Democrats the economic situation began to be somewhat transformed . The once state inspired heavy industry supported by the Eti Bank and

and Sumer Bank , changed into private enterprises , who enjoyed considerable investment in industry with the assistance of foreign capital . The government largely concentrated on the tertiary industries-transport , communication and public utilities .

Between 1952-1955 the basic economic difficulties amounted to capital development exceeding resources , large imports of heavy industrial goods and machinery , not matched with a particular economic plan to expand the exports (LT 1,393 mn. imports in 1955, 1,239 mn. in 1959, corresponding to LT 877 mn. exports in 1955 and LT 994 mn. in 1959) . This produced a large foreign trade deficit , resulting in shortage of foreign exchange , though there was an uninterrupted flow of foreign capital investment (The Middle East, 1961: 336, 342) . But the bulk of foreign investment concentrated in rubber and chemical industries , agricultural and electrical machinery; shared by four major countries: the United States (40%) , Switzerland(15%) , Germany(13%) , and Holland (12%) (Hershlag, 1968: 346-347) . To this must be added the steadily increase in both public debt(from LT 2,565 mn. in 1950 to 14,372.4 mn. in 1961) and defence (LT 414 mn. in 1951/52 to 2088.2 mn. in 1961/62) . The defence expenditure does not , of course , include direct United States military investment during the period (Hershlag, 1968:336-8; the Middle East, 1953/1961: 329, 342).

Owing to obligations resulting from membership of international economic and financial institutions and special inter-government agreements , Turkish economy remained a raw material producer for the external markets under self-perpetuating economic difficulties . Although much attention was paid to indus-

trial growth , agriculture has been maintained as the single strong sector of the Turkish economy .

Turkey concerned primarily with farming , during the 1950's , had some 75 to 80 per cent of the labor force engaged in agricultural activities , contributing to national productivity at about 42 per cent as opposed to 12 per cent derived from manufacturing and 6 per cent from construction (U.N. Statistical Yearbook,1972: 610) . Throughout the period the contribution of agriculture to national products faced a steady decline (49 per cent in 1950, 38 per cent in 1965; 28 per cent in 1970) . This simply means that , during the period under study , 75 or 80 per cent of the labor force produced less than half of the national products .

The Democrats who had criticized the previous government for its failure to improve agricultural techniques , gave priority to agriculture over industry; arguing that ultimate economic success depends on the productivity in agriculture . Following the recommendations made by the International Bank, the government increased the imports of machinery and equipment to improve agriculture- from 34.2 per cent in 1950 the imports of machinery went up to 44.8 per cent in 1960 (Hershlag, 1968: 372) . To sustain the agricultural economy resting on grain farming , led to short-term productivity and produced the overexploitation of the land . Although the area under cultivation increased between 1950-1960 (16,008,000 hectares to 25,324,000 hectares) , from that period on it remained unaffected (Hershlag, 1968: 349) .

No land reform program involving major structural changes have been undertaken by the government . In the presence of increasing impoverishment in rural areas, between 1957-1960 , a total of some 523,239,000 hectares of agricultural land and 305,559,000 hectares pasture of large state - owned land have been distributed at a low cost to 123,492,000 families(Hershlag, 1968: 359)⁵. The effects of the reforms were negligible . The distributed area mainly came from state and communal lands, though big land owners maintained their control over the large estates . As shown in Table(1) the land-ownership pattern is clearly of such distribution that the few own most of the cultivated areas . According to the government sources , the total number of families was estimated at about 3 million , of which 2 million were owners of small farm units and another million tenants and landless . A study which was updated in 1960 and used in the planning process in 1963 , reported that some 330 landlords owned units of over 500 hectares , while 20 per cent of all agricultural land was owned by 0.8 per cent of the landlords(Hershlag, 1968: 208,358; Robinson, 1965: 275) . With large per cent of the labor force in agriculture and population growth rate of 2.5 (1960-1965) , most peasants suffered from disguised unemployment and the rise in cost of living (it rose from 91 index in 1950 to 189 in 1958) adversely affected the real purchasing power of the peasants . In addition , the reform caused further fragmentation of land and held these peasants below the level required to obtain credit or machinery . Eligibility to benefit from the Agricultural Bank required the potential purchaser to open credit for 80 per cent of the value of the machinery intended for purchase with 2½ per cent interest(Robinson, 1965: 139) . This definitely discouraged the peasants occupying small units of land and with no

financial resources . The reform , however , produced the main political result which was to keep the otherwise migrating peasants on the land . The reform was only one component of a chain of several measures taken to extend mechanisation and improve the methods of cultivation . The next important measure in the agricultural field was the abolition of all taxes on income from agricultural produce . By raising the purchase prices fixed by the government for agricultural produce and by credit expansion , the state encouraged further private investment in agriculture⁶ . Simultaneously , the government increased its investment (26 per cent in 1950-58) which led to some inflationary pressures , especially after several poor harvests . In fact , the rise in inflationary pressure led to devaluation of the Turkish lira , serious shortage of foreign raw material and spare parts owing to the difficulty in foreign exchange and to the accumulation of short-term foreign debts (U.N., Yearbook: 8) .

The main economic difficulties also characterized the industrial sector. The effects of the world economic situation , which particularly hit the raw material exporter countries like Turkey , and the principle of etatism-state capitalism-reflected the uneven development of industry . The state encouraged commercial and industrial adventures through the state banks (Eti Bank, Sumer Bank) , strong tariff protection to domestic production and free public land for factory sites . Throughout the period , the state involvement guaranteed the continuation of private industry and it confined itself to some exclusive industries .

Under the Democrats etatism was relaxed and the tendency to increase

state investment was rapidly reduced . The private firms were set free from some of the previous restrictions such as allocation of foreign exchange , and raw material . The government under the influence of powerful industrial wing of the liberal bourgeoisie , also intended to liquidate the state-owned manufacturing enterprises by selling them to private firms . For this specific purpose, the Industrial Bank (1950) was founded to give long-term loans to private business at more reasonable terms . Further measures were taken to promote new foreign capital investment in industry by enacting a law which allowed the transfer of profits up to 10 per cent of the capital invested . The law also granted foreign investors all rights , facilities and exemptions enjoyed by the local investors . But foreign private investments did not substantially increase until the Turkish government undertook to guarantee the convertibility and transfer of the capital and earnings of the foreign investors and against the possible loss or nationalization . As a result foreign investment substantially increased in industry (from LT 4.3 mn. in 1950 to 64.2 mn. in 1956) and led to liquidation of certain industrial enterprises to foreign investors (U.N. Yearbook: 57) . But considerable short-term foreign capital (LT 165 mn. in 1956) was obtained as a result of the provision which requested foreign firms to comply to "imports on credit" system , supplying equipments and parts for their respective industries .

In the process , the state encountered increasing difficulties: 1) contrary to the initial intention the government could not liquidate all the existing state-owned industries , because the capital needed was not available in the private sector; 2) the state investment increased from LT 54 mn. in 1950 to LT 62 mn. in 1954 , setting the total public share in 1960's at 40

per cent , mainly because of easier ^{access} to foreign capital and the special laws which granted state enterprises a certain degree of independence (U.N. Yearbook, 1958:54; Hershlag, 1968: 349) . Despite the expansion in the state manufacturing sector , though less rapid than private, industrial growth did not prevent the basic economic difficulties outlined earlier . In 1950 there were 2,202 industrial establishments with 10 or more persons engaged . These plants employed only 353,994 (i.e. 6 per cent of the labor force) and represented 26.9 per cent of state-ownership- leaving the rest to private sector- and amounting to 11 per cent of the gross national products . By 1960 the number of industrial establishments rose to 3012 , though engaged less persons- 304, 590- with 30 per cent state ownership and amounting to 12 per cent of the gross national products (U.N. Growth of World Industry, 1970: 471-480; Robinson, 1965: 136) . It must also be added that the site of most industries remained exclusively Istanbul and Izmir , since these cities continued to provide the favorable provision of "free zones" . It appeared that the existing economic policies and direct foreign investment extended the profits of the private enterprises , as the U.N. report confirms:

(where) private firms existed along with state establishments, the private ones seem to have made substantial profits because such branches received strong protection from foreign competition and the prices of their products were generally kept high (U.N. 1958:55) .

Etatism as well as the liberal economic policies, failed to prevent the self-perpetuating economic difficulties . The economic aspect of this failure has been discussed in terms of the consolidation of private enterprises inspite of the state of state intervention . Now we will briefly discuss the political and economic obligations to which Turkish economy was bound and resulted in the continuation of all major economic difficulties .

External Circumstances:

The period under study (1950-1959) marked a limited degree of flexibility in Turkey's external relations. In the past Turkey enjoyed exploiting the existing conflicts and rivalries among the European powers in playing off one great power against the other; thus temporarily frustrating the imperial concerns. But that moment of exploiting and maneuvers within the external conflicts was short-lived and disappeared after the disintegration of the Ottoman territories into various sphere of interests.

The structure of Turkey's external relations, since the formation of the Republic (1923) has been characterized as dependence on Western European powers. The Republic's strive to survive against different external currents, as we observed, led to the emergence of several bilateral treaties with individual European powers, involving different forms of economic concessions (e.g. the treaty of Angora in 1921-22 under which concessions were made to French and Italians in return for Turkish sovereignty).

Separate treaties were made with the Americans, who began to emerge as successor to the British and French hegemony in the area, laid the basis for a different trend in the structure of Turkey's dependence on external forces. The task of integrating Turkey to the American economic interests, previously carried out by the Ottoman-American Development Corporation (1930), was given to Marshal Plan (1946-1952), and subsequently membership to NATO (1949) and CENTO (1959), brought Turkey into the economic and military of the Western and American orbit.

In the 1950's and 1960's the structure of Turkish dependence, inherited from the time of the formation of the Turkish Republic, remained fundamentally untouched. As the center of gravity of this dependency was shifting, the basic situation of dependency on external forces resulted in Turkey's integration with the Western, and particularly American interests.

The first major share of the American economic interest in Turkey came through the Marshall Plan. The implementation of economic assistance under Marshall Plan involved Turkey's simultaneous membership to the Organization for European Economic Co-operation (OEEC) which was founded in 1948 for the economic reconstruction of Western European countries. The combined objectives of these organizations set for the participating countries were: 1) increase of production, 2) international financial stability, 3) co-operation in the development and exchange of resources, 4) a solution to the problem of dollar shortage by expansion of exports (Hershlag, 1968: 150). The main target of Marshall Plan was concerned in pressing for a more open international (laissez-faire) economy under control and direct military assistance which would link the economic activity of the less developed countries into a satellite relationship with the United States (Hudson, 1972: 51).

The over-all purpose of Turkey's participation in the Marshall Plan initially was to increase its agricultural production and supply food and raw materials to Western European countries (OEEC), which were involved in their postwar reconstruction. To this end, during the period from 1948 to 1959 Turkey received a total of \$1,210 million (including \$698 million in grants) from American economic assistance. This allocation was apparently

much less than direct U.S. military aid to Turkey, which contributed to about 60 per cent of the total Turkish defence budget in 1959 (Hershlag, 1968: 150).

The bulk of the Marshall Plan economic aid was used in areas of Turkish economy which would meet the export of raw material demands. Some of those included the imports of agricultural and industrial implements and raw materials, investment in mines, ports and harbours, construction of railways and roads, development of fish and meat industries and imports of finished consumer goods. The farm equipments and machineries were distributed through the normal commercial channels and allegedly sold to rich farmers either for cash or on an installment basis.

While Marshall Plan for Western European countries attempted to bring about some economic recovery from damages inflicted on them by the war, by the middle of the 1950's it was certain that the American Marshall Plan for Turkey had much wider scope and intended to integrate many aspects of the Turkish economy into the world markets. A particular focus of the Plan was to expand the Turkish military. The reason for the special emphasis on Turkey was not overgenerosity or miscalculations in the part of the Americans. Turkey, in its own way, possessed socio-economic characteristics which facilitated the over-all American economic and military interests in the area, envisaged by the Marshall Plan. Upon the acceptance of Turkey as a recipient of the Marshall Plan aid, the American experts reported these economic factors in favor of Turkish participation:

- 1) that Turkey was capable of contributing to the reconstruction of Europe;

- 2) that Turkey possessed sufficient gold and foreign currency for the coming 15 months;
- 3) that Turkey had not sustained destruction during the War (but had spent and was necessarily spending a lot of money on her army);
- 4) that Turkish industry was fairly well developed, and output had increased considerably over prewar levels.

(Robinson, 1965: 137)

A partial support for these findings can be obtained from the Turkish foreign trade shown in Table 2. The Table shows the Turkish term of foreign trade from 1930 to 1946, the beginning of massive American economic and military aid, as consisting of varying degree of surplus. After 1946, however, the term of trade shows a growing degree of deficit until 1965. It is quite evident that the imports for the same period substantially increased (from TL 685 million in 1947 to TL 2,219 million in 1960), whereas the exports lagged behind and remained sporadic. But based on the economic assessments reported by the experts, American aid paid for half of the increase in imports and for approximately 40 per cent of the increase in investments till about the middle of the 1950's (Hershlag, 1968: 151). From the middle of the fifties to early sixties, the total American investment was at 40.6 per cent, not including the military, and its share of the Turkish oil was 70 per cent of the total foreign investments. (Hershlag, 1968: 346-348).

Although there is a shortage of data on actual U.S. military aid and its contribution to the Turkish defense budget, the annual military allocation by the U.S. to Turkey had been stepped up from \$100 million in 1947 to

\$233 million in the 1950's (Robinson, 1965: 141). The special military assistance provided by the U.S., which contributed by about 60 per cent, did not eliminate the defense expenditures. The Turkish defense expenditure increased from 5.3 per cent (TL 414.3 million) in 1950 to estimates of 7-8 per cent (TL 1180.1 million) in 1960 of the national budget or about 35 per cent of the budget was spent, on the annual basis, on the defense. (Hershlag, 1968: 150, 336).

The Turkish alliance with the Western and American military and economic organizations sustained a pattern of dependency on external forces which functioned on two levels:

First, there was the American dimension which maintained Turkey under the pretext of supposed Soviet attack on Turkey. With the massive U.S. military aid and Turkey's own expansion of the army, Turkey was supposed to block the realization of the Soviet expansion and interests. In addition to joining the NATO, which was founded to guard against the Soviet threat, Turkey was urged to join Iran, Pakistan and the United States in a separate defense pact, known as CENTO, in 1959 to take military measures in the event of Soviet aggression. All this military preparation was apparently in the entire absence of any Soviet threat. In fact both Turkey and Iran enjoyed the so-called Soviet friendship treaties since the end of the Second World War.

On another level, Turkey's participation in the American based paramilitary organizations, meant to give protection to the Western European economic interests in the area. This function, obviously, did not exclude the Americans. The American based CENTO itself was founded right after the

collapse of the British based Baghdad Pact in 1958. Both CENTO and Baghdad Pact (1955-1958) served the economic strategy of providing maximum security for the rich oil fields of the Persian Gulf (Robinson, 1965: 186). Although both CENTO and the Baghdad Pact had similar intentions, the dimension of establishing the American hegemony in the area shifted the emphasis. Turkey, therefore, actively supported the forces to maintain the status quo in the area and initiated plans of action and bilateral alliances⁷ with countries which were affiliated with the Western-American interests in the area.

Clearly, the United States support and aid to Turkey has not been so much a function of the Soviet threat, but to help the establishment of the U.S. hegemony in the Middle East in view of the collapse of the British and French powers. The fact that the major focus of such dependency on external forces has been the function of giving support to Western and American interests is evident in Turkey's active participation in the Middle East events. First and most important, Turkey supported the creation of the state of Israel (1949), against all Arab protests and established commercial and trade relations. After an active participation in the Korean War (1950-51), Turkey came in full support of the Eisenhower Doctrine in the Middle East, approved of the tripartite attacks on Egypt (1956) by the Israeli, British and French armed forces, and the U.S. Marines landing on Lebanon (1958). Additionally, Turkey was willing to intervene in the nationalist uprising of Syria (1957) and Iraq (1958) and was in support of the British claim to keep Cyprus as a crown colony in 1955, against the Cypriots national independent movement (Robinson, 1965: 319).

Second Phase (1960-1967):

This period in Turkey's socio-history marks the failure of the populist state to 1) maintain class alliance between different factions of the bourgeoisie and to 2) dissolve socio-economic difficulties without endangering Turkey's stability as a populist state. The Democrats which emerged as alternative to the one-party rule of the Kemalist Republicans in the fifties, became increasingly ineffective by 1960. The situation called for the military to seize power. Here we will examine the role played by the military with greater emphasis on socio-economic realities of the period under study.

By the middle of the fifties increased worsening economic situation seemed to push the Democrats more toward one-party rule, as previously enjoyed by the Republican Party, considered opposition to the government intolerable. The Democrat-controlled National Assembly imposed considerable amount of restrictions on the Republican Party and any other political organization which might endanger Turkey's stability. Even though it was clear that the Democrats still enjoyed a marked popularity, the Republicans managed to overthrow the Democrats by the Kemalist elements within the army. The military coup that seized power in 1960 did not have an alternative political platform and, therefore, acted no more than the guardian of the populist Republic.

With the emergence of the military regime the Turkish socio-history turned backward. Inonu, the leader of the Republican Party who ruled Turkey between 1923-1950, formed a coalition government with the military above that coalition.

The Role the Army Played:

The appearance of the military in the political life of the Turkish Republic is not something new. During and after the formation of the Republic, the army has, of course, been instrumental in helping the Kemalists at crucial moments in political affairs. While the discussion on the role played by the military in Turkish socio-history is beyond the scope of this thesis, it is important to point out that the Kemalists alliance of classes and averting the eminent civil war has periodically been the work of the military. The Republicans during the one-party era (1923-1950) developed a special relationship with the army which, once again, appeared as important in the military coup d'etat in 1960.

The political repression, the Democrats prohibited political activity, suspended populist newspapers, and imprisoned violators of these and other rules, and the chronic economic difficulties under the Democrats seemed to have created an atmosphere of a possible civil war. As early as 1954 small army officer cliques began to form in Istanbul and Ankara to discuss the political and economic situation. By 1957 Inonu had already been approached as a potential leader for the military regime to come later, which he refused (Davison, 1968: 155). The political rivalry between the Democrats and Republicans in itself created the scene of a possible civil war unless the Democrats promised a more honest election or removed from office. While various political disagreements were going on between various factions of the Turkish bourgeoisie, General Gursel who led the coup and then became president, requested political reforms in a letter to the government few months before the army seized power (Robinson, 1965: 320-321).

The army's chief role was to renew the previous class alliance that maintained the balance of power. The Committee for National Unity, under entirely military order, was set up to work out a constitution which basically confirmed individual rights and the essential secularizing reforms of the Ataturk period⁸. The army dissolved the Democratic party and requested the formation of a coalition government, with Inonu as prime minister. The coalition was between the Republicans and the Justice party, the later recently founded by the ex-Democrats, representing the rich peasants, the agrarian bourgeoisie and the growing commercial and industrial bourgeoisie. The coalition lasted until the 1965 election when the Justice party obtained an absolute majority.

In the opinion of the military, the coalition was a necessity since the Democrats abused state power, acted contrary to the constitution and "forfeited any claim to legitimacy by the manner in which it set political and state institutions and their staffs at each other throats,... and transformed each into a factor of anarchy" (Robinson, 1965: 255). Most serious argument in favor of the army intervention included the charge that the Democrats transformed the National Assembly into a political party to serve certain class interests, therefore causing the disintegration of the state itself. The purpose of the army was to ally the different factions of the Turkish bourgeoisie, and itself remain above that alliance. The military communique states:

"Our armed forces have taken this initiative for the purpose of extricating the (political) parties from the irreconcilable situation into which they fallen and for the purpose of having just and free elections, to be held as soon as possible under the supervision and arbitration of an above-party and impartial administration, and for the purpose of handing over the administration to whichever party wins the elections".
(Quoted in Karpas, 1968: 306).

The institutions of political liberalism appeared unable to effect the difficult economic circumstances because political power laid in the faction of agrarian bourgeoisie, determined by the policies pursued by the Democratic government. The army was perhaps the most appropriate vehicle to use for the purpose of accommodating all factions of the bourgeoisie.

Thus, in 1960-1965 the political structure of Turkey had become differentiated and a coalition government represented economic interests of different factions of the bourgeoisie. The military and the Republican party, under the guise of the ideals of the Republic, emerged as the champions of the Republic, social justice, economic development and general welfare of the masses. They attacked the economic liberalism of the Democrats, and demanded limits on the economic opportunities given to landowners, contractors and various commercial groups, who benefited from the liberal policies. They especially attacked the new managerial groups⁹ that had acquired considerable political power in the ruling Democratic party (Karpat, 1968: 300). The coalition government under the military was designed to reduce the political activity of the agrarian, commercial groups and the emergent bourgeoisie (the managerial group allied with the Democrats) and put an end to the give-away policy practiced by the Democratic party. The basic task was to harmonize the political regime and maintain the social structure by establishing a new balance among the existing factions of the bourgeoisie on the basis of their political power and share in the national economy. The role of the military was simply that to ensure the dialogue between these factions.

The Objectives of the Coalition Government:

By 1965, the issue had become very clear, on both political and economic grounds. On the political level, the military wanted to force the coalition to dissolve the political differences of the bourgeoisie. The key element was, therefore, the nature of political involvement in the economic activity and to what extent should economic and social policies be the political initiative of one group. In addition, the coalition government was encouraged to focus on the extent to which the state should give new political direction to economic activities, as the integratory role of the state was unanimously considered vital in light of economic difficulties and increased impoverishment in the country. While the Republicans argued for the state imposition of restrictions on economic activity, the spokesmen for free competition advocated the removal of state share of the economy as well as full parliamentary control of the civilian and military bureaucracies and subordination of government to the needs of the society perceived by the private sector (Karpat, 1968: 303). The compromise between the different factions of the bourgeoisie, reflected the prevailing need for the state to pave the way for a process of mutual interaction that could lead to a harmonious relationship between all major political and economic factions. The coalition disappeared as the Justice Party, after the elections in 1965¹⁰, consolidated itself in power as the representative of a more balanced political regime and accepted as legitimate the claims of other factions in sharing the economic and political power.

On the economic level, the differences between the rival factions of

the bourgeoisie, which precipitated the military coup in 1960, reflected deep economic difficulties. While the immediate concern of the new government was to destroy the accommodation of political authoritarianism and economic liberalism, its economic task was resolved about the priority of efforts as between political and economic development. The economic measures undertaken so far had jeopardized seriously the chance of the new government to succeed. The political accommodation of the period had fallen short of success for exactly the same economic reasons as the previous government (Robinson, 1965: 277-278).

The new government (1960-1965) in fact attempted to take a rather different course to economic development. Under the Democratic rule, the state played a minor part in the economic activity, except where it was not possible to transfer certain public enterprises to the private sector. The state continued to refrain from entering into direct competition with private enterprises. But in some cases, such as agriculture which was guided by the political motives of the big landowners, credits were extended, large government subsidies and tax exemption were arranged. The agrarian wing of the bourgeoisie under the Democratic rule were enabled to accumulate capital and participate in economic development on their own initiative (Karpat, 1968: 300). The political and economic implications of the deliberate policies significantly expanded the role of the agrarian bourgeoisie and disturbed the chances of the commercial wing. One major development of the expanding role of the agrarian bourgeoisie was the emergence of the growing bourgeois elements (the newly established state managers and government contractors), who had virtually no organic ties with the bourgeoisie. That is simply why the coalition government directed its political repression against this new

type of bourgeoisie in order to balance the political and economic role of the expanding agrarian bourgeoisie. In addition to this, the coalition government reduced the special privileges granted to the agrarian wing, by abolishing the tax exemption on agrarian produce, and completely cut off the existing relations between the state and the newly established bourgeois elements (Karpat, 1968: 301).

After 1965, under the Justice Party's balanced rule measures were taken to suppress extreme opposition from the right and the left. With the military assistance, the Justice Party managed to accommodate the existing bourgeois factions by maintaining the status quo. By now, it was common knowledge that political stability was closely tied to economic development. While the Justice Party government after 1965 continued to avoid political authoritarianism, basic economic difficulties persisted. Turkey, as in the past, remained dependent on external forces, and the landowners and the commercial bourgeoisie made certain to keep Turkey as exporter of raw material and an open market to international capitalism. This aspect of the Turkish socio-history is the subject of the next section, to which we will return. A further treatment of the external circumstances does not seem necessary, since Turkey's relations with NATO and the United States in particular, remained unchanged throughout the period.

The Socio-Economic Situation of the Period 1960-1967:

During the decade of the sixties Turkey experienced continuous economic difficulties, most of which was thought to be caused by the economic policy of the Democratic Party government. Although some of the allegations could be founded in the policies designed by the Democrats, the structural basis of these difficulties dated farther back than the period under the Democrats. The economic difficulties, as far as they are concerned with the past, have already been discussed. It should be pointed out that the persistence of growing underdevelopment of the Turkish economy and increased dependency on external socio-economic forces, and the structural barriers to development and the lack of even economic growth in Turkey, were independent of the Democratic Party rule. It is true, however, that the economic and political measures undertaken and the lack of any economic planning under the Democrats worsened the situation. Here we will examine the pattern of Turkish economy in respect to the development of two directly producing economic sectors, agriculture and industry.

We have already referred to productivity or efficiency, in our discussion of agriculture and industry in the First Stage of Turkey's socio-history, apart from the deficiency in data, in the period under study these two sectors maintain key positions in the economy. Under the new government, a State Planning Office (SPO, 1961) was established, and in 1963 the first really full-fledged Development Plan was undertaken to deal with productivity in these directly producing sectors. The objectives

and the strategy of the government planning laid down the general principles and outlined the medium of 5-year and long-term 15-year plans. The plans pointed out to a number of priorities, such as employment, balance of payment, regional balance and income distribution. The target set for the annual rate of growth was 7 per cent, with annual investment of 18.2 per cent of the GNP, and 14 per cent of which would come from domestic savings and about 4 per cent from external sources (Ellis, 1970: 53). For the period of 5-year plan 1963-1967 the estimated investment of the private sector was at 8 per cent of GNP, and the public sector for the same period was at 11.5 per cent of the GNP (Hershlag, 1968: 189).

None of the targets set were, however, accomplished. The annual growth rate of 7 per cent, a rather modest objective, knowing that the growth rate in the decade of 1950-1960 was 6 per cent of Gross National Products, showed an uneven trend (in 1963 GNP increased by 7.5 per cent, in 1964-65 4.3 per cent) and lagged behind the target (Hershlag, 1968: 196).

In the absence of any serious structural changes in the economy, in general, and in the directly producing sectors of agriculture and industry, in particular, the priorities of employment, regional balance, balance of payment and income distribution remained undissolved. Evidence of some major characteristics of Turkey's underdevelopment may be found in the unchanged nature of both agricultural and industrial sectors. We will examine each sector.

Agriculture in Turkey has a negligible contribution to major economic development. Instead of becoming a leading sector, agriculture has unbalanced

and impeded economic growth. According to the European Organization for Co-operative Development report of 1964-1965, the average economic performance in Turkey during the period under planning was much higher (5.7 per cent growth), with the exclusion of agriculture (7.5 per cent). Despite all government and immeasurable private investments, the agricultural sector has remained static during the sixties. Throughout the period, agriculture, undoubtedly a focal sector of Turkey's economy, because of its dependency on world demand and world prices, often resulted in a cancelling out of industrial achievements and in reducing the overall rate of economic growth, despite heavy investments (Hershlag, 1968: 207).

Of notorious problems involving agriculture, some of them include the lack of diversification and the ineffective use of mechanization which would normally affect agricultural labor as a per cent of the total labor force. Lack of diversification in Turkey's agricultural sector (partly caused by the unbalanced nature of foreign investment and biased nature of the national budget), which leads to the perpetuation of an underdeveloped agricultural sector in that revenues from agricultural exports have been dependent on the precarious nature of world demand and world prices for Turkey's few strategic agricultural commodities. Turkey has been in particular sensitive to world prices of three commodities which made up the major export items: cotton (22.5 per cent), tobacco (21.9 per cent) and hazel-nuts (12.2 per cent), followed by sugar, cattle, copper and petroleum in varying percentages¹¹ (Hershlag, 1968: 258). Between 1961

and 1965, for instance, agricultural produce as per cent of total exports, though steadily falling, have been kept constant by changing the exports structure in favor of agricultural commodities. If world demand and world prices for Turkey's few strategic agricultural commodities fall, the effect is more undiversification and hence inability to shift to other commodities. To this it may be added that, the terms of trade have generally turned against primarily agricultural commodity exporting countries, like Turkey (world price of agricultural commodities have decreased while world prices of those industrial commodities generally imported have increased). Against this background lack of diversification seems to be a crucial factor in perpetuating underdevelopment.

The development of Turkey's agricultural sector has also been hampered by the absence of any serious land reform program and no productive application of farm capital and farm machineries imported, presumably labor-saving if applied. This is evidenced by the fact that Turkey's agricultural labor force as a percentage of total labor force has not decreased measurably, as Table 3 shows. Further, the development and share of agriculture in Turkish national income has been in decline, from 44 per cent in 1958 to 28.9 in 1968. The 5-year plans undertaken in the sixties witnessed a decline in agricultural share of production from 38 per cent in 1960 to a further reduction of 29 per cent in 1971 (UN Statistical Yearbook, 1972: 640; Ellis, 1970: 55). With more than 70 per cent of the labor force engaged in 29 per cent of the national production, suggest the persistence of disguised unemployment and low level of productivity. The government's attempt to deal with the problem has been encouraging the emigration of Turkish labor, mostly peasants, abroad and consider it actually as a major outlet

and even asset of the economy. Table 4 demonstrates the pattern of emigration abroad.

The development of agricultural sector is less favorable if viewed against the heavy investments made by the government and foreign sources. The state investment in agriculture, which amounted to 12 per cent of the total public investment in 1950-1958, went up to 17.7 per cent for 1963-1967¹² (Hershlag, 1968: 191, 344). In addition to using its own resources predominantly for agricultural and industrial development, Turkey applied the influx of foreign funds to import farm machineries. As Table 5 shows the import of machineries and equipments has been on a rising: in 1950 34.2 per cent to 42.1 per cent in 1965. Farm tractors alone advanced in numbers from 10,277 in 1950 to 54,668 in 1965 (Hershlag, 1968: 356; Ellis, 1970: 55).

The economic and political difficulties of the sixties also checked the growth of industrial sector, considered in particular by the new government as the main factor of economic development. Unlike the agricultural sector, industry overcame some of the economic difficulties of the period. Gross national production rose from an index of 189 in 1958 to 255 in 1968, and its share in national income increased from 12 per cent in 1960 to 20 per cent in 1971 (UN Statistical Yearbook, 1972: 610; Ellis, 1970: 56). Industrial growth was made possible by growing protectionist policies, imposing a high degree of duties on competing imports and maintaining a monopolistic structure over industrial production. Also, financial aid mainly through the metropolis loaning agency of Industrial Development

Bank (founded by the World Bank), representing several American companies, was extended to various private industrial undertakings. Private investment of the Turkish industrial bourgeoisie was extended through the Turkish Chamber of Commerce and Industry and together with Sumer Bank, representing the state. The state was given the token right to hold the paid-up capital, while 60 per cent of the voting power was granted to foreign and local private sector (Hershlag, 1968: 218).

The structure of industry in Turkey has been characterized by enterprises concentrating on some manufacturing (food processing, textile, energy and mining) and in infrastructure (transportation and communications, producing and serving capital goods) and defense industries. The pattern of ownership of the industrial sector remained predominantly under the private sector; in 1962, 6,795 establishments (10 or more persons engaged) were private and only 230 under public ownership. Although both foreign and local private sector control the entire industrial productivity, the public sector has continued its investment in industrial activities, 16.9 per cent for 1963-1967 (Hershlag, 1968: 191).

Foreign Aid:

Low productivity, prevailing monopoly of foreign and local private sector, and proportional increase in investment in agricultural and industrial sectors, coupled with the biased nature of the national budget and foreign investment have adversely affected socio-economic development in Turkey. Together with a proportional increase in public investment, foreign aid and investment tended to strengthen the economy in order to meet the

chronic difficulties.

With the influx of foreign capital on the rising, there developed the growing dependence on external, mainly the West, especially the United States, socio-economic forces. In terms of trade, the outlook for Turkey has been most disadvantageous¹³, with no clear evidence of improvement for the country since 1947. Because of heavy reliance on primary commodity exports and its imports, principally machinery, Turkey has experienced strongly negative terms of trade (see Table 2). In view of the fall in export prices on the international markets, resulting in the collapse of Turkish export prices relative to import prices, Turkey with no technological advances and lack of diversification, has been placed at an added disadvantage because the developed countries are more adaptable toward changes in relative prices and can buy more heavily from a poorer country. The effect of this pattern has been the failure to keep pace with the imports needs, and as a result Turkey encountered difficulties in shortage of foreign exchange, serious deficit and also an increasingly growing dependence on foreign aid and extension of foreign credits.

The Turkish government attempted, in particular after 1960, to reduce the gap in Turkey's balance of payments and the deficit by attracting adequate foreign loans and credits. To this end, the legal basis of foreign investment in Turkey was updated and the government established three separate laws: Encouragement of Foreign Investment Law, the Mining Law and the Petroleum Law, in order to bring in foreign capital to build new factories to produce goods currently imported from outside. Governmental

decrees and provisions made in the Turkish banks facilitated foreign investment to such an extent that in essence,

there are no distinctions drawn between foreign and domestic investors. Yet, in each specific case the situation must be considered, and if it is noticed that there are some provisions in the old laws, which are not desirable for foreign investors it is most likely that a satisfactory solution can be obtained after consultations with the highest officials (Ansay, 1959: 544).

What followed was an upsurge in foreign investment. According to Ellis (1970: 59) USAID expert, foreign loans to Turkey rose from \$32 million in 1958 to \$150 million in 1968, to meet the balance of payment. By the same account, American aid through 1946-1968 amounted to \$5,224 million in loans and grants, of which a larger proportion (\$2963 million) was allocated to military. Turkey has, in other words, received 38.8 per cent of American economic and military aid to the Middle East. It must be pointed out though, that the American aid has recently shifted from grants to loans. American aid for 1964 alone amounted to \$168 million of which only \$16 million (less than 10 per cent) were grants (Hershlag, 1968: 261).

In addition to the American aid, Turkey signed specific bilateral agreements to receive a total of \$307 million, loans from Germany, United Kingdom, and Italy. Such provisions, of course, did not limit the activities of foreign investors in other areas. The Turkish-German agreement, for example, provides the opportunity for the Germans to expropriate agricultural raw materials through the Ministry of Agriculture, and as Table 4 shows, a larger number of Turkish laborers (102,645 or 82 per cent of total laborers abroad) are sent to Germany.

The government, further, made efforts to attract private foreign investment from international corporations¹⁴, based on the metropolis to settle the matter of outstanding trade debts and the increasing deficit, following the steeper rise in imports than in exports(Ellis, 1970:60).

Also, much of the economic and military aid given to Turkey has had strings attached to it. Of paramount importance in Turkish situation is preservation of the status quo, as well as the military aid designed to minimize the supposed Soviet threat to Turkey. The political purpose of this kind of aid is clearly reflected in its distribution among the recipient countries. It is within the strategically designed military and economic objectives of the donors of aid that Turkey, besides economic aid, received military aid for its political and military alliance to NATO, and the United States(CENTO) in particular. This explains, for example, the U.S. support for countries under unstable governments and each with military ambitions. In 1968 Turkey, one of the four countries of strategic importance (South Korea, Taiwan, Greece, Turkey) received 70 per cent of all U.S. military assistance(Hudson, 1972:136).

Tying aid to economic, political and military objectives has required Turkey to purchase from the U.S. alone and moreover, the supplies have been subject to American authorization and specific designs(Myrdal, 1971:349; Hershlag, 1968:261). The magnitude of the influence exerted by the credits and loans suppliers is much more pronounced in determining trade restrictions. Turkey as part of deliberate and protective policies is denied freedom to

choose in the world markets, restricted and suffers from increases in costs and other unfavorable effects. Even more important is that nearly all aid to Turkey, whether in terms of grants or loans, is tied to exports from the West, in particular the United States. All major credit suppliers to Turkey, the United States, W. Germany, United Kingdom, Italy and France have controlled Turkey's both exports and imports from 1947 through 1968, as table (5a, 5b) shows.

It is seriously, therefore, doubtful to view foreign investment and loans as helping to finance economic development. Most of the Turkish public debts has been taken up in commissions and charges, or was used to repay earlier debts or to finance military and other unproductive expenditures. Table (6) shows total public debt at TL 26,315mn., of which about half of it (TL. 12,904mn.) was payable to foreign sources. By 1971 public debt rose to TL. 64,364mn., with the foreign share on the rise (UN. Statistical Yearbook, 1972:708). As a result of heavy debts the proportion of debt service has increased from 11 per cent in 1951-56 to 19 per cent in 1960-1965 of the total national budget for these periods.

In brief, because of particular policies and plans undertaken and biases expressed in the national budgets, developmental concerns in underdeveloped Turkey has become focused on "economic growth". It is emphasized in terms of increase in aggregate national product or income, without considering income distribution and structural changes in other socio-economic conditions that are determining development, particularly on long-term basis. In this section, we attempted to present the socio-economic factors and conditions that hampered Turkey's efforts to move from underdevelopment to development

by means of implementation of specific socio-economic policies and foreign assistance. The data on "growth rate" and output in directly producing sectors of agriculture and industry, although most uncertain and politically biased, point up to the persistence of numerous undesirable conditions for socio-economic development. The structure of the Turkish economy, as we have seen, is affected by the conditions of production and the implications of external socio-economic interests, particularly evident in the structure and direction of the directly producing sectors of agriculture, industry and terms of trade.

CHAPTER SIX
SUMMARY AND CONCLUSIONS

This thesis has dealt with the analysis of major postulates of the theories of development and underdevelopment to study the linkage between development and social class in the Middle East. Focusing on Egypt and Turkey as two Middle Eastern societies in detail, a substantial part of the analysis was devoted to a critical appraisal of the metropolises-satellite formulation of A.G. Frank. In the analysis we have also questioned the theoretical and empirical assertions of another major mode of conceptualization, the diffusionists, and provided a critique of the metropolises-satellite formulation to consider a viable alternative model for a comprehensive historical and comparative analysis of the process of development and underdevelopment.

In appraisal of Frank's formulation we assert that, in accordance with the metropolises-satellite relations, the area of the Middle East, like other parts of the Third World, has been integrated with the world capitalist economic system. Contrary to the diffusionists account, and in agreement with Frank's findings, the socio-economic state of the undeveloped countries is not due to a feudalism or just "economic underdevelopment" with two separate sectors of "modern" and "traditional". It is not also merely a sign of their not having participated in development, or their lagging behind, these sectors are well integrated within a metropolises-satellite structure and it is the result of a specific development, which is connected with and derived from the capitalist economic develop-

ment. We further hold the affirmation that, as Frank has shown in the case of Latin America, to verify the vestiges and feudal character of relations of production in the agrarian sector of the socio-economic system does not necessarily involve maintaining a dualistic perspective on development and underdevelopment. Instead, it shows the undisputable integration that exists between the sectors of the economy; maintaining the disarticulation of the socio-economic system on the one hand, and the process of the development of capitalism on the other. This assertion brings us closer to Frank's confirmation that this type of development guarantees the development of underdevelopment in these societies and perpetuates underdevelopment through the mechanisms of metropolises-satellite relations.

In this study, Frank's formulation has been criticized on a number of counts:

The metropolises-satellite formulation's first point made is-correctly-that colonial relations meant the penetration and expansion of the capitalist market economy through exchange, trade and investment. The point stressed is that the metropolises-satellite relationship makes possible the transfer of economic values from the satellites to the metropolises and thus capitalist economic development in the metropolises depend, through the production of raw materials for export, on the development of underdevelopment in the satellites. In its treatment of the colonial situation, the metropolises-satellite relationship concentrates on the integration of the satellites with the world capitalist economic system; i.e., acceleration of production of raw materials, on terms of unequal exchange, and the circulation of commodities, given

little attention to the mode of conquest. Little stressed is placed on, whether the initial period of the colonial situation was a coercion or mercantile capitalism and the ways in which different types of production system, capitalist and pre-capitalist, co-existed at local, regional, national and international levels. In the cases of Egypt and Turkey, we observed the existence of both situations of coercion, the invasion of Egypt by both France and Britain, and the extensive mercantile capitalist relations throughout the region. The initial period here did affect not only the degree of dependency on the production of raw materials by the metropolises but also the extent to which each country was affected by the deterioration of the metropolises-satellite relationship. It has been the conte

It has been the contention of this thesis that development in the colonial situation meant the growth of agrarian capitalism that generated the socio-economic and political formations for the re-production and perpetuation of underdevelopment. In both Egypt and Turkey, the expansion of agrarian capitalism resulted in the disarticulation of the social structure and disintegrated the pre-capitalist or traditionally viable socio-economic systems- and kept these regions structurally undeveloped and made the emergence of the "modern" and the "traditional" sectors of the economy help in the function of the perpetuation of underdevelopment. Beyond, the formal relationship and the satellization process facilitating the drainage of a large portion of the available economic surplus, the question of why the expansion of capitalism did not lead to the development of capitalism, as it did in Western Europe, was dealt with in terms of the economic orientation divided up between the local and the external domination- the class structure of these societies under study.

Another major related but identical problem of the metropolises-satellite formulation is that it fails to specify the particular, historically developed class structure, through which the process of the capitalist development has actually worked out. Beyond the market level economic activities, productivity is not linked with the class structure and in that it fails to identify the socio-economic factors that determine the appropriation and what direction surplus extraction of the satellites takes.

Frank's formulation fails to link up the structural basis of underdevelopment or what he calls the development of underdevelopment to social structure- class structure- of the satellites. In this analysis we have attempted to explain the specific structural arrangement of the dependency and the disarticulation of the social structure; showing the process of development of underdevelopment as being compatible with the existence of different mode of production in the societies under study. The link up with the class structure is important because in the process of underdevelopment there is a restructuring of the mode of production that influence the role of dominant classes in the transformation of the undeveloped society as a whole. That is why we have tried to show the identical stages of capitalist development in each case in relation to the changes in the social structure which have led each society to a different direction.

In this study, we have attempted to view the initial period of capitalist penetration as the historical phenomena of the colonial situation-assessed against the historical perspective which promoted and accelerated factors unfolding capitalism and the subsequent

development of a certain international division of labor. The colonial situation which paved the way for the integration of the undeveloped countries with the world capitalist market economic system, makes it no longer correct to evaluate the development or underdevelopment of the individual undeveloped society onto itself. As these cases show, the external and internal socio-economic forces have attributed to their present state of underdevelopment and makes it imperative to examine the pattern of development and underdevelopment in a comparative manner. Therefore, a comparative analysis of the state of underdevelopment was undertaken both historically and analytically with the evaluation of the pattern of capitalist development along class lines in each society.

In the alternative approach formulated for the purpose of this thesis, we have incorporated two additional concepts into the metropolises-satellite model: the colonial situation and the class structure. These aspects of the theory of development of underdevelopment had been given little stress in Frank's theoretical framework, as we just discussed. In questioning Frank's main hypothesis- the degree of metropolises-satellite relationship generating structural underdevelopment and the basis for the subordination and perpetuation of underdevelopment- we proposed that the movement of a satellite from one category to another in the metropolises-satellite relationship is internal to the satellite's transformation and relations of production. The different direction taken in the analysis, made it necessary to account for the colonial situation affecting the transformation of the satellites: promotion of the

emergence of capital, disintegration of the feudal mode of production and how organically these societies were connected to the international sphere of production. In this respect, we realized the degree to which patterns of development and underdevelopment is related to an entire period, in each case, not as the result of capitalist economic development only, but as the outcome of class formation and the basis for a particular type of development in each society- specifically the development of peripheral capitalism.

In the detailed examination of the cases under study the analysis outlined in the alternative formulation was verified. Each case of Egypt and Turkey showed some characteristics specific to its own internal situation and other features more common in the region. One of the most important characteristics of the Middle East region, unlike other parts of the Third World, is that the world capitalist system has incorporated these economies where informal empires have been operating- previously autonomous territories, or suffered from a double colonial rule. This was the case with the Ottoman Empire and the territories under its control, for example, Egypt. Another characteristic is that in the Middle East capitalism began in the cities and spread to the rural areas- facing resistance from the viable traditional socio-economic system of the pre-capitalist or feudalistic relations. The urban based bourgeoisie is much earlier in origins than the rural bourgeoisie; the latter functions under the influence of the pre-capitalist or feudalistic relations. As the cases of

Egypt and Turkey show there has been a significant growth in the formation of merchant type of bourgeoisie-also known as the middlemen-between the dominant capitalist world economic system and the commercial and agrarian bourgeoisie. And the national bourgeoisie-which is known elsewhere to ally with the foreign socio-economic interests committed to set up industries- in the Middle East it has generally grown out of classes of large landowners and high civil servants and some from the merchant classes. These large landowners often merge with the dominant political groups, as a response to the export-oriented economic activities and change into bourgeois-type of landowners(Amin, 1976-1977: 29). As we have observed, the role played by the national bourgeoisie, its origins and character, has differed in each case vis-a-vis the process of development of underdevelopment.

In dealing with the empirical question of why capitalist development-peripheral capitalism- did not go further than the initial stage in one case and did in another, we will outline some of the essential findings

In the case of Turkey, the development of peripheral capitalism helped the integration of Turkey to the world capitalist markets, as a raw material producer for exports, the disintegration of the feudal or pre-capitalist relation of production happened and the country begin an initial transformation that involved the role of the dominant classes and what resulted as changes in the social structure. Along with the consolidation of agrarian capitalism and the expansion of capitalist

economic relations, the feudal relations remained as a formal authority during and after the transition period. The periods including the Tanzimat, for example, at the legal, cultural, and religious levels, led the consolidation of agrarian and commercial capitalist relations and helped the emergence of urban centers and some local industries. The period of the Young Turks and the emergence of the first Republic--- the reforms initiated by Ataturk---meant the search for a political balance and the class alliance among the local bourgeoisie. It appears that for historical reasons, Turkey could not benefit substantially from the deterioration in the metropol-satellite relationship. The period identified with Ataturk, roughly from the times of the Young Turks to the coming in power of Ataturk, meant some development for Turkey and a recovery of the world metropol imposing much more monopolistic relationship-making the changes only transitory; i.e., the transformation occurs as a passage.

The subsequent periods in the history of transformation of the Turkish society involves a series of dialogues among the dominant social classes, culminating to the rule of one or the other faction of the bourgeoisie, who preferred an alliance with the foreign capital. The dominant classes accommodated political alliance rather than trying to obtain state power directly for themselves. This made two things very unique in the situation in Turkey: the reluctance of the national bourgeoisie to lead the resistance against external penetration and domination and the military intervention as necessary to balance the political control by one faction of the bourgeoisie over the other. The two political parties of Democrats and Republicans represented the interests of one faction of the

bougeoisie over the other-- which was balanced under the period of Ataturk himself and faced crisis when the liberal commercial faction of the bourgeoisie- the Istanbul wing- overthrew the Kemalists in the period of 1950-1960. This marks a period in the transformation of the Turkish society leading to a more raw material producing, following the terms of metropolises socio-economic policies in a typical manner of structural dependency of a satellite.

Along side the NATO, the Marshall Plan and the International Bank no reform policies, and the Democratic Party taking an anti-industrial stand, the Turkish state sided with the Anatolian bourgeoisie in favor of industrialization of the country. The Anatolian bourgeoisie represented foreign control of the economy and were behind the initial steps taken by the Kemalists to provide the balance. But the overthrow of the Kemalists in 1960 not only brought the military in power to provide the balance and get Turkey out of the internal crisis of the bourgeoisie--- it was also a basis for a coalition to stop the growing state bourgeoisie who were encouraged by the commercial wing of the bourgeoisie and provided an historical intellectual and formal criticism of the system.

In the case of Egypt, the development of agrarian capitalism was also extensive and continued with the maintenance of the pre-capitalist and feudalistic relation of production. The period under Mohammed Ali signified the structural development of the agrarian capitalism in Egypt. The rather brief breakdown in the metropolises-satellite relationship shows an improvement in the industrial development of Egypt and

and the emergence of important satellites of urban centers. The main impetus for such development came from the more balanced trade relationship with the external socio-economic forces and more important, the use of the locally accumulated surplus for use in speculation but not for production. According to Berque(1968), this period was the turning point in the transformation of the Egyptian society to witness the constitution of an independent middle class bourgeoisie.

The important impact of the transformation on the Egyptian society remained, however, to be the expansion of raw materials production- mainly cotton- and the formation of the dominant classes. In Egypt we notice the concentration of landownership- where urban based wealth is used for the purchase of land and the subsequent emergence of large landowners entering into the newly established national bourgeoisie. The specific effects in the agrarian sector included the change of corvee labor into land laborers and the political influence of the oligarchy and large landowners in the socio-economic structure of Egypt. The entire process exhibit structural basis for the possibility of both capital based and exchange-oriented mode of articulation of the Egyptian society.

In Egypt, the integration of the country with the world capitalist economic system was peculiar to its own historical specificity. Externally, Egypt suffered from double colonialization and the informal influence of the Ottoman Empire. At times of stronger ties with the ex-

ternal socio-economic forces, the Egyptian pattern of landownership, for example, becomes more rigid, harsher living conditions are imposed and fewer owners own more land throughout the country. Also, we witness a fluctuation in the production of cotton which shows a typical situation of unequal exchange--- the production of cotton rises during the wars, declines during the period and rises again after the wars, yet the value of cotton remains constant throughout. The relative show of strength in terms of internal changes does not seem to push away other structural characteristics of the development of underdevelopment.

The internal situation shows, during the period of stronger external ties, a stronger concentration of Egyptian bourgeoisie in the national direction. But this seemingly strong socio-economic strength and the massive nationalization and the emergence of a huge public sector, do not appear to take Egypt out of the metropolises-satellite orbit. But Egypt emerges as a strong periphery nonetheless.

Here, we observe the class alliance in terms of the national economic development and the changes promoted by the military state. The military state takes initiative in its external relations in support of the political and economic interests of the Egyptian bourgeoisie. But the fact that the military is involved in bringing about a class alliance has a historical parallel. During the his-

toric uprising against the colonial rule and the local domination, the Wafd, for example, emerged to express the interests of agribusiness and rich farmers who were behind the revolts of 1919 and against foreign investors. They called for the boycott of the British products and banks and in support of local industries and the newly emerged Egyptian banks.

In terms of the external and internal socio-economic forces, the situation in Egypt exhibits the characteristics of a typical periphery and also possesses the potential to play a metropol role in relation to the other countries in the region. As the data indicate, this development in Egypt cannot be traced in a unilinear manner and does not show a static structural arrangement with the world metropol. Here, the class alliance and the role that the dominant classes played have helped the transformation of the society to show the major characteristics of underdevelopment and the relative degree of autonomy. It has also helped change the nature of external dependency and has come to terms with it for a long period of time (from the British and the American to the USSR). As in the case of Turkey, Egypt also benefitted from the strong state structure--- in one situation that role has extended and made it more of the reflection of the class domination of both external and internal socio-economic forces; whereas in the other it is more as a reflection of the external socio-economic forces. This leads

us to another set of conclusions which include: as in the Western European situation, successful capitalist relations developed and were determined by a class structure; peripheral capitalism has also a firm class structure and deep historical roots. This social formation is internal, and as a system it has a political and ideological structure, to the entire socio-history of the undeveloped society and it is external in the sense that the society participates in the capitalist world economic system.

1

after the complete seizure of the state apparatus- the armed forces, police, prisons and the courts, Gamal Abdul Nasser became minister of interior and Zakaria Mohieddine, another army officer, took over the political police and the intelligence service. Ali Maher was still premier and attempted to oppose any changes affecting the constitution of 1923, until he was forced to resign in a dispute over the introduction of the land reform. Mohammed Naguib the head of the Revolutionary Command Council succeeded him. Later in 1954 Naguib was displaced along with some members of Muslim Brothers and representatives of the Left. In the same year Nasser became the president of the Egyptian Republic.

2

The evacuation of the British forces-some 80,000 equipped troops-at Suez Canal was not a central issue until Nasser emerged as an unchallenged leader of the Free Officers. Between 1953-1954 sporadic guerrilla attacks on the British bases precipitated the final removal of the British forces under the Anglo-Egyptian treaty (1954). Britain's passive resistance was due to the realization of strong public opinion among the Egyptians in favor of evacuation, but most important was the hope to establish other military bases in Egypt and the United States efforts to establish some sort of a military alliance with Egypt to guarantee Egypt's sovereignty and national independence.

3

the Revolutionary Command Council announced that it will carry out political reform, purge the army and safeguard the constitution (1952-1956). In 1953 all political parties were dissolved, except Muslim Brothers, their leaders were jailed and their property confiscated. Liberation Rally emerged to act as the single political party in the country (1953-1957). From now on, no obstacles to the establishment of a constitutional government was tolerated by the military regime.

4

Mahmoud Hussein and Abdul-Malek seem to suggest that the agrarian reform program was initiated after the Kafrel-Dawwar incident. A few months after the coup d'etat the workers at Kafrel-Dawwar, the site of the Anglo-Egyptian industries-mostly British capital and Egyptian management went on strike. The strike leadership called on the workers and peasants of the area for a popular unity against oppression and exploitation. The army units moved into the scene and experienced its first taste of terror by executing the strike leaders on the spot. A month later the land reform program was announced.

5

the situation was somewhat improved after the enforcement of stricter laws in 1962, 1963 and 1969 which resulted in decline of sharecropper by about 24 per cent of the tenants and the increase in tenants' income at about 60 million LE annually (Jacoby, 1971:259).

6

although industrial bourgeoisie was still tied with the wealth of the landed bourgeoisie, they stayed away from the traditional political parties and enjoyed considerable support from the government. The military regime hoped to integrate these elements into the state managerial positions. The industrial bourgeoisie was the integral part of the Misr complex, represented by the Egyptian Federation of Industries and remained the major economic and financial force representing the modernist wing of the Egyptian bourgeoisie. Despite the gains, the bourgeoisie altogether refused to invest in industry.

7

investment in industry went down: LE 8.2 million in 1952 to LE 7.9 million in 1953. Savings went up from LE 58 million in 1952 to LE 64 million in 1953—bank deposits rose from LE 217 million to LE 233 million (Abdul-Malek, 1968:99).

8

the conference of Asian and African national movements opened at Bandung (Indonesia) in April 1955, initiated by China and India. Resolutions were passed on economic and cultural co-operation which confirmed human rights and self-determination of the developing countries. The conference, attended by 25 countries, created the Afro-Asian People's Solidarity Movement, whose headquarter was in Cairo. The Second Summit Conference of the non-aligned countries was held in Belgrade in 1961 and in Cairo in 1964. The Third Conference was called to take action against the minority repressive regimes in Southern Africa and met in Lusaka, Zambia in 1969.

9

Egypt's active participation in the Bandung conference resulted in some political and economic reforms guaranteed by the constitution in 1956: a number of communists, and leftists were released from prisons. Egypt was declared an Arab state, a democratic republic, the state of Egypt guarantees social solidarity, liberty, security, and equality of opportunity, no one will be physically or psychologically tortured, freedom of thought and of scientific research, and the right to trade unions were established. On the economic level: state capitalism was confirmed while private economic activity was recognized. These measures were observed within the limits of the constitution: one elected National Assembly, ministers were appointed by the President of the Republic, no political parties would be allowed, a National Union (1957-1962) would be constituted to coordinate the political and economic and social activities of the nation (Colonel ANWAR EL_Sadate became its Secretary-General)—the same body will nominate the candidates for the Republic of Egypt— a month later Suez was attacked (Abdul-Malek, 1968:116-117).

10

this decision was, however, determined by the external circumstances at work. Before the agreement with Czechoslovakia, Nasser contacted the United States for arms in a major effort to counterbalance Israeli strength. But the American offer involved the acceptance of military mission, and joining the regional defense agreements. The Czechoslovakian offer was attractive as it involved no military association and it

had a commercial basis- armes in exchange for cotton- (Gallagher, 1960:9).

- 11 the Baghdad Pact was designed to accomplish several objectives: for Britain it was the oil rich Persian Gulf, Iraq and the Suez Canal- the Turks and Iranians were filling in to help Britain in her immediate economic interests and to guarantee the long-term military and economic interests of the United States. The United States was committed to take "appropriate action, including the use of armed forces, as may be mutually agreed upon." In 1959 under a separate agreement the Baghdad Pact changed to the Central Treaty Organization, anti-communist military alliance, initiated and controlled by the United States) Robinson, 1965:180-185).
- 12 agreements were already reached (1955) between Nasser's minister of finances Dr. Abdel Moneim el-Kayssuni, representative of the U.S. interests in Egypt (now president of the Egyptian based Arab World Bank) to supply capital for Egypt's industrial needs: U.S. \$56mn., Britain \$14mn. (Abdul-Malek, 1968:107).
- 13 there is an excellent elaboration of the postwar Anglo-American strategy in Michael Hudson's Super Imperialism: the Economic Strategy of American Empire, 1972, see especially chapter 6.
- 14 on the question of the role of super powers, much of the literature relies on the so-called "vacuum theory". According to this theory the U.S. involvement in the Middle East is because of the absence of any Western European military power. This theme begins with the removal of the British forces from Egypt in 1954 and ends with the establishment of the U.S. imperialism in the area. This theory is rejected by Gallagher, among others, see his AUFSS report, Vols. VII-XI, 1960-1964.
- 15 the nationalization of the Anglo-French banks, insurance companies (some 200) was largely purchased by three large Egyptian Companies. The military regime, on the other hand, had set up key organizations to increase the government share of the nationalization: the High Committee for National Planning and the Economic Agency were created. These agencies grew in the process of Egyptianization. Economic Agency alone had LE 58,680,000 in 1958, LE 80,039,000 in 1960, controlled 64 companies, 5 banks and 6 insurance companies and 80,000 workers. The Economic Agency thus prepared the grounds for state capitalism. The First Five Year plan began at this period (1956-1957) (Abdul-Malek, 1968: 108-111).
- 16 Misr complex grew out of Misr Bank founded in 1920 by Ismail Sidky & Talaat Harb with a capital of LE 80,000. Misr deposits and profits rose after the Wafd party appealed to boycott English products and

banks in 1922. Various companies were created through the Egyptian Federation of Industries (founded in 1922 and headed by Talaat Harb). The Second World War stimulated the growth of large scale industry and increased the sale of Egyptian manufactured goods outside Egypt. The capital of industrial complex rose from LE 16.4 million in 1938 to LE 28.5 million in 1945 and LE 65.8 million in 1950. Twenty-seven of these industrial companies were set up by the Bank of Misr. The Misr complex which had a capital of LE 1 million in 1950 rose to LE 2 million by 1960. Its deposits rose from LE 54,643,000 to LE 4,225,000; and its net profits from LE 788,000 to LE 1,135,000 for the same period. Fifty persons within the complex controlled 42 per cent of the shares in the Bank Misr and ten of these fifty owned 20 per cent of the stock and Ahmed Abbud held 14 per cent of total shares. Until the nationalization of some key enterprises in 1961, these companies dominated the entire Egyptian economic life (Issawi, 1963:43-45; Abdul-Malek, 1968:113-114).

17

a new measure provided a 25 per cent profit for workers, to balance the distribution of income between wages and returns on property; workers became eligible for board membership, and a 50 per cent representation for workers and peasants in all national councils and parliament.

18

under this plan 40 per cent of investment was allocated to industry and power, 26 per cent to communications, 16½ per cent to agriculture, 8 per cent to housing and public utilities, and 7 per cent to government services (Quarterly Economic Review, 1965-1970:20).

19

the Charter does not provide a clear definition of heavy, medium and light industries—the public sector controls all heavy medium and mining industries in addition to three quarter of the exports. Under the Charter private sector is given the right to control light industries, though no definition is given whether they are to be measured in terms of the amount of capital or the number of persons employed or the nature of the process involved. Taken these measures into account, most consumer goods industries and a large number of small industries fall into this category.

20

out of the total state investment (LE 1,697,000) between 1960-1970, industry amount to LE 439 million as against LE 225 million in agriculture (Quarterly Economic Review, 1965-1970:19).

21

the change shown in the percent of labor in agriculture (from 60.7 in 1959/60 to 59.3 per cent in 1964/65 may have been caused by the massive labor migration to the cities.

22

"Sufficiency" means the expansion of the nation's total wealth; "justice" connotes freedom from exploitation and the enjoyment of an equal opportunity to develop one's abilities and to receive a fair share of the national wealth according to one's efforts; "freedom" is the participation in the shaping of the nation's destiny. For a full text of the Charter of National Action see Horton, 1962:51-70.

This type of "socialism" in Egypt is also known as "Arab Socialism" or "Nasserism". It has emerged as a synthesis whose components reflect various ideological currents in Egypt, notably Liberal Islamic views, Nationalism and basics of Marxism. In the "Co-operativist Democratic Socialism" we realize: Co-operativist as well as recognition of individual rights was outgrowth of Islam, going back to a period when the Caliphates ruled according to "socialistic" principles; the process of democratization viewed as a domestic political action and as secondary shared by Marxists, as well as the forces of oppression being harmful as they place the exploited class in servitude: forces of oppression as harmful which weaken the nation-nationalistic-democracy is possible when the real independence of the nation is achieved a nationalist view. It must be pointed out that "Arab Socialism", unlike Marxist socialism does not call for the abolition of private ownership and its revolutionary potentials are not viewed on the basis of class struggle. There is an awareness of continued existence of class contradictions but there is also a conviction that these can be resolved peacefully. Dissolution of differences among classes is taken to be means of the revolutionary pretension of "Arab Socialism". For further investigations the reader is referred to the following: Within the ruling circles Kamal Rifaat (minister of labor) is responsible for the development of "Arab Socialism" as an ideology of the military regime in Egypt. For the presentation of his defence of "Arab Socialism" see: "The Meaning of Arab Socialism" by Andre Dirlik, an unpublished thesis, Institute of Islamic Studies, McGill University, 1964; for a sympathetic and interpretative presentation on "Arab Socialism" within the context of the Charter of National Action, "The National Charter and Socio-Economic Organization in the United Arab Republic" by Burham Dajani in Arab Journal, 1965; for an excellent theoretical examination of "Arab Socialism", "The Theoretical Structure of Nasser's Socialism" by Fayed Sayegh, 1969.

23

the ASU has 6 million members. It has a pyramidal structure and consists of basic units in villages, factories, schools and in city business establishments. It functions at two levels: the Markaz, the central government that consists of a group of related units and that the governate, the local government, which is part of the state bureaucracy. At each level there is a conference of all its members held; a committee is elected by the conference. The Committees constitute the congress of a particular locality and in turn lead to national organization, which is linked to the General National Congress.

1

this foreign policy emerged as a result of Lausanne Treaty (1923, 1943) under which Turkey gives up all claims to non-Turkish territories lost as a result of the world war, accepted responsibility for the Ottoman debt (about 65%) assigned to it. The Kemalist regime introduces the new economic policy of etatism which gives the state some control over the economy (Robinson, 1965:98).

2

most writers have distinguished economic policy of the Turkish Republic as "etatism". This obviously connotes a large measure of state control over economic life; but to associate "socialism" to this label is definitely misleading. The socio-economic structure of this stage of Turkey may be best described as a form of "state-capitalism". The most distinctive aspect to Turkish state-capitalism was that the state the exclusive economic agent. In fact the state control was mainly in the industry in varying percentages: cotton and wollen textile 50-60 per cent, artificial fibres, Iron & Steel industry, paper and cellulose, cement and firebricks 100 per cent (The Middle East, 1953: 325).

3

in contrast to the Istanbul bourgeoisie, the Anatolian group included large landowners who had concentrated in central Anatolia and Adana region and had modern management type of large absentee ownership. The Istanbul faction were mainly engaged in commercial activities and maintained strong ties with foreign capital through the banks and joint ownership of some new industries.

4

the Democratic Party also represented members of the bourgeoisie who opposed the military and the bureaucrats. Although both the Republicans and the Democrats are political factions of the same bourgeoisie, the former usually relied on the military and urban ilites, whereas the later leaned on the commercial wing of the bourgeoisie and the big landowners who obtained much of the peasants votes in the rural areas. The military element proved to be crucial as the Democrats were wiped out by the coup, backed by the Republicans, in 1960.

5

under the military government in the 1960's the distribution of land was considerably small - 1961-62 a total of 770,990,000 hectares of state-owned agricultural and pastoral land was distributed to 703,000 families.

6

between 1950-58 the pattern of investment went like this: 74 per cent private investment in agriculture, 58 per cent in manufactures, 98 per cent in construction and 81 per cent in trade (Hershlag, 1968: 344).

7

in addition to helping the construction of the Baghdad Pact in 1955, which collapsed after the monarchy was overthrown by the nationalist

regime of Kassem in Iraq in 1958, Turkey also initiated the Balkan Pact with Yugoslavia and Greece (1953-1960) which collapsed after the Cyprus crisis in 1955.

8

the military regime expressed the fear that the Democrats had brought in power religious leaders who were consciously working against the secularized reforms of Ataturk. This accusation was directed against some Democrats who represented the interests of the big landowners. These landowners, Menderes the leader of the Democratic party himself was an influential landowner, had been effective in organizing the peasants to win the elections. In fact, considerable support for the Democrats came from the peasants and conservative elements in the rural areas. The charge, however, helped the military regime to gain support from liberal elements of the bourgeoisie, who feared complete control of the agrarian bourgeoisie and their strong political ties with the religious and more conservative elements. But the army regime, was not able to exploit the situation to its own benefits because of the lack of a concrete program and a policy designed independent of the two major parties. Although the army was much closer to the Kemalists and the commercial bourgeoisie, still retaining the strong impress of the existing parties, attempted to bring together the divided factions of the bourgeoisie through the development of a middle-of-the-road government. This function was essentially served by the coalition government during 1960-1965.

9

members of this group formed their own political organization of Fatherland Party, which was designed to crush any opposition to the Democratic party rule. The Fatherland party successfully exploited peasants and religious groups to strive against ideological groups of Kemalist persuasion.

10

in the elections of 1965 the Justice party proved itself as real grass-roots party, inherited from bread based support of the Democratic party, and established the new proportion representation of the urban wing of the commercial bourgeoisie and the landowners in the centers. Since 1965 the Justice party ruled as government, whereas the military generals occupied the presidency (Davison, 1968:163).

11

major export items of cotton and tobacco have shown not only a falling trend in their price index, from 100 in 1958 to 90 for cotton and 96 for tobacco by the end of 1964, but also suffered from heavy fluctuations, tobacco from 100 in 1958 to an annual average of 70 per cent throughout the sixties- see for instance, Hershlag, 1968:259.

12

the shift in state investment, resulting in increased public sector, has been apparently facilitated under the coalition and Justice party governments. The new government in 1965 outlined its policy of mixed economy, in order to further agricultural and industrial development.

Public investment reached a new momentum and grew to a ratio of 47 per cent, as opposed to 84.7 per cent planned, and 53 per cent for private. It must be pointed out that most of public investment went into infrastructure (Hershlag, 1968:269-70).

13

some of the disadvantageous were quite extensive: Turkey changed from the world's fourth largest exporter of grain in 1953 to a net importer in 1955; while American and European oil companies, 14 in total in 1965, expanded their profits, Turkey continued to import oil to meet domestic demands-14 per cent of total commodity imports (Ellis, 1970,55; Hershlag, 1968:359).

14

of all six existing major business organizations 1) corporations, 2) limited liability corporations, 3) limited partnerships with shares, 4) partnerships, 5) limited partnerships, 6) cooperative societies, Turkey encouraged the corporations, with a fixed capital of not less than TL 500,000 and in direct relationship with the Ministry of economic and commerce (Ansay, 1959:560).

A P P E N D I C E S

The Egyptian Agrarian Reform 1952-1962

TABLE (3)

Distribution of Holdings According to Size

Size of holding (faddans)	1950				1956			
	Area		Holders		Area		Holders	
	000 fadd.	%	000	%	000 fadd.	%	000	%
Under 1	112	1.8	214.3	21.4	142	2.3	405.3	32.3
1 to under 5	1,311	21.4	572.5	57.1	1,427	22.9	619.8	(40.4)
5 to under 20	1,524	24.8	174.9	17.4	1,681	27.1	187.7	15.0
20 to under 50	792	12.9	26.5	2.6	797	12.8	28.7	2.3
50 to under 200	1,142	18.6	12.4	1.2	1,040	10.7	11.0	0.9
200 and over	1,265	20.5	2.4	0.3	1,125	18.2	1.9	0.1
Total	6,144	100.0	1,003.0	100.0	6,212	100.0	1,254.4	100.0

Distribution of Holdings According to type of Tenure

	1950				1956			
	Area		Holders		Area		Holders	
	000 fadd.	%	000	%	000 fadd.	%	000	%
Ownership	3,720	61	657	66	3,690	59	730	58
Tenancy (ownership)	1,223	20	207	20	1,351	22	346	28
Mixed (tenancy)	491	8	139	14	546	9	178	14
Total	726	11	139	14	626	10	178	14
Total	6,143	100	1,003	100	6,213	100	1,254	100

Source: Saab, 1967: 14.

-TABLE (3a)

Distribution of Agricultural Holdings
by Size and by Number of Landowners
1952 and 1956

Feddans*	Size of Holding		Number of Landowners	
	1952	1956	1952	1956
0-1	777,864	819,965	2,018,163	2,122,978
1-5	1,343,999	1,431,687	623,746	660,061
5-10	525,905	532,205	79,259	81,036
10-20	637,556	650,192	46,818	48,547
20-30	309,409	325,072	13,067	13,909
30-50	344,458	350,819	9,199	9,416
50-100	429,494	479,405	6,378	7,106
100-200	436,775	450,493	3,184	3,341
over 200	<u>1,176,801</u>	<u>936,514</u>	<u>2,136</u>	<u>1,742</u>
Total	5,982,261	5,976,352	2,801,950	2,948,136

From: Annuaire Statistique 1953-54; Statistical Pocket Yearbook, 1957. Holdings in excess of 200 feddans in 1956 are considered temporarily as owned by the government according to the Agricultural Reform Law of 1952.

Source: Boeck, 1971.

* 1 feddan=1.038 acres.

TABLE (4) 198

I. Income from land of absentee owners and income of the large proprietors working their land (in millions of £E) 75

II. Income of the rural population 325

divided as follows:

	POPULATION (thousands)	TOTAL INCOME (£E in millions)	PER CAPITA INCOME (£E)
1. <i>The masses:</i>			
(a) "landless" peasants	14,000	73	50
(b) Poor peasants	1,075	6	7
2. <i>Medium peasants</i>	2,850	15	76
3. <i>Upper class:</i>			
(a) "rich" peasants	875	5	76
(b) rural capitalists	150	1	116
TOTAL	18,950	100	325
			917.1

Source: Abdel-Malek, 1968:82.

Distribution of Labor Force

TABLE (5)

	<u>1957/58</u>		<u>1959/60</u>		<u>1964/65</u>	
	'000	%	'000	%	'000	%
Agriculture ^{x1}	3,929	55.9	4,220	60.7	4,660	59.3
Industry & Electricity	618	8.8	632	9.1	847	10.8
Construction	146	2.1	170	2.4	159	2.0
Transport & Communications	243	3.4	219	3.2	226	2.9
Housing	-	-	16	.2	20	.3
Commerce & Finance	669	9.5	633	9.1	730	9.3
Security & Defence ^{x2}	-	-	175	2.5	186	2.4
Government ^{x1} Administration & Public Services	1,286	18.3	92	1.3	119	1.5
Personal Services	-	-	511	7.4	553	7.0
Other Services	138	2.0	282	4.1	361	4.5
Total	7,029	100.0	6,950	100.0	7,861	100.0

x1

includes 975,000 & 860,000 in 1959/60 & 1964/65 respectively officially considered as redundant; female dependents are excluded.

x2

excludes the armed forces

Source: Five Year Plan & Central Statistical Committee, 1960/65, 1959 .

TABLE (6)

200

The Distribution of the National Wealth Between Public
(State) and Private Sectors According to GNP in 1962/63

	Public Sector	%	Private Sector	%	Total
Agriculture	28.5	5.1	440.7	41.0	469. 2
Industry	156.5	28.0	201.9	18.8	358.4
Electricity & Public Utilities	14.8	2.6	6.8	0.6	21.6
Construction	21.0	3.8	70.0	6.5	91.0
Transport & Communications	92.9	16.6	30.7	2.9	123.0
Rent of Dwellings	-	-	78.0	7.3	78.0
Trade	30.5	5.5	116.0	10.8	146.5
Finance	30.8	5.5	-	-	30.8
Education & Health	69.6	12.4	15.3	1.4	84.9
Defense & Other Services	114.7	20.5	115.1	10.7	229.8
Total	559.3	100.0	1,074.0	100.0	1,633.8

Source: 1962/63 Budget Estimates

Main Commodities Traded

TABLE (7)

<u>Imports</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Mineral products	85.6	75.3	82.1	84.4	62.8
Cereal & milling products	74.7	66.4	70.1	51.1	49.6
Machinery & Electrical equipment	73.9	61.6	83.4	49.1	42.2
Chemical products	39.6	49.1	56.6	29.2	29.6
Transport equipment	34.5	32.2	35.0	18.7	26.1
Wood, hides & rubber	21.1	24.9	29.8	18.5	9.6
Textile materials & products	14.4	25.6	19.2	13.4	12.7
Edible oils	13.9	10.3	10.1	13.1	7.1
Groceries	13.0	14.5	16.2	16.0	6.8
Paper & cardboard	10.2	11.6	15.8	12.7	7.0
Tobacco	7.5	8.1	8.4	7.4	7.0

Source: National Bank of Egypt.

Main Commodities Traded

TABLE (7a)

<u>Imports</u>	<u>1962</u>	<u>1963</u>
Cereals & milling products ^a	47.0	67.0
Edible oils	4.4	13.5
Groceries	11.9	12.3
Tobacco	6.0	7.0
Mineral products	70.0	79.7
Machinery & Electrical equipment	42.4	65.8
Chemical products	28.8	46.0
Transport equipment	33.4	33.4
Wood, hides & rubber	14.1	17.0
Textile materials & products	10.9	13.3
Paper & cardboard	12.7	11.7

a Includes USA farm surplus deliveries.

Source: National Bank of Egypt.

Main Commodities Traded LE mn

TABLE (7b)

<u>Exports</u>	<u>1962</u>	<u>1963</u>			
Raw cotton	83.9	121.0			
Fuels & mineral oils	14.9	20.0			
Rice	6.7	19.5			
Cotton yarn	11.2	18.2			
Onions	7.1	6.8			
Manganese & Phosphates	1.8	2.5			
Potatoes	2.9	2.3			
Cement	1.2	1.0			
<u>Exports</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Raw cotton	116.6	146.2	143.4	121.6	121.1
Rice	30.4	19.8	21.2	29.7	49.9
Fuels & mineral oils	20.9	16.8	15.2	9.3	7.5
Cotton yarn	18.1	31.1	30.9	30.2	29.9
Cotton fabrics	8.8	11.7	21.1	12.6	14.5
Onions	6.0	6.8	6.3	9.1	6.1
Manganese	2.2	2.2	2.2	2.3	2.0
Potatoes	1.2	2.9	1.5	1.6	0.9
Cement	1.0	2.0	2.3	2.0	5.1
Fruit	-	-	1.3	1.1	2.1

Main Trading Partners
(per cent of total trade)

204

TABLE (8)

<u>Exports to</u>	<u>1964</u>	<u>1965</u>	<u>Imports fro</u>	<u>1964</u>	<u>1965</u>
USSR	19.8	.9	USA	27.3	3.4
Czechoslovakia	9.8	8.6	W. Germany	10.1	11.6
India	5.7	5.1	USSR	5.3	7.9
W. Germany	5.3	4.9	UK	8.8	6.9
Italy	7.9	4.0	Italy	6.4	5.0
UK	3.5	3.6	India	2.7	3.1
E. Germany	2.6	3.2	Czechoslovakia	2.8	2.8
USA	4.4	3.0	China	2.2	1.9
China	3.2	2.8	E. Germany	1.9	1.6

Source: National Bank of Egypt.

<u>Exports to</u>	<u>1965</u>	<u>1966</u>	<u>Imports fro</u>	<u>1965</u>	<u>1966</u>
USSR	56.7	61.9	USA	82.0	92.3
Czechoslovakia	27.0	26.2	USSR	36.5	40.7
India	11.3	17.6	W. Germany	38.3	38.1
China	19.6	14.0	UK	20.7	23.4
Italy	11.6	10.6	India	23.8	21.4
W. Germany	14.9	10.5	Italy	23.5	19.4
E. Germany	10.0	10.4	China	11.6	17.5
UK	7.4	7.4	E. Germany	10.4	16.7
USA	8.3	6.7	Czechoslovakia	13.8	14.0

Source: National Bank of Egypt.

Main Trading Partners
(per cent of total trade)

TABLE (8a)

<u>Exports to</u>	<u>1967</u>	<u>Imports fro</u>	<u>1967</u>
Czechoslovakia	18.4	USSR	70.3
China	17.6	USA	30.4
USSR	16.4	W. Germany	25.7
India	13.4	UK	23.4
E. Germany	11.2	Rumania	18.6
Italy	9.4	India	18.5
W. Germany	8.3	E. Germany	14.1
Rumania	7.9	Italy	12.2
UK	7.4	Czechoslovakia	11.1
USA	5.7	China	10.1

<u>Exports to</u>	<u>1968</u>	<u>Imports fro</u>	<u>1968</u>
USSR	28.1	USSR	15.5
India	7.5	France	11.1
Czechoslovakia	5.3	W. Germany	6.4
W. Germany	3.9	Rumania	6.2
Japan	3.7	USA	5.4
E. Germany	3.6	Italy	4.9
Italy	3.4	E. Germany	4.7
Poland	3.2	India	3.8
Rumania	2.8	Czechoslovakia	3.5
China	2.7	China	3.0

Source: National Bank of Egypt.

Table
(1)
Land Ownership in 1963

Farm Units	% of Owners	% of Land Owned
1- 20 dunams ¹	33.89	10.68
21- 50 "	31.50	16.62
51- 100 "	21.90	24.49
101- 500 "	12.18	35.83
501- 5,000 "	0.50	7.85
above 5,000 "	0.02	2.18
State land	0.01	2.35
Total	100.00	100.00

¹ 1 dunam = 1000 m²

Sources: Toprak Reformu Kanun Tasarisi ve Gerekcesi, Ankara 1965;
adjusted according to H. Cillov, Turkiye Ekonomisi, p. 172, quoted in
Herahlag (1968: 358) 1

Other sources give similar indications. See, for example, Robinson (1965: 275) .

SUPPLEMENTARY STATISTICS

(2)

Turkish Foreign Trade (commodities only), 1923-1965
(in TL. million)

Year	Imports	Exports	Deficit - Surplus +
1923	145	85	- 60
1924	194	159	- 35
1925	242	192	- 50
1926	235	187	- 48
1927	211	158	- 53
1928	224	174	- 50
1929	256	155	- 101
1930	148	152	+ 4
1931	126.6	127.2	+ 0.6
1932	86	101	+ 15
1933	75	96	+ 21
1934	87	92	+ 5
1935	89	96	+ 7
1936	93	118	+ 25
1937	114	138	+ 24
1938	150	145	- 5
1939	118	127	+ 9
1940	69	111	+ 42
1941	75	123	+ 48
1942	148	165	+ 17
1943	203	257	+ 54
1944	165	232	+ 67
1945	126	219	+ 93
1946	224	432	+ 208
1947	685	625	- 60
1948	770	551	- 219
1949	813	694	- 119
1950	780	738	- 42
1951	1,126	879	- 247
1952	1,557	1,016	- 541
1953	1,491	1,109	- 382
1954	1,339	938	- 401
1955	1,393	877	- 516
1956	1,140	854	- 286
1957	1,112	967	- 145
1958	882	692	- 190
1959	1,316	991	- 325
1960	2,219	1,721	- 498
1961	4,585	3,121	-1,464
1962	5,600	3,431	-2,169
1963	6,216	3,313	-2,903
1964	4,878	3,697	-1,181
1965	5,139	4,131	-1,008

Sources: *Small Statistical Abstract*, Ankara 1947; I.U.M., *Aylık İstatistik Bülteni*, Mayıs 1956, Haziran 1958; *Middle East and African Economist*, April 1966; U.N., *Yearbooks of International Trade Statistics*.

From:

HERSHLAG, Turkey, *The Challenge of Growth*

Distribution of Working Population
1955, 1960, 1964, 1965

Sectors	<u>1955</u>		<u>1960</u>		<u>1964</u>		<u>1965</u>	
	'000	%	'000	%	'000	%	'000	%
Primary:								
Agriculture	9,318	77.4	9,713	74.7	10,140	75.0	9,700	71.3
Secondary:								
Manufacturing	726	6.4	1,250	10.0	990	7.3	960	7.0
Construction	-	-			372	2.8	331	2.4
Mining & Quarries	58	.4	59	.4	78	.5	87	.6
Tertiary:								
Trade								
Transportation & Communication	1,028	8.4	1,486	11.4	1,940	14.3	1,566	11.4
Services								
Other	908	7.4	488	3.7	-	-	957	7.0
Total	12,038	100.	12,996	99.9	13,520	99.9	13,600	99.7

Source: State Planning Organization; Oxford Economic Atlas of the World, 2nd Edition; U.N., Demographic Yearbook 1964, reported in Quarterly Economic Review, Annual Supplement, 1965, in Hershlag (1968:330).

TABLE (4)
Distribution of Manpower¹, 1955, 1960, 1965
 (in thousands)

	1955			1960			1965
	Men	Women	Total	Men	Women	Total	Total
Agriculture	4,341	4,977	9,318	4,685	5,028	9,713	9,700
Mining and Quarries	57	1	58	58	1	59	86
Manufacturing	604	122	726	1,097	153	1,250	960
Construction							331
Trade	312	14	326	314	5	319	350
Transport and Communication	172	5	177	228	3	231	1,216
Services	450	62	512	832	104	936	
Public Services	13	—	13				
Non-defined	864	44	908	484	4	488	957
Total	6,813	5,225	12,038	7,698	5,298	12,996	13,600

¹ Including unpaid family workers (both men and women).

Sources: Halük Cillov, *Türkiye Ekonomisi*, 1965, pp. 101/2; *Oxford Economic Atlas of the World*, 2nd Edition; U.N., *Demographic Yearbook 1964*; SPO, *1965 Annual Programme*, p. 23.

Employment of Turkish Earners Abroad, 1962-1966

	1962	1963	1964	1965 (March)	Feb. 1966
In Austria	160	1,400	3,400	3,829	
" West Germany	11,923	33,000	85,000	102,645	
" Netherlands	—	251	2,600	3,892	
" Belgium	—	5,605	12,256	12,507	
" France	—	73	98	98	
" Switzerland	—	36	229	316	
" Somali	—	—	13	16	
Total	12,083	40,365	103,596	123,323	165,546

Sources: U.N., *Economic Survey of Europe 1964*; A.I.D., *Economic and Social Indicators-Turkey*, April 1965; Türkiye İş Bankası, *Review of Economic Conditions*, March-April, 1966.

From: Hershlag, 1968: 330.

TABLE (5)

Imports by Groups of Commodities (in % of total), 1950-1964

	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Construction materials	11.8	10.6	12.0	16.0	15.6	18.1	13.6	12.0	8.6	7.7	7.3	5.7	4.8	6.1	4.8	
Machinery & Equipment	34.2	32.4	38.5	36.0	37.4	36.2	44.6	31.5	34.7	37.9	44.8	39.1	40.2	39.7	42.1	
Consumer goods	20.6	24.8	22.1	19.8	19.6	14.6	11.1	12.3	12.2	10.1	9.6	9.9	7.3	5.4	4.9	
Raw materials	33.4	32.2	27.7	28.2	27.4	31.1	30.7	44.2	44.5	44.2	38.3	45.2	47.7	48.8	48.2	

Sources: U.N., *Economic Developments in the M.E.*, intermittent; H. Cillov, *Türkiye Ekonomisi*, 1965, p. 488; A.I.D., *Economic and Social Indicators - Turkey*, April 1965.

From: Hershlag, 1968: 372.

TABLE (5a)
Main Trading Partners
(per cent of total value)

211

<u>Imports from:</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
USA	29.1	31	29	28
W. Germany	17.1	15	15	15
UK	11.3	11	10	10
Italy	5.4	6	6	6
France	4.6	5	4	4
Czechoslovakia	1.9	2	2	-
Iran	2.2	2.2	-	-
EEC	30.2	29	29	29
EFTA	16.5	16	16	17

<u>Exports to:</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
USA	19.6	14	18	18
W. Germany	17.7	19	15	16
UK	9.4	13	11	9
Italy	13.5	12	7	6
France	3.7	4.4	6	4
Switzerland	4.9	6	6	3
Lebanon	5.2	5	4	5
EEC	40.5	38	34	34
EFTA	19.3	24	22	18

Source: State Institute of Statistics, reported in Quarterly Economic Review, Annual Supplement, 1965.

TABLE (5b)
Main Trading Partners
(per cent of total value)

212

<u>Imports from:</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
W. Germany	16	20	20
USA	24	18	16
UK	11	13	13
Italy	7	7	9
France	6	4	
USSR	4	4	4
Switzerland	3	3	3
Iraq	2	3	4
EEC	33	35	37
EFTA	18	20	21

<u>Exports to:</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
USA	16	18	17
W. Germany	16	18	15
UK	10	7	7
Italy	6	7	5
France	5	6	4
Switzerland	4	5	5
Lebanon	4	4	5
Belgium-Luxemburg	5	3	3
EEC	35	34	33
EFTA	19	17	17

Source: State Institute of Statistics, reported in Quarterly Economic Review, Annual Supplement, 1966-1969.

Table (6)
Public Debt in TL. Millions (end of year), 1939-1965

	1939	1950	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965
Internal Debt													
Short Term	166	1,026	1,570	1,657	2,133	2,554.9	2,501.6	2,912.3	692.4	1,853.5	1,800.8	2,153.4	
Long Term	181	764	985	1,037	1,112	1,053.9	1,112.5	1,409.6	8,181.0	8,259.9	10,301.9	11,096.9	
Total	347	1,790	2,555	2,694	3,245	3,608.8	3,614.2	4,321.9	8,873.4	10,113.4	12,102.7	13,610.3	13,411
External Debt	187	775	968	1,177	1,205	3,836.8	4,403.5	5,020.5	5,499.0	6,589.5	6,391.9	8,172.6	12,904
Grand Total	534	2,565	3,523	3,871	4,450	7,445.6	8,017.7	9,342.4	14,372.4	16,702.9	18,494.6	21,782.9	26,315

Sources; Merkez Bankası, *Aylık Bülten*, Nov. 1955; U.N., *Statistical Yearbooks*; D.İ.E., *Aylık İstatistik Bülteni*, Nov. 1959, Jan. 1963, Jan. 1964, Feb.-March 1965. ; Türkiye İş Bankası, *Economic Indicators of Turkey, 1962-1966, 1967.*

From: Hershlag, 1968:338.

Main Commodities Traded

Table (7)
(US\$ mn)

<u>Exports</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
Cotton & Cotton manufactures	81.2	92.3	99.0
Tobacco	66.7	90.1	89.2
Minerals	12.4	17.2	21.0
Livestock	17.2	13.8	36.8
Cereals	4.5	6.0	11.8
Fruits & nuts	86.2	84.6	105.3
<u>Exports</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Cotton & Cotton manufactures	126.7	128.5	136.2
Tobacco	106.9	117.7	94.6
Fruits, nuts & vegetables	98.2	132.2	126.5
Livestock & animal produce	26.2	25.4	24.4
Copper(blister)	24.5	16.0	12.5
Minerals	23.1	20.7	27.2
Cereals, leguminous seeds	12.3	8.7	9.7

Source: Quarterly Economic Review of Turkey, Annual Reports: 1962-70.

Main Commodities Traded
Table (7a)
(U.S.\$ mn.)

<u>Imports</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>
Machinery & parts	189.7	177.1	167
Petroleum products	66.7	67.7	57.0
Iron & steel	64.9	51.3	60.0
Transport parts & equipment	76.9	44.7	46.0
Chemicals, dye-stuffs & pharmaceuticals	37.9	37.8	52.0
Textiles, fibres & yarns	43.5	36.6	38.0
Wheat ^a	57.8	6.1	26.0
<u>Imports</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>
Machinery & parts	227.	228.	253.
Transport parts & equipment	74.	60.	84.9
Iron & steel	64.	47.	43.5
Chemicals, dye- stuffs & phar- maceuticals	56.	62.	72.3
Petroleum & products	55.	53.	64.
Textiles, fibres & yarns	41.	42.	42.2
Wheat	17.	2.	-

^aexcluding PL 480 imports from U.S.

Source: Quarterly Economic Review of Turkey, Annual Reports: 1962-70.

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