ROLE OF BUSINESS ELITES IN DEMOCRATIC CONSOLIDATION: TURKEY IN THE LIGHT OF SPAIN'S EXPERIENCE

by

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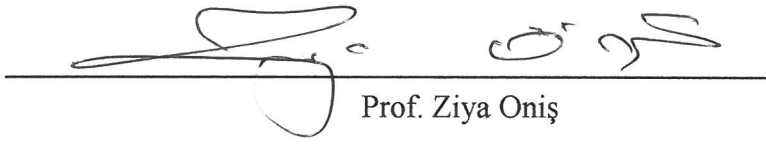

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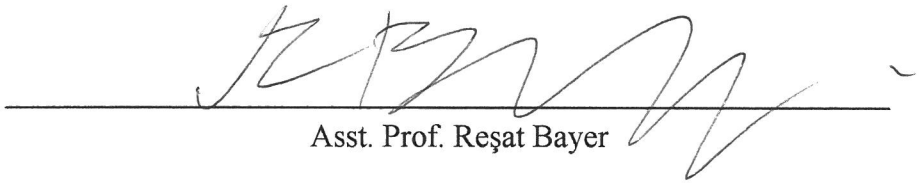

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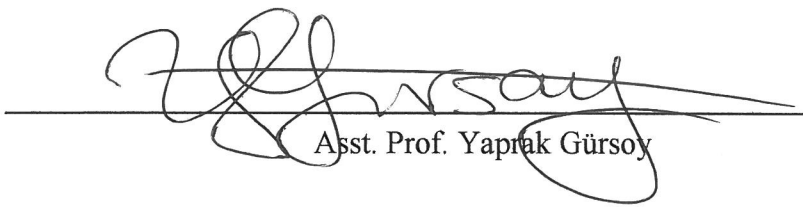

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ABSTRACT

The present study aims to explore role of business elites in democratic consolidation from a comparative perspective with cases of Spain and Turkey. In this regard, this thesis puts forward the following puzzle: While Spain has consolidated her democracy with unity in political domain and with relatively passive nature of business community, Turkey has been trying to achieve a consolidated democracy wherein voluntarily organized business elites, as in the case of TUSIAD, has a relatively active nature in terms of pushing for consolidation. Hence, the question is how Spain has consolidated her democracy despite the passive nature of the business community whereas Turkey has not even with her active nature of business. Accordingly, does the fact that Turkey has not a consolidated democracy with active business elites necessarily undermine the impact of business elites? By contributing to the democratic consolidation literature with three-dimensional framework of elites-state-European Union (EU), I argue that despite the relatively active nature of business community in Turkey, there are limits for business elites to influence democratic consolidation process. In this respect, elite transformation from disunity to unity in political domain and the prospect of full EU membership are the determinants for making business elites influential which are also the reasons for the success of democratic consolidation process in Spain.

Keywords: Democratic Consolidation, Business Elites, European Union, TUSIAD, Spain, Turkey.

ÖZET

Bu çalışma, iş adamlarının demokrasinin pekişmesindeki rolünü, İspanya ve Türkiye örnekleriyle karşılaştırmalı olarak açıklamayı amaçlar. Bu bağlamda, tezde sunulan problem şudur: İspanya'nın demokratik konsolidasyonu sürecinde siyasal alandaki elitler arasında birlik ve daha pasif bir iş çevresi öne çıkar. Öte yandan, Türkiye'de demokrasinin pekişmesi sürecinde, özellikle TUSIAD gibi gönüllü olarak kurulmuş bir iş adamları derneği incelendiğinde, daha aktif rol oynayan iş çevresine rağmen, konsolide olmamış bir demokrasi ortaya çıkar. Bu çelişki şu soruyu beraberinde getirir: Türkiye'de demokratik konsolidasyon sürecinde, aktif rol oynayan iş adamlarına rağmen demokrasinin pekişmemesi, iş adamlarının etkisini zayıflatır mı? Demokrasinin pekişmesi literatürüne üç boyutlu devlet-elitler-Avrupa Birliği (AB) çerçevesiyle katkıda bulunulurken, Türkiye'de iş adamlarının konsolidasyon sürecine etki etmesinin bazı sınırları olduğu ortaya çıkmaktadır. Bu anlamda, siyasal alandaki elitlerin konsolidasyon konusunda birlik olması ve AB tam üyeliği, iş adamlarının etkisini belirleyen faktörlerdir. Ayrıca bu faktörler, İspanya'nın demokratik konsolidasyon surecinin neden başarılı olduğunun da sebepleridir.

Anahtar Sözcükler: Demokratik Konsolidasyon, İş Adamları, TUSIAD, Türkiye, İspanya.

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ABBREVIATIONS

CEOE: Confederación Española de Organizaciones Empresariales

CEPYME: Confederación de Organizaciones y Pyme de Cantabria

CU: Customs Union

DP: Democratic Party

EC: European Community

EU: European Union

ISI: Import Substitution Industrialization

MUSIAD: Müstakil Sanayici ve İşadamları Derneği *(Independent Industrialists' and Businessmen's Association)*

PSOE: Partido Socialista Obrero Español

SEEs: State Economic Enterprises

TISK: Turkiye Isveren Sendikalari Konfederasyonu (Turkish Confederation of Business Employers' Unions)

TOBB: Turkiye Odalar ve Borsalar Birligi *(National Union of Chambers of Commerce and Commodity Exchange)*

TUSIAD: Turk Sanayicileri ve Isadamlari Dernegi *(Turkey's Industrialists' and Businessmen' Association)*

UCD: Union del Centro Democratico

CHAPTER 1

INTRODUCTION

1.1. Importance of the Topic

Role of elites in the democratization process has captured the interest of many scholars in Political Science and International Relations. Especially, democratization studies have reached its zenith with the third wave of democratization corresponding to the period between 1974 and 1990 (Huntington, 1991).

Democratization process consists of liberalization, transition and consolidation processes. In the democratization literature, consolidation process follows liberalization and transition processes. While liberalization is defined as "the process of making effective certain rights that protect both individuals and social groups from arbitrary or illegal acts committed by the state or third parties" (O'Donnell and Schmitter, 1986: 7), transition refers to the phase between liberalization and consolidation that the outcome of it is bound to either fixed conditions such as the level of development, the rate of economic growth or the proximity to western culture or strategic choice of elites who inexorably choose specific set of rules that will diminish transaction costs and increase the distribution of benefits among them (Schneider and Schmitter, 2004: 65). Following these two phases, consolidation comes into the picture. In definitional terms, consolidation of democracy refers to the

processes in which mutual trust and reassurance among the pertinent actors are more likely (Schneider and Schmitter, 2004: 61). Another attempt for defining democracies has been encouraged by qualitatively categorizing them. In this regard, Alexander (2002: 59) differentiates between uncertain and consolidated democracies: While the former refers to instability and reversibility even if a breakdown is not the case; the latter refers to the democracies wherein all actors advocate prodemocratic regime preferences that render the reversibility unlikely. Apart from Alexander, Pridham (1995: 168-169) attempts to distinguish democratic consolidation along two dimensions: negative consolidation and positive consolidation. On one hand, negative consolidation involves resolutions for any problems remaining from the transition process while it diminishes challenges to democratization. This dimension is related particularly to elites and their behaviour during regime consolidation. On the other hand, positive consolidation places more emphasis on attitudinal patterns and involves the inculcation of democratic values at both elite and mass level.

These definitions shed light upon two important characteristics of democratic consolidation. First, democratic consolidation embodies intricate linkages. By intricate linkages, it is meant that elites in the political and economic domains interact with each other in order to come up with favorable political as well as economic milieus in which they are a part of it. As a corollary, democratic consolidation entails the impact of certain actors that carries their own perceptions and interests to make the consolidation process work. So, the second characteristic is that democratic consolidation connotes for positive implication meaning that democratization has already passed liberalization and transition phases. In addition, it also indicates a challenging process in the sense that political and economic domains have to comply

with democratic procedures in order to render democracy as "the only game in town". Hence, while consolidation aims at eliminating the reversibility of democracy, this process also opens the way for democratic deepening which requires the satisfaction of internal actors by the way that democracy works.

This topic is particularly important to examine both intellectually and politically in terms of providing thorough policy implications for putting the consolidation process into a virtuous cycle. The reason rests on the argument that a very significant challenge that today's "democracies" face is the process of consolidation which either renders the democratization process open to sensitivity for being reversed or renders the process as enhancing to create a full commitment to democratic norms and rules. In the study of Political Science and IR, this topic has a complex, enduring as well as a multifaceted nature of democratic consolidation due to incorporating the internal dimensions –namely the actors within the state- with the external ones –namely international organizations-. This delineation helps to better explain and understand how the democratic consolidation process can have a virtuous feature rather than a vicious one.

Within this context, the major objective of this thesis is to delve into the democratic consolidation from political economy angle in a comparative respect. In the broader sense, the central question that will be addressed is whether business elites play a role during the democratization trajectory on the way for consolidating democracy. To examine this, Spain and Turkey has chosen to explain the role of business elites in democratic consolidation in a comparative perspective.

1.2. Selection of Comparative Cases

This thesis will approach to the central research question with particular focus on Spain and Turkey in comparative perspective. Spain is chosen because its process of democratization is a successful model that other cases can follow and learn from (Gillespie, 1993: 534). Also it is a case wherein role of elites has importance and democratization is not only a top-down process (Field, 2007: 702). These cases are selected according to certain criteria. First, both Spain and Turkey had experienced authoritarian regimes in their history. More importantly, these regimes had remarkable impact on the civil-military relations. In fact, both Spain and Turkey had experienced political crises through military interventions. Tracing back to the political history, one difference here is that while Spain has faced with a failed coup in 1980, Turkey had a successful military coup in the same year. Therefore, these cases are interesting in terms of explaining how Spain has accomplished the irreversibility of democracy while Turkey has not. This is particularly important when it is recalled that Turkey has realized her transition to democracy in terms of transition to multi-party system in 1946; yet she falls short of realizing a successful consolidation process.

Second criterion for selecting these cases is that both countries were agricultural economies and had *dirigiste* policies (Chislett, 2008: 6). On the other hand, both countries have faced economic crises which had significant policy implications. For instance, in Spain, Moncloa Pacts in 1977 had a great influence on regulating the economic domain. Its importance is stemming from the fact that elites' perceptions and interests are channeled through the policy-making mechanism and created satisfaction by the way that democracy works, as a result of elite

transformation from disunity to unity. Yet, one point that may show difference would be the nature of elite transformation compared to Turkey. In fact, while Spain had an elite unity in political domain, the business elites had a passive nature as regards to democratic consolidation. However, in Turkey, the picture reveals that there is a lack of elite transformation in the political domain whereas business elites have an active nature as regards to democratic consolidation. This dilemma will put forward the elements of the successful Spanish consolidation, as it can also explain the relatively unsuccessful process in Turkey. Hence, the nature of elite transformation will be the independent variable which enables to explain a successful democratic consolidation. Therefore, democratic consolidation will be the dependent variable of this thesis. In this framework, not only the inherent actors contributing to the consolidation process will be analyzed, but also the international dimension of democratic consolidation and its internal impact will be the point of concern. As a corollary, the EU conditionality will be the other independent variable in terms of cementing the inherent actors to the consolidation process through continuous support for democratic environment. In fact, another difference between Spain and Turkey is that Spain has realized a smooth membership process to the EU whereas Turkey is a candidate for the EU membership and represents a relatively difficult membership process. In terms of empirical methodology, small-n comparison can facilitate the study in terms of controlling for the similarities and differences of each case as well as contributing to the literature of democratization through linking internal and external dimensions. Since the nature of elite transformation and the EU membership may differ in each case, this thesis is designed as the most similar case analysis. In order to eliminate any problem or weakness of this method such as a reliability problem across cases, process-tracing

will be employed to capture the crucial cornerstones in the democratic consolidation trajectory of each case. In other words, process-tracing will be helpful to depict the steps leading to elite transformation in terms of unity or disunity after economic and/or political junctures evolve.

1.3. Explanatory Framework

Within this delineation, in the narrower sense, the puzzle is this: Spain was successful in consolidating her democracy despite the passive nature of the business community whereas Turkey, with respectively active business nature, still has not consolidated her democracy. In this regard, the following question guides this study: If business elites in Spain did not play a major role in consolidating democracy, then, how one can expect that business elites in Turkey can lead the consolidation process?

In this sense, with the comparative cases of Spain and Turkey, this study will attempt to approach democratic consolidation through three-dimensional explanatory framework. First, the internal dimension will be examined through elites and their ability to get incorporated within the consolidation process through economic and political domains. Second, the impact of external dimension will be analyzed through the anchor of the European Union (EU). The focus here will be on whether the conditionality may have an impact on the elites in economic and political domains. Third the state apparatus will be put in an intermediary level between external and internal dimensions. Here, the focus will be on whether the structural feature of democratic consolidation can create a favorable environment for actors to pursue democratic norms and procedures. Indeed, this framework is compatible with the argument that addressing a democracy as a consolidated one or not can be highlighted

by the patterns of behavior and beliefs of significant power players in the systems (Diamond, 1999: 71).

At the internal dimension, elites are given importance due to their strategic positions in powerful organizations and ability to influence national political outcomes "regularly" and "substantially" which means that their ideas are perceived by other important actors as influential considering the changes and continuities in the regimes (Burton et al., 1991: 8-9). More explicitly, to the extent that elites influence the policy outcomes, they are regarded as foremost actors for decision-making. In this sense, whether business elites have a channel to participating in the only game in town –democracy-, becomes the question. If they do, the fact that elites are adopting themselves in the consolidation process renders them sensitive and vulnerable in some instances. Junctures in economic and political domain are an example to this situation if uncertainty cannot be removed from the interplay between political and economic domains. In this regard, the perceptions of elites to consolidate democracy is critical since they can influence the way that policy outcomes occur only if political domain allows for elites to represent their perceptions. This delineation is in parallel with the argument that the formation of a distinctive political class or elite cartel, where and when its members can reach an agreement upon a set of rules, is an element of growing significance for regime consolidation (Schmitter and Santiso, 1998: 75). Accordingly, the main argument is that business elites pursue and construct their interests to the extent that economic and political domains interact with each other. The likelihood of continuity of this interaction is a necessary characteristic for distinguishing a consolidated democracy. Hence, consolidation process involves the

attachment of elites in economic and political domains to construct long-term interests and stable environment which would be a result of democratic practices.

Along with the internal dimension, external dimension is also a source of consolidation. The existence of an external anchor has an influential role on democratic consolidation process since it entails a degree of conditionality. In fact, the external guarantee offered by membership in regional organizations is significant since it diminishes the perception of business elites that democracy will be dangerous (Pevehouse, 2002: 526). To illustrate, during the third wave, the European Community (EC) played an essential role in consolidating democracy in Greece, Spain and Portugal because while the economic benefits of EC membership were secured, EC membership was seen as a guarantee of the democratic stability (Huntington, 1991: 14).

As a result of internal and external dimensions, a state undergoing a consolidation process comes across with two simultaneous paths to comply with. First is formed by inner dynamics which refers to the behavior of elites and its effect on the policy–making process, and second is formed by outer dynamics, particularly the EU membership prospect which is relevant both in Spain and Turkey.

Even though the vast literature on democratic consolidation attempts to define a consolidated democracy, there is not much attention given on how the actors within state (internal dimension) and out of state (external dimension) can be reconciled in a manner of paving the way for consolidation. Perceiving this as the key limitation in the literature, this thesis sheds light upon how the necessary mechanisms can be sustained along internal and external dimensions to ensure that progress on democratic consolidation is on the track. In this regard, by incorporating actor-based

viewpoint, while democratic consolidation will be conceptualized as a bottom-up process, it will also explain why actors' concerns, perceptions and interests are necessary for democracy to get consolidated. To highlight this delineation and elucidate on the role of economic elites in consolidating democracy, two concepts are intended to be introduced and hypothesized: reinstitutionalization and reformation process.

In a nutshell, the reinstitutionalization refers to the process that emerges after political and economic junctures. Juncture is used here because not only political or economic crises or breakdowns, but also policies or decisions taken by the decision-makers can also pave the way for the reinstitutionalization. Emergence of the reinstitutionalization happens through two dimensions: At the internal dimension, political elites transform from disunity to unity in order to reflect their perceptions and interests during the period after junctures in political or economic domain occur. Besides, business elites also come together and aim at reflecting their interests and perceptions to correct the malfunctioning of economic or political domain. At the external dimension, the presence of an external anchor, such as the EU, triggers actors to push for necessary economic and political reforms. Hence, the reinstitutionalization is defined as the period wherein actors in political and economic domain aim at correcting the malfunctioning of political or economic domain. External dimension has a triggering effect since it can unify actors in political and economic domain through conditionality. Therefore, elites play a crucial role in terms of pushing for getting incorporated to the policy-making mechanisms. This influential role of elites is attainable through reformation process. In this study, reformation process is conceptualized as the process that emerges as a means wherein the reforms that

internal and external dimensions necessitate are realized through pacts and consultations which leads to confidence-building. In this sense, reformation process aims at maintaining moderation and consensus in a manner of satisfying actors' expectations. Hence, in the reformation process, attitudinally, actors are engaged with the democratic procedures and norms. To the extent that these confidence-building exercises are accepted by the actors in political and business domain, democratic consolidation may occur. If those exercises are not accepted by the actors, then another process of reinstitutionalization may start because of the inefficiency of reformation process.

One point here to be highlighted is that the qualification of institutionalization is a blurry issue in terms of its strength or weakness. In fact as Kohli (1993: 675) stresses, strong institutions constrain the power of individuals which refers to the fact that there is a built-in incentive in newly established democracies for leaders to carry out a periodic deinstitutionalization. In this sense, it is argued that the institutionalization is a path that a democracy can provide a mechanism to control the incentives through which certain decisions will be given. In the process of democratic consolidation, it is expected that reinstitutionalization will involve the preeminent actors in the political and economic societies in order to carry their interests and perceptions for coherent decisions. Hence, reinstitutionalization can put the democratic consolidation in a virtuous cycle through an effective reformation process. Hence, reformation process constitutes the infrastructure for democratic consolidation wherein the elites can channel their salient interests toward reaching political domains for influencing the policy outlooks. Hence, the reinstitutionalization and reformation process can enhance the capability of the state to be functional which requires the

resettling of interests and reorganizing the access of elites. Accordingly, while these concepts consist of an interest-building process among elites, they also attach the actors to the democratic consolidation process. Two crucial conclusions can be derived from this perspective. First, interest-building obtains a mutually reinforcing characteristic. This creates confidence as well as reliability to the rules of the game. Second, democracy can be considered as a virtuous cycle. The argument here is that each and every recovery process after junctures in economic or political domains has an influence on the elite transformation. If the reinstitutionalization occurred after crises shed light upon the elite transformation, this transformation reflects upon the way that elites form their priorities.

Overall, economic and political junctures may have an impact on a consolidation process. Nevertheless, it should be noted that as economic and political junctures pave the way for reinstitutionalization and rearrangement of economic and political interests, the external relations may also be directed in a manner of enabling such an environment.

All in all, it is expected that this thesis will reveal the significance of elites' perceptions as a component of democratic consolidation. As a corollary, consolidation will be put in a virtuous cycle wherein democratic deepening will occur through maintaining the irreversibility of democracy. In addition, the smoothing impact of the EU conditionality as an external dimension will be influential to settle down the robust structure for democratic consolidation. As a result, democratic consolidation will obtain a multifaceted feature through analysis of internal and external impact and their reflection on the reformation process.

With this outlook, the thesis designed in the following way: In Chapter 2, conceptual, definitional and theoretical discussions over elites and their role in democratic consolidation will be given. In this respect, major premises and hypotheses will be clarified by highlighting elites as an internal dimension and the European Union (EU) as an external one. Chapter 3 will shed light upon the historical context in which the democratic consolidation occurred in Spain. In this sense, whether the elites in political and economic domain had a prominent role in consolidating democracy will be visible. In addition, through state-elites-EU framework, the concepts developed in this thesis such as reinstitutionalization and reformation process will be employed. In Chapter 4, democratization trajectory of Turkey will be examined through a historical analysis. Within the state-elites-EU framework, the patterns of democratic consolidation and characteristics of reinstitutionalization and reformation process will reveal. In Chapter 5, after presenting the explanatory framework, patterns of democratic consolidation in Spain and Turkey will be compared. Then, the main attention will be given on the major problematique: Why Turkey has not consolidated her democracy despite its active business nature whereas Spain with her passive business nature has a consolidated democracy. Does this divergence necessarily undermine the role of business elites in democratic consolidation? After this comparative chapter, finally, a general overview of democratic consolidation and role of business elites will be presented with the concluding remarks.

CHAPTER 2

ELITES AND DEMOCRATIC CONSOLIDATION

This chapter encompasses conceptual, definitional and theoretical discussions over elites and democratic consolidation from political economy angle. Bringing the structural and actor-based explanations, it is aimed at clarifying the major premises and hypotheses on the role played by elites during the consolidation phase. To this ends, first, the multifaceted delineation for democratic consolidation will be given. Clarifying the discussions over democratic consolidation will pave the way for simplifying the complexity in the literature. Second, by highlighting elite formation in terms of unity, their influence on consolidation process will be observed. The focal point here is the convergence of the structural and actor based explanations in order to encounter for the role of elites in democratic consolidation at the horizontal level, which is between economic and political societies. Last but not least, international context of democratic consolidation through international organizations will be underscored. With regard to this, the European Union (EU) anchor will be underlined together with the impact of conditionality upon consolidation process. Highlighting these dimensions will pave the way for explaining the role of business elites within state-elites-the EU triangle. Overall, it is aimed at finding credible delineation for why

elites in economic domain are inclined to affect the political domain and thus build a mutual understanding on how interests should be built. For this reason, it is aimed at bringing the causal chain of elite unity and democratic consolidation. More specifically, how and why elite unity can lead to democratic consolidation is the focal point.

2.1. Democratic Consolidation: What does it entail?

What is so special about democratic consolidation? Obviously this question may have different answers but what makes democratic consolidation so special is that it is the very last and the very long phase of democratization. More interestingly, democratic consolidation is distinctive since it necessitates the internalization of democratic norms and procedures both in the political and economic domains. But how one can be sure that democracies are getting consolidated?

2.1.1. Minimalist and Maximalist Perspectives

There have been crucial attempts to explain the various dimensions of democratic consolidation as well as various explanations for what it means. There is a widespread consensus in the literature about outlining democratic consolidation along with minimalist and maximalist views. While the former posits that democracy is consolidated if there is stability achieved through elite consensus regarding the rules of the game, the latter puts forward that democracy should become rooted in society and democratic consolidation necessitates progress in associationalism for providing civil society with regular contribution to the political system (Gillespie, 1993: 537).

From the maximalist perspective, underlining the civil society is important since the anchoring of civil society constitutes a character of democratic consolidation

together with legitimation which forms the very basis of 'theory of anchoring'; that is a theory suggesting that various and changing connections between legitimation and particular anchors can explain democratic consolidation and crises (Morlino,1998: 338). On the other hand, from the minimalist perspective, Linz and Stepan (1997: 15) define a consolidated democracy as 'a political regime in which democracy as a complex system of institutions, rules and patterned incentives and disincentives has become, in a phrase the 'only game in town''. As Linz and Stepan narrows down the perspective of democratic consolidation and explains it in a minimalist sense, the framework for a consolidated democracy appears and the cornerstones for the democratic consolidation become visible. However, in order to sustain the longevity of a democracy, the necessary tools and mechanisms and their adaptability to the overall framework needs a maximalist view to encounter for the sustainability of democratic consolidation.

These divergent views reflect upon the explanations for democratic consolidation as well. As a corollary, two types of explanations are derived: Structural and actor-based explanations. In the democratization literature, the structural explanations have found their reflections to explain successful transitions and consolidations of democracy with structural conditions such as economic development. Although their contributions cannot be abandoned, shifting the level of analysis toward the actor-based explanation would contribute to the democratization literature from a different aspect. This aspect aims at finding the impact of actors, namely the elites, upon the structure which is referred as democratic consolidation. That is why this study attempts to apply maximalist perspective although it does not abandon the structural explanations derived from minimalist perspective. There are

certain benefits to apply maximalist perspective and offer actor-based explanations. On one hand, it enables to conceptualize democratic consolidation as a bottom-up process. This process involves elites as inherent actors who can be channeled to foster consolidation process. On the other hand, it will explain why actors' concerns, perceptions and interests are necessary for democracy to get consolidated. By holding a maximalist perspective and aiming at offering an actor-based approach, main attention will be given on business elites at the internal dimension. Reason for choosing business elites' relation to democratic consolidation is as follows: While businessmen start to get organized voluntarily as a component of civil society, they hold a particular stance in relation to how economic as well as political domains should be managed. In that regard, they start to look for channels through which interests and perceptions can be reflected on policy agenda. Hence, as business elites become a component of civil society through voluntarily organized associations, they initiate a bottom-up process when demanding necessary political and economic reforms. To this end, the following section will closely look at how actors, in particular elites, nurture bottom-up process in consolidating democracy.

2.1.2. Actors foster bottom-up process

In order to highlight the importance of elites as inherent actors, it is necessary to give a clear-cut definition for how elites are defined. Burton et al., (1991: 8-9) define elites as the principle decision makers who are, due to their strategic positions in powerful organizations, eligible to influence national political outcomes 'regularly' and 'substantially' meaning that their individual viewpoints are perceived by other important actors as influential when considering the changes and continuities in the regimes; hence, they have the power to affect important policy outcomes relevant to

their interests. This perspective is very important to grasp the relationship between elites in democratic consolidation and it justifies why shifting toward actor-based explanation is important. More explicitly, to the extent that elites influence the policy outcomes, they are regarded as foremost actors for decision-making. So, what if elites are excluded from access to decision-making in a manner of inserting uncertainty as well as discontent?

Therefore, it is important to envisage whether elites interacting between economic and political domains have a channel to participating in the only game in town –democracy-. To do so, it is necessary to clarify what is meant by economic and political societies and why they are intertwined as well as how they would contribute to the democracy. In this regard, interconnected and mutually reinforcing conditions for a democracy to be consolidated come into the picture which are; free and lively civil society, a relatively autonomous and valued political society, rule of law, functional state bureaucracy, and an institutionalized economic society and render the state as a functioning apparatus (Linz and Stepan, 1996: 7). Since these conditions are not isolated from each other, interaction between them necessarily affects the consolidation process in a state. Moreover, these interactions become a source of interest-building for the elites interacting between political and economic societies and establish interdependence between these two milieus.

Since democratic consolidation involves components such as economic and political societies, incorporating the actor-based viewpoint will reveal the ways in which the actors intertwined in these societies would contribute to the democratic consolidation. By doing so, democratic consolidation process will be approached from within the components of democracy; which are underlined as elites intertwined

between economic and political societies. As defined by Linz and Stepan (1996: 8) a full democratic consolidation must involve political society which is an arena that the consolidation of a democratic polity has the legitimate right to implement control over public power and the state apparatus which necessitates serious thought and action regarding the progress and appreciation of core institutions such as political parties, elections, electoral rules, political leadership, interparty alliances, and legislatures so that society can founds itself politically to choose and check democratic government.

This delineation of political society enables the need for comprehending the interconnectedness of political and economic societies. In fact, if certain decisions affecting the economic society need severe examination to sustain reliability to the decisions, then there should be coordination between political and economic societies as well. This coordination will help the consolidation process since it will lead to the appreciation of monitoring and influencing the way in which the decision-making occurs within democracy. On the other hand, by the term economic society two important claims are made which in the end demonstrate that modern consolidated democracies require a set of socio-politically made and accepted norms, institutions and regulations wherein the economic society reconciles state and market: First of these claims is a non-wartime consolidated democracy in a command economy has never been and cannot be and second, a modern consolidated democracy in a pure market economy has never been and almost certainly never will be. To put it differently state has to be reconfigured in a way of facilitating the environment in which democracy can become consolidated through the elite channels. In fact, this is particularly accurate for responding the question of addressing a democracy as a consolidated one or not can be highlighted by the patterns of behavior and beliefs of

significant power players in the systems (Diamond, 1999: 71). That is why; scrutinizing economic society with its components wherein the elites construct it and reinterpret their interests gains importance. But how one can know that elites in economic society would lead to progress on democratic consolidation?

While a closer examination is being targeted by looking at elites between economic and political societies, mutual understanding of democratic consolidation will be enhanced through emphasizing what triggers the elites to support democratic consolidation process and how the structuring of democratic consolidation absorbs the elites' support. To illuminate this point, conceptual roots of democratic consolidation will be given to introduce the niche in which the major premise will be assembled: How do the elite configuration, in terms of unity or disunity, change and react to the progress on democratic consolidation? In which ways do elites influence the democratic consolidation process? For instance, party elites can have a fundamental role to support the democratic consolidation process as well as to promote the legitimacy of the new democratic institutions which brings the elite consolidation (Morlino, 1998: 252). However, only considering the party elites in political society would underestimate the interconnectedness of the components in a democracy and limit the scope of democratic consolidation. Hence, in order to avoid from this shortcoming, it is needed to incorporate the elites in economic society for the reason that they are able to affect the political society to the extent that they show unity in terms of representing their interests. Within this delineation, it will be appropriate to note that according to Przeworski (1986: 56); "democracy is a particular system of processing and terminating intergroup conflicts" wherein various groups can be organized to advocate their interests through an institutionally guaranteed access to

political institutions. In the broader sense, this perspective contributes to the characteristic of democracy which requires deliberation for approaching to policy outcomes which will be possible through compromise among economic and political society. In consolidated democracies, the mechanisms to sustain deliberation and compromise between economic elites and political society will enhance the way for certain outcomes to occur. However, in unconsolidated democracies, this process will face serious shortcomings due to the dispersed characteristic of elites in terms of representing interests and reflecting expectations from the political society. That is why; dynamics which nourish the democratic consolidation not only in institutional terms but also in attitudinal and behavioral terms have to be outlined. To this end, distinguishing between different phases of deepening democracy has to be outlined in order to illustrate that democratic consolidation is the phase in which attitudinal and behavioral terms are to become harmonized to keep the democracy in track.

2.1.3. Democratic Consolidation as the Last Phase

Presumably, consolidation constitutes the last phase of democratization process which follows liberalization and transition processes. While liberalization is defined as 'the process of making effective certain rights that protect both individuals and social groups from arbitrary or illegal acts committed by the state or third parties' (O'Donnell and Schmitter, 1986: 7), transition refers to the phase between liberalization and consolidation that the outcome of it is bound to either fixed conditions such as the level of development, the rate of economic growth or the proximity to western culture or strategic choice of elites who inexorably choose specific set of rules that will diminish transaction costs and increase the distribution of

benefits among them (Schneider and Schmitter, 2004: 65). Following these two phases, the consolidation process comes into the picture and sheds light upon two important characteristics. On one hand, democratic consolidation embodies intricate linkages which are a result of interaction between components of democracy. By intricate linkages, it is meant that elites in the political and economic societies interact with each other in order to come up with favorable political as well as economic milieus in which they are a part of it. The necessary point here is that the structural aim of democratic consolidation facilitates the interaction between its components. This purpose results in the second important characteristic of democratic consolidation. Hence, on the other hand, democratic consolidation entails the impact of certain actors that carries the perceptions and interests with them to make the consolidation process work.

All in all, while democratic consolidation connotes for positive implication that democratization has already passed liberalization and transition phases, it also indicates a challenging process in the sense that political and economic societies has to comply with democratic procedures in order to render democracy as the only game in town. Further discussion over democratic consolidation will shed light upon the challenges of democratic consolidation.

2.2. Multifaceted Delineations for Democratic Consolidation

The fact that a state has an electoral democracy, does not guarantee the sustainability of prodemocratic norms and preferences. Hence, a very significant challenge that today's "democracies" face is the process of consolidation which either renders the democratization process open to sensitivity for being reversed or renders

the process as enhancing to create a full commitment to prodemocratic norms and behaviors. As McLaren (2008: 235) purports there is a considerable difference between an organization that is a mix of liberal democracies, 'illiberal democracies', nondemocracies and the one that consists of democratic members since the former is unlikely to have influence on the country's democratic path while the latter increases the likelihood of attaching to democracy. This feature of democratic deepening presents the dilemma of democratic consolidation which necessitates certain level of abstraction to elucidate the ways in which the democratic consolidation is reified.

To explain the progress on democratic consolidation it is necessary to outline the structure for a consolidated democracy. A structural definition of democratic consolidation will enable any analysis or evaluation of a democracy to grasp the necessary channels for the amelioration of the process. In effect, consolidation of democracy is referred to the processes in which mutual trust and reassurance among the pertinent actors are more likely (Schneider and Schmitter, 2004: 61). This definition connotes intricate links between the democratic consolidation and the actors who can affect the process. Another attempt for defining democracies has been encouraged by qualitatively categorizing them. In this regard Alexander (2002: 59) differentiates between uncertain and consolidated democracies; while the former refers to instability and reversibility even if a breakdown is not the case; the latter refers to the democracies wherein all actors advocate prodemocratic regime preferences that render the reversibility unlikely. At this point, the meaning of breakdown has to be expanded to remove any conceptual misunderstanding. Breakdown, as the last step in the crisis, takes place in a short period of time and brings about a violent and discontinuing change of regime (Morlino, 1998: 21). As a

corollary, breakdowns alter the way that components of a consolidated democracy complement each other. This argument reflects upon the way that economic and political societies interact with each other. But more importantly, breakdowns disrupt the necessary channel for elites in economic society to reach to the decision-making sources in political society. This creates uncertainty during the process of consolidation. In fact, problems of continuity, vested interests and cultural patterns established by the previous institutions characterize the change regarding the transformation of a democratic regime into another one (Morlino, 1998: 21). In the context of this study, vested interests that economic elites employ through the interaction of economic and political societies and the likelihood of continuity of this interaction is necessary characteristics for distinguishing between uncertain and consolidated democracies. Hence, it can be argued that consolidation process involves the attachment of elites in economic society to the political society in order to construct long-term interests with the help of democratic norms which is a product of favorable structure.

If consolidated democracies are the ones wherein all actors comply with the democratic norms, it is necessary to assemble the structural framework that enables relevant actors to espouse with prodemocratic preferences. This point of departure will lead to determine how the actors form their interests and whether the actors can influence the democratic deepening path. In other words, it is important to highlight through which structural framework the relevant actors channel their interests. More specifically, if consolidation is an attribute to democracy then, how the actors within this context affect the deepening of democracy and through which channels?

In this regard, Linz and Stepan (1996: 6) outline a consolidated democracy along three dimensions: Behaviorally, when no crucial national, social, political, economic or institutional actors spend considerable resources trying to achieve their purposes through establishing a nondemocratic regime or turning to violence or foreign intervention to secede from the state, attitudinally, when a robust majority of public opinion embraces the belief that democratic procedures and institutions are the most suitable way to govern collective life in a society and constitutionally, when governmental and nongovernmental forces throughout the state, become subjected or habituated to the resolution of conflict within the specific laws, procedures, and institutions authorized by the new democratic process. These criteria are practical to comprehend how democratic consolidation can be defined along its constituent parts and forms the skeleton for democratic consolidation; nevertheless it remains too broad to explain certain effects of some actors on the consolidation process since it depicts the structural features for democratic consolidation to occur from a minimalist perspective. However, the significant point of concern is how the necessary mechanisms can be sustained along these dimensions to ensure that progress on democratic consolidation is on the track? To put it differently, if "democratic consolidation is a process that diminishes the probability of reversal of democratization" (Pridham, 1995: 168), how does the probability of reversal of democratization occur? More significantly, through which channels the democratic consolidation can remain as a diachronic process?

These questions reveal another important delineation which posits that "consolidation of democracy seeks to institutionalize certainty in one subset of political roles and policy arenas, while institutionalizing uncertainty in others. And

the challenge for democracy consolidators is to find a set of institutions that embodies contingent consent among politicians and is capable of producing the eventual assent of citizens." (Schneider and Schmitter, 2004: 62). In order to explain the dynamism of consolidation in a manner of sustaining the credibility of actors while erasing the uncertainty, it is necessary to shed light upon how uncertainties together with discontents regarding the way that democracy works appear.

Throughout the process of consolidation, uncertainty appears via breakdowns or crises in political or economic society. It should be noted that breakdowns is not of importance to the aim of this study. Breakdowns include the collapse of institutional efficacy of political society. However, the pivotal role of this study is to examine how elites affect the institutional channels between political and economic societies. In return, the role of elites within the democratic consolidation as a process will be visible. In this regard, rather than breakdowns, crises will be the focal point of this study.

2.2.1. Crises in Consolidation Process

What crises refer is an ambiguous concept and more interestingly how it is related to the democratic consolidation has utmost importance. For the aim of this study, these questions have to be clarified. To this end, Morlino (1998) sheds light upon what crisis means. According to Morlino (1998: 15) crisis "...refers to the emergence of limits and constraints on the expression of civil and political rights, previously sanctioned by the regime, together with limitations on political competition or on the potential participation of the people."

In this regard, as ruptures in political and economic societies occur through political or economic crises, the interests of relevant actors in these spheres of influences are being affected. Moreover, norms in these societies are altered while perceptions also change. Hence sensitivity of democratic consolidation process comes into the picture while vulnerability of relevant actors emerges in a way of altering the interests and affects the political society through elites. The relationship between these two spheres can be explained in the following way: Economic crises or political crises alter the way that interactions occur between political and economic domains. However it should be noted that neither economic crises nor political ones prevail one over the other. Although examining the relationship between them is not the promise of this study, it should be underlined that whichever occurs, the impact on the components of democratic consolidation –economic and political societies- will be considerable since it will alter the way that elites in economic society perceive the structural conditions for consolidation process. Hence, not only economic crises that affect directly the economic elites is important, but also the political crises are considered as critical since it may damage the way that economic and political societies interact with each other.

In consolidated democracies, this alteration is softened by the robust structural framework which enables a continuous interaction between elites in economic and political domains even in the harsh economic conditions. The availability of this unbroken relationship is a result of internalizing the democratic procedures and norms which brings about the sustainability of intricate linkages without eliminating actors' perceptions. As a result, reformation process after economic crises involves the concerns of elites.

However, in an unconsolidated democracy, an economic crisis may alter the relationship between political and economic domains and this alteration would reflect upon the way that reformation process works. "In fact, if serious, the decline of efficacy- because of economic crisis, widespread corruption, or the impossibility of coping with important problems, and other reasons- will bring about changes in the relations between civil society and institutions." (Morlino: 1998: 15) Hence, who will dominate the reformation process arises as an important point to consider for elites in economic society.

In terms of economic domain, as Przeworski (1995: 27) would underline, how the economic policies are determined and how the interests are organized is an important point of concern since every recovery process after crises opens an opportunity window. For this reason, elite formation about resettling the economic objectives would lead to the reformation of interests of important actors such as business associations, labor unions or bureaucrats. At this point there can be either tension between political and economic spheres or compromise can occur.

From a structural point of view, this resettlement mainly depends on the ability for the elites in economic society to get organized and reach to the policy-making sources of political society. Needless to say, there should be a room for maneuver in political society in order for providing the necessary environment wherein elites embedded in the economic society can reflect their perceptions. That is why the central theme in the process of democratic consolidation is the fact that elites embark on operating in the system and consequently they are adjusting themselves accordingly (Pridham, 1990: 107). This perspective is remarkable in the sense that it clearly illustrates the constructive impact of elites upon the democratic consolidation

wherein both elites and democratic consolidation benefit from this mutually reinforcing relation. When this argument is applied to the elites interacting between economic and political societies, it is revealed that while the structural framework enable elites to channel perceptions, it also favor the continuous process of democratic consolidation.

This consideration is noteworthy in the sense that it expands the minimalist outlook on democratic consolidation without abandoning the contributions made through structural explanations. A favorable aspect of this approach is that it allows discovering the intertwined characteristic of economic and political societies yet at the same time facilitating to explain how elites can play a role in the democratic consolidation process. But how one can know that elites in economic society would lead to progress on democratic consolidation? In this regard, Pridham's conceptualization of democratic consolidation is useful.

Pridham (1995: 168-169) stresses that "democratic consolidation is a process that diminishes the probability of reversal of democratization" and democratic consolidation can be distinguished along two dimensions: negative consolidation and positive consolidation. On one hand, negative consolidation involves resolutions for any problems remaining from the transition process while it diminishes challenges to democratization. This dimension relates particularly to elites and their behaviour during regime consolidation. On the other hand, positive consolidation places more emphasis on attitudinal patterns and involves the inculcation of democratic values at both elite and mass level.

In addition to the three-dimensional definition of democratic consolidation by Linz and Stepan, Pridham analyzes the democratic consolidation from negative and

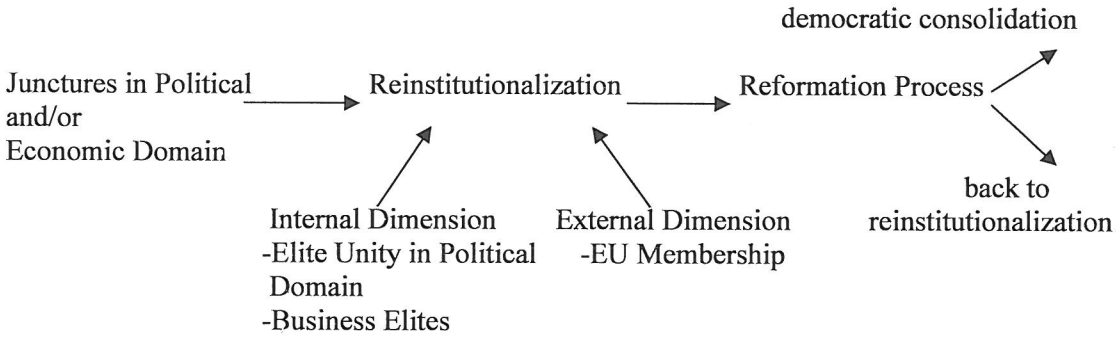
positive perspectives. Though they conceptualize from different outlooks, some points do converge and pave the way for a toolbox to settle down the theoretical underpinnings for the relationship between elites and democratic consolidation in a manner of converging the minimalist and maximalist views. For instance, as Linz and Stepan approaches to democratic consolidation from attitudinal, behavioral and constitutional levels, they do not open a way for discussing through which channels the consolidation can be sustainable and can be fostered through bottom-up processes whereas Pridham does not offer an outlook about how the attitudinal behaviors do change and reflect on the process of democratic consolidation. Nevertheless, both perspectives enrich the approach to democratic consolidation and there is a significant need to merge these two divergent perspectives. This is particularly important to account for how structural environment would enhance the way that elites adjust themselves. Another benefit is the possible impact of elites on consolidating democracy in a manner of influencing the structural environment through interaction between economic and political societies. In order to account for this mutually reinforcing delineation and elucidate on the role of economic elites in consolidating democracy, the following section will illuminate the causal mechanism of democratic consolidation.

2.2.2. Causal Mechanism of Democratic Consolidation

Introduction of the causal mechanism starts by highlighting that economic or political junctures create a loophole in regards to correct and reregulate the functioning of economic and political domains. Junctures are used here to reflect that not only crises or breakdowns but also certain decisions may alter the consolidation

process. In fact, although crises are intrinsic to the process of reaching a consolidated democracy as explained above, restricting it to only crises would overlook the changes coming through decisions and policies implemented without the presence of a crisis.

Figure 1: Mechanism for Democratic Consolidation



The figure above demonstrates the causal chain on which main arguments will be built upon. According to this figure, junctures in political and economic domain through crises or changes commence the reinstitutionalization. Junctures engender reinstitutionalization because to correct the malfunctioning in political and economic domain, new policies will be formed. As decision-makers have the objective to correct the malfunctioning of political or economic domain, the pertinent actors will push for becoming a component of policy-making to reflect their interests and perceptions. In the reinstitutionalization, the elite unity in political domain and organized business elites facilitate the recovery needed after junctures in economic or political domain. Hence, reinstitutionalization evolves because internal dimension nurtures the policy-making through the reflection of elites' interests and perceptions. In addition, as elites constitute one component that fosters the reinstitutionalization,

the presence of an external anchor such as the EU, also helps to maintain recovery by conditionality and necessary political and economic reforms to become a member.

However, the qualification of institutionalization is a blurry issue in terms of its strength or weakness. In fact as Kohli (1993: 675) stresses, strong institutions constrain the power of individuals which refers to the fact that there is a built-in incentive in newly established democracies for leaders to carry out a periodic deinstitutionalization. In this sense, it is argued that the reinstitutionalization is a path that a democracy can provide a mechanism to control the incentives through which certain decisions will be given. Hence, reinstitutionalization is necessary to democratic consolidation because while it includes internal and external dimensions, it paves the way for putting the consolidation in a virtuous cycle. The argument here is that each and every recovery process after junctures through crises or breakdowns has an influence on the elite transformation. This brings a critical question which is about explaining the role of elites upon the democratic consolidation process. If the reinstitutionalization sheds light upon the elite transformation, this transformation reflects upon the way that elites form their priorities. However, the necessary question is what specific formation of elites is seen on the path of democratic consolidation and how the formation of elites fosters the consolidation of democracy. This is particularly significant when it is regarded that in the absence of consensus and unity among elites, volatile regimes switching between a range of authoritarian rule and types of unconsolidated democracies has been the outcome (Burton et al., 1991: 323). Elite unity in political domain is very important for a rapid process of consolidating democracy. On the other hand, voluntarily organized business elites are also

important to commence the rapid recovery after junctures in political and economic domain.

To this end, reinstitutionalization leads to reformation process. Reformation process refers to the processes wherein actors from political and economic domains come together and integrate with the policy-making process in a manner of complying with the reforms that internal and external dimensions necessitate. Therefore, reformation process constitutes the infrastructure for democratic consolidation wherein the elites can channel their salient interests toward reaching political society in order to influence the policy outlooks. Hence, reformation process necessitates the capability of the state to be functional which requires the resettling of interests and reorganizing the access of elites. Accordingly, a process of interest-building between economic and political society commences. This creates confidence as well as reliability to the rules of the game since this process also attaches the actors within the components of democracy to the democratic consolidation process.

The effectiveness of reformation process depends on how policy shifts needed for recovery is implemented and whether policy convergences occur. Here, the political strategy chosen by governments plays a crucial role in order to succeed democratic consolidation. Therefore, confidence-building exercises such as pacts, consultations and institutionalized cooperation have a vital importance. In that way, reformation process may succeed and result in consolidated democracy since all the actors across the wide spectrum of society will be converged through the reformation process. Thus, confidence-building exercises will result in the attitudinal and behavioral cohesion of actors in a manner of consolidating democracy. During the reformation process, it is necessary to maintain implementing policies by the positive

support of pertinent actors. Otherwise, the lack of confidence among the pertinent actors will not help to eradicate uncertainties inserted by junctures in economic or political domains. As a corollary, it may lead back to the reinstitutionalization as a result of inability to manage the reformation process and another cycle of reinstitutionalization may start.

To comprehend better, the following section will closely explain the components of the reinstitutionalization. First, the elites' importance at the internal dimension and second the importance of the external anchor will be underlined.

2.3. Attributing Roles to Elites

The ways in which the elites transform and inject their interests is a necessary point of concern since the nature of transformation is in relation with the progress of consolidation. In this regard, certain conceptualizations are made to classify the elite transformations. To illustrate, elite transformation may take forms as "settlement" and "convergence"; while elite settlements are uncommon events that warring elite groups reorganize their relations through negotiations on their most fundamental disagreements (Burton et al., 1991: 13), elite convergence is a consequence of a process which is "initiated when some of the opposing factions in the disunified elites … discover that by forming a broad electoral coalition, they can mobilize a reliable majority of voters, win election repeatedly, and thereby protect their interests by dominating government executive power" (Burton et al., 1991: 24).

This conceptualization is particularly important in the following way. First, the fact that elites are adopting themselves in the consolidation process renders them

sensitive and vulnerable in some instances. Economic crises or political crises are an example to this situation if uncertainty cannot be removed from the interplay between political and economic societies. While this prospect seems to imply a negative connotation, it should be noted that, democratic consolidation is a process in which management of it requires thorough policies to make democracy sustainable. In other words, democratic consolidation is both a means and an end it itself. In this regard, the perceptions of elites to consolidate democracy is critical since they can influence the way that policy outcomes occur only if structural conditions allow for elites to represent their norms and ideas. Hence, the formation of a distinctive political class or elite cartel, where and when its members can reach an agreement upon a set of rules, is an element of growing significance for regime consolidation (Schmitter and Santiso, 1998: 75). In this regard, why and how the presence of elites affect the consolidation of democracy is necessary to understand to what extent the political institutionalization is working as an inherent component for democracy. This means that political institutionalization should be managed effectively to regulate the interaction between the political and economic societies in order to sustain the accountability to the democratic rules. In effect, political institutionalization is strongly linked to the stability of democracy since institutions construct behavior into stable, predictable and recurrent patterns, which is why institutionalized systems, hence institutionalized democracies are less unstable and more durable (Diamond et al., 1995: 33). This view of institutionalized democracies leads to an inference about role of elites and democratic consolidation. Underlying that political institutionalization is an internal characteristic of democratic consolidation; elites can influence it through channeling their perceptions. This will reflect upon how decisions

are taken. Hence, it can be inferred that robust role of elites can reach to the policy-making mechanism.

While elites transform in a manner of maintaining accessibility, political institutionalization arises as it guarantees the consolidation process while at the same time it enhances the democratic consolidation as a virtuous cycle. Thus, it can be argued that, elites' role in democratic consolidation process seems to affect the internal characteristic of democratic consolidation. As political institutionalization depicts democratic consolidation process within a context of institutional interdependency, it attaches the political and economic domains with each other through elites' impact. This characteristic renders democratic consolidation as a "longer, less heroic, more dispersed and a deliberate period", which is open to influence by the inner and outer dynamics that makes the consolidation process complex and multifaceted (Schmitter, 1996: 40). As a matter of fact, not only junctures in the political or economic domains but the possibility of dissatisfaction perceived by the actors contribute to democratic consolidation process. Hence, the possibility of dissatisfaction among the constituents of political or economic societies with regard to the way that democracy works can lead to the frequent crises.

Dissatisfaction can be related to first, more or less tough economic malaise due to unemployment, inflation, economic decline, contraction of per head consumption, second, a negative assessment of numerous policies such as welfare protection, fiscal policies, education etc., third, discontent for the scandals and corruption that are highlighted by the media and fourth, a-priori negative reaction against the party in office regarding its values and beliefs (Morlino, 1998: 302). As these lines of dissatisfaction are drawn, it is necessary to ask for whether the elites in

the economic society who are organized under umbrella organizations feel discontent regarding the way that democracy works. If there is a high level of discontent, does it lead to unity or disunity among elites? How does the probability of unity or disunity affect the consolidation process? What would be the particular reasons for Turkey? To illustrate, For Spain, reactions to economic malaise come first and underneath these reactions there is the other most relevant cause which is the reactions against corruption (Morlino, 1998: 317-8).

The bigger picture reveals so far that internal dimensions are not alone during the consolidation process but also external dimensions can be a source of consolidation phase since they may have a facilitative impact to work the internal dimensions coherently. Concerning this, democratic consolidation can be framed along internal and external dimensions which encircle the elites in economic and political spheres. While internal dimension includes the elements like political institutionalization, dissatisfaction, crises and breakdowns the external dimension consists of the anchor of the international organizations such as the EU which is a very effective tool for the consolidation of the South European countries. However, it should be noted that the main anchors during the consolidation are party organization, the function of gate keeping, clientelist ties and neo-corporatists arrangements and they are weakened or transformed during the crisis; as a corollary, a crisis is explained by weakening of anchors, together with fading constraint and emerging incentives (Morlino, 1998: 339). Although an external anchor is not taken into account, the presence of it has a top-down impact on bounding together the internal dynamics and creating the sustainability of democratic consolidation process hence providing an

incentive from elites about impeding any probability of economic or political junctures.

What do all these conceptualizations mean for a state undergoing a consolidation process? Bringing these dimensions together, a state comes across with two simultaneous paths to comply with. Empirically thinking, in the case of Turkey, first path is formed by inner dynamics which refers to the domestic politics and its effect on the policy formation related to economic and political issues. Second path is formed by outer dynamics and most importantly the EU membership process has been an important external filter which is considered as facilitating the economic and political spheres in a manner of reaching the democratic consolidation as the ideal point.

To avoid from exaggerating the importance of an external anchor, it is necessary to account for how and why an international organization should be accounted as important. Then, the other question should be how an anchor as the EU becomes so valuable for countries under democratic consolidation phase? Moreover, how does this appraisal affect the role of elites in democratic consolidation?

2.4. An External Anchor: the EU as a Source of Consolidation

The existence of an external anchor has an influential role on democratic consolidation process since it entails a degree of conditionality. In fact, the external guarantee offered by membership in regional organizations is significant in the sense that it diminishes the perception of business elites that democracy will be dangerous to their interests but nevertheless the necessity for it should lessen while

democratization enhances although this guarantee is critical for consolidation process. (Pevehouse, 2002: 526).

When the effect of an external anchor deduced to the case of the EU it is seen that membership creates the mutual interdependence by forming an expectation-capability relationship between the member-to-be country and the EU per se. However, the relationship between two are more complex than it seems to be. One reason for this argument is that the impact of the EU not merely on the state apparatus itself but on the salient actors' perceptions and expectations for becoming a member. The hypothesis here is that the viability of EU membership creates a kind of a boomerang affect which would in turn create an incentive for elites to reach a unity or consensus. This viability is sustained by conditionality tool and bounds the candidate country to the process of democratic consolidation through perceptions of salient actors.

Perceptions of salient actors are noteworthy because some powerful elite groups may try to block the decisions to start political liberalization process but the likelihood of this course of action is limited since viability of membership in regional organizations creates credible guarantees to key groups or by persuades elites through a socialization process to change their belief systems (Pevehouse, 2002: 524). This is an influential characteristic of conditionality which demonstrates domestic impact on the part of the actors within the consolidation process. While this role of conditionality improves the consolidation process from attitudinal perspective, there is also a structural improvement of conditionality. In this regard, Schmitter (1996: 44) posits that conditionality is influential in several manners but most importantly it stems from the facts that the membership is recognized as enduring in nature while it

also offers access to a wide variety of economic and social opportunities for the future; in addition, it is sustained by a 'complex interdependence' which refers to a developing system of private transnational exchanges at various levels and entailing several types of collective action such as parties, interest associations, social movements, sub-national governments.

This delineation of impact through conditionality necessitates a clear examination with respect to the forms of conditionality regarding the external dynamics of democratic consolidation. This is essential to distinguish how the complex interdependence is handled through internal and external actors. At this point, the way that conditionality functions can fall into the categories of international aspect. In fact, international aspect of consolidation is grouped under contagion, control and consent. First, contagion perspective, by using the simplest possible objective indicators, is able to account for some remarkable regularities only for limited purposes; second, control perspective pays attention on the actors and their motivations to explain the calculations of dominant powers which makes it possible to link the politics of democratization and the realist politics tradition in international relations and third, the consent perspective differentiates between different phases of democratization and alternative ways and outcomes (Whitehead, 1996: 23).

Since consent perspective implies the different phases of democratization and hence differentiates consolidation process, it would be easier to grasp the effect of an external anchor such as the EU through conditionality tool on the consolidation of democracy. By doing so, the motivations and perceptions of actors as in the form of elites can have a certain form to conduct the democratic consolidation process.

Henceforth, democratic consolidation can be delineated theoretically as it displays a rather compound nature regarding the intricate links between the elites in economic society and political society as the inner dynamics and the EU as the external dynamics. A similar conceptualization regarding the international context of democratic consolidation is formulated by Pridham's (1995) articulation of consolidation process. Pridham (1995: 171-172) develops the relationship between the consolidation process and the international context as two-directional: inner-directed and outer-directed. While the former refers to conjunctural factors such as international trends, the international economy or socioeconomic modernization, the latter refers to set of linkage actor particularly party-political, economic, military and other elites as well as the domestic environment elements like public opinion, social actors, cleavages, governmental structures and overall stability. It can be assumed that the EU falls into the inner-directed dimension and elites interacting between the economic and political societies can fall into the outer directed dimension. With regard to the role of elites, it can be hypothesized that as political and economic crises endure elites' expectation from an inner-directed source of democratic consolidation either increases or decreases depending on the quality of the conditionality.

Hence, it will not be wrong to argue that the EU membership has been serving as a cementing factor between internal and external dimension of democratic consolidation. Compared to other international commitments of different international organizations, full EU membership has functioned to stabilize political and economic expectations as well and even though it does not directly ensure the consolidation of democracy, it indirectly facilitates national actors to agree with a narrow scope of rules and practices (Schmitter, 1996: 44). In addition while full EU membership

engenders robust, international, and long-term support for the establishment of democratic institutions because it is irreversible, it also initiates a process of economic and political integration that brings incentives and reassurances to a wide range of social forces which constitutes the international structure of consent (Whitehead, 1996: 19).

To explain where the preeminence of the EU conditionality stems from, an analytical tool for conditionality offered by Pridham (2007:449-50) will be worthwhile. Through three-dimensional framework between conditionality and democratization, conditionality and enlargement, conditionality and the EU itself, he argues that conditionality is concerned with furthering democratic consolidation but the Commission falls short of acquiring political activity areas into the scope of conditionality such as civil society which brings about a limitation. In addition, it is highlighted that influential role of the EU over the member-to-be countries during enlargement depends on the comprehensive exchange between fulfillment and accession promise. Besides, with regard to the EU itself, the integration process through widening and deepening of the EU engendered complications due to the institutional diffusion with the European Council, the European Parliament and to some extent states even though the Commission is granted a larger role over enlargement.

Regarding the first and second dimensions in Pridham's analytical tool, it is observed that the democratic consolidation process is the target for a candidate country without necessarily pinpointing how a candidate can comply with conditionality regardless of the structural as well as constitutional, attitudinal and behavioral dimensions of democratic consolidation. With no attention on these

factors, it will not be possible to guide the consolidation process and know if it is negative or positive democratic consolidation. However, the niche of the EU conditionality can be fulfilled through the actors who are prominent to impinge on the route of democratic consolidation. As one would expect, being that democratization is a condition for becoming a member under Copenhagen Criteria, the actors' motivations and interests are arising in accordance with this norm. Recalling that elites are the ones whose motivations and decisions are given primary importance for the political society, then the nature of elite formation becomes an important part of an engine which drives a state decisively on the way for remaining democratic consolidation in track.

2.5. How to simplify the complexity?

The presence of a source of conditionality and its impact on the process of consolidation cannot be observed directly since it requires an elaborate model for explaining the role of elites in this process. Hence the triangle of elites-state-EU represents a model for explaining the role that elites can play. In this framework, elites constitute the channel through which the internal and external concerns can transmit when they can acquire the democratic norms and preferences as well as represent their interests. However, the probability of an uncertainty can influence the way that elites behave and perceive the democratic consolidation process. For instance, at the early stages of democratization, business elites may fear that democracy will bring populists or leftists to power, jeopardizing their property rights or financial interests (Pevehouse, 2002: 525).

This is particularly important since it is suggested that a secure and genuine democratic regime necessitates the positive support and participation of an all-embracing range of social and political groups which must be carried on a considerable period and in the face of various uncertainties (Whitehead, 1996: 15). These uncertainties can unexpectedly be inserted in the political or economic domains of a state in a manner of altering the interests of elites through political or economic crises.

The engendered outcomes may alter the way that state-society or center-periphery dichotomies are composed. The reasons for this hypothesis are twofold. First, depending on the quality of the institutionalization after the junctures, the elite unity can stimulate a fruitful environment wherein the decision-making tools can function in a manner of consolidating democracy as a result of reformation process. Second, the way that external anchor, as in the case of the EU, perceives the developments in the member-to-be country is as necessary as the manner in which elites demand democratic norms and preferences. Hence, not only state and the EU relation per se is a source of consolidation but also the power of elites to contribute to consolidation process is conspicuous. This contribution is two-directional: First, while the elites play a role in reinforcing the economic society in the sense that Linz and Stepan describe it, they also create the opportunity to affect the policy-making channels. This is significant for democratic consolidation since they enable the societies to interact with each other. Second, elites have the capability to inject international trends into the domestic domain, hence create expectation from political society while they also contribute to raise the capability of the state itself. Consequently, multifaceted character of democratic consolidation can find its

expression from the political economy aspect with the help of elites interacting between economic and political society. Although this argument can justify the way that elites perceive and create their interests, the nature of their transformation within the consolidation process remains questionable since they also have certain threat perceptions. As underlined before, junctures through the political or economic crises and breakdowns can alter the way that they constitute their interests, but another side effect is whether unity or disunity among the elites does matter at the scope of consolidation. In effect, it is necessary to understand the circumstances and processes that transform elites from disunity to consensual unity and establish a stable limited democracy which facilitates the emergence of a consolidated democracy (Burton et al., 1991: 32).

Here, the importance is upon the tools and mechanisms that lead to unity among elites from disunity during the consolidation process. In this regard, some conceptual clarification will be useful to understand why elite unity is important and how it can occur. To answer these questions two significant concepts are remarkable: Elite consensus and elite unity. In conceptual terms, while elite consensus necessitates agreement on the merit of political institutions and on the rules of the political game that is played within and around those institutions; elite unity entail formal and informal communication network that facilitate them to endorse and promote their interests through access to central decision-making processes (Burton et al., 1991: 323). Although Burton et al. considers democratic consolidation only from political elite angle, their conceptualization of elite consensus and elite unity is suitable for business elites as well since their considerations produce political outcomes. Hence, applying these concepts to the intricate links between political and economic societies

and the elites interacting between them will enable to observe which mechanisms can have a facilitative impact on elite unity and how this formation affect the democratic consolidation process. Hence, necessary questions to be asked are how junctures engendered by crises or breakdowns in economic and political society would alter the perceptions and priorities of elites in the economic society? What kind of elite transformation is taken place? How do junctures in political or economic domain influence the elite unity or consensus? To what extent the EU can affect the elites' outlook on internal dimensions of democratic consolidation?

In order to grasp the essence of these questions, it is needed to account for the tools and mechanisms through which the democratic consolidation process can remain as a deliberative process. This objective of democratic consolidation is necessary since it informally guarantees the sustainability yet at the same time ensures that reversibility of democracy is unlikely to happen. This argument is derived from the fact that elites interacting between economic and political domains allocate their perceptions and main concerns within the structural-based aspect of democratic consolidation.

However, sticking to this aspect would undermine the need for attaching elites to the democratic consolidation. Hence, from an actor-based angle, it can be argued that democratic consolidation can be put in a virtuous cycle wherein the reinstitutionalization together with reformation process form the inner dynamics of democratic consolidation process. This would enable elites to inject their confidence and support to the consolidation process which in turn favors the accessibility to the policy-making and renders interest-building reciprocal.

Overall, it is seen that democratic consolidation is a multilayered framework wherein actors, namely the elites form the mechanism through which internal and external dynamics can be cemented. Recalling that the picture so far reveals that multifaceted environment for democratic consolidation can be applicable and efficient if the elites are examined with awareness since they can construct the mechanisms for democratic consolidation to work coherently. Economic and political junctures may have an impact in internal dimensions of democratic consolidation. Nevertheless, it should be noted that as junctures in economic and political domain pave the way for reinstitutionalization and rearrangement of economic and political interests, the external relations may also be directed in a manner of enabling such an environment. In consequence, the crises in economic or political society might be the crises of unconsolidated democracy wherein the mechanisms to prevent such deteriorations are far from well-functioning, which stems from the inefficiency of reformation process.

At this point, empirical cases will reify the level of abstraction through tracing the consolidation process of Spain and hence making the simultaneous process of democratization and Europeanization visible. The experience of Spain will be the point of reference to explain the importance of elites. Thereby, role played by elites in the ongoing process of democratic consolidation in Turkey will be highlighted.

CHAPTER 3

DEMOCRATIC TRANSITION AND CONSOLIDATION PROCESSES IN SPAIN

3.1. Spanish Path towards Consolidation

Spain is a valuable case in many respects in order to explain the path leading to democratic consolidation. While Spanish case represents the effective management of internal and external dimensions, it is also a point of reference since she had to deal with political and economic junctures in the way of realizing democratic transition and consolidation. Spain represents the paradigmatic case of a transition through transaction and strategies of consensus to establish the rules of the game wherein mobilization 'from below' was much more momentous than 'from above' (Maravall, 1997: 77). In fact, it is important to note that regarding the economic reforms, the Spanish case provides no reason to deduce that transition from above facilitated the implementation of economic reform (Bermeo, 1994: 603).

Henceforth, in this chapter, while the cornerstones of Spanish success will be highlighted, the impact of elites on the process of democratic consolidation will also

be examined. This delineation will account for several important arguments that were highlighted in the previous chapter: For the analysis of democratic consolidation, first, during the reinstitutionalization, the nature of elite transformation will be identified. Second, the reformation process of political or economic domains will be analyzed. To reiterate, reinstitutionalization emerges after economic or political junctures. There are two dimensions that contribute to the reinstitutionalization. At the internal dimension, the elite unity in political domain and organized business elites facilitate the recovery needed after junctures in economic or political domain by reflecting their interests and perceptions. At the external dimension, the EU as an external anchor stimulates domestic actors in a manner of complying with the necessary political and economic reforms as regards to be a member. Reinstitutionalization is attainable through a reformation process. This process brings together the actors from political and economic domains and integrates them with the policy-making process in a manner of complying with the reforms that internal and external dimensions necessitate.

In order to analyze the democratization trajectory of Spain, three-dimensional explanatory framework defined in the previous chapter will be used to analyze Spain's trajectory towards democratic consolidation. In this regard, along with the triangle of state-EU-elites, the periods of transition and consolidation will be analyzed and the impact of elites and the EU as an external anchor will be highlighted.

3.1.1. Historical Analysis: Depiction of Spain's Democratization Trajectory

In order to examine the success of Spanish democratization experience through historical analysis, an attempt will be made to identify the critical junctures in

the Spanish trajectory towards democratization. Hence, conditions of transition leading to consolidation will be visible; yet at the same time, the structure in which the elites as powerful actors play will be explicitly considered to explain the role of elites in the consolidation process.

An important point of reference in the Spanish case is that after a long period of dictatorship, political democracy was the prevailing priority and stronger relations existed with other European governments (Maravall, 1997: 93). Hence, during the process of democratic transition and consolidation, both internal and external dimensions have played a considerable role which enabled the rapid and successful democratization trajectory. The main objective here is to discover the structural conditions of economic and political domains in order to explain the role of elites within the interplay between internal and external dimensions. Aiming at analyzing the impact of elites between the economic and political domains, the political or economic crises are critical junctures to observe the alterations in the interests and perceptions of important groups for supporting democratic values through sustaining consensus.

In this regard, Spain's democratization is distinctive because of her rapid move toward a new consensus with respect to democratic rules of the game and ensued with democratization in an orderly way despite a background of bitter civil war and deep division sustained by the Franco regime (Gillespie, 1993: 534). Spanish experience highlights that the need for consensus and moderation in the speed and scope of reform, as well as effective leadership and credible political institutions were the factors that enabled to undertake profound economic and political change without choosing autocratic measures while sustaining popular support for democratic values

(Encarcion, 2001: 36). However, one should note that Spanish democratization trajectory was never a linear process. In effect, over nearly two centuries, political changes in Spain often took the form of strong swings of the pendulum back and forth between monarchy and republic, democracy and authoritarianism, rigid centralism and regional autonomy, confessionalism and anticlericalism (Gunther, 1991: 43).

In this respect, tracing back to history reveals certain periods for the analysis of democratization trajectory in Spain. First is the period from 1939, from the end of the civil war which culminated in the dictatorship of General Francisco Franco and led to the forty years reign until his death in 1975. The second period is the period between 1977, the first free general elections and onwards including 1986, the time that Spain was the full member of the EU. These periods are divided according to the developments in the political and economic domains in order to facilitate an understanding of the role played by business elites and their contributions on consolidation of democracy. In this regard, focusing on the historical context reveals that not only some structural conditions but also the actor-based factors have played an important role during the process of transition leading to successful consolidation. These factors led to the consolidation by absorbing not only the political elites' perceptions but also the business elites' stance in the economic and political society. In this sense, Spanish case illustrates that there is a growing importance of focusing on the impact of elites and their contributions. In parallel with this, there has been a change from a structural and largely deterministic analysis of political and societal transformation to an emphasis on elites who can choose democratization (or its opposite) or follow paths of collective action that enhance the possibility of either one (Tarrow, 1995: 207).

In the case of Spain, which path the state as a functioning apparatus could follow was the dominant question by the time of Franco's death. In fact, Spanish cases illustrates that Franco's death has served as a critical juncture to determine which policy choices would prevail in political and economic domains. In this regard, Franco's death was a point of rupture and had important implications concerning the role of elites both in political and economic domains. In economic terms, by the time of Franco's death, Spain was economically "not a more successful lesser-developed country but a more industrial state, albeit with major underdeveloped lacunae in sector and regional terms" (Martinez, 1993: 136). On the other hand, in political terms, his death generated a harsh crisis because elites that had benefited from his regime wanted to maintain its essential features and they were pitted against those that had suffered under it aiming at instituting a fully-fledged democracy (Higley and Burton, 2006: 61). In fact, the policy formula established by Francoism was favorable for the rightists and there was a common belief among the actors that authoritarianism would continue after Franco's death (Alexander, 2002: 147). Hence, the major cleavage after Franco's death seemed to be between right and left. Accordingly, how can democracy be achieved through the right/left distinction in Spain and what would be the leading factors to moderate and comply with democracy become as the crucial points to highlight. In this regard, it is argued that the right changed strategy between the 1930s and the 1970s because the contexts of 1936 and 1975 were noticeably different (Alexander, 2002: 140). Hence, among the specific factors contributed to the peaceful democratization of Spain, moderation by the major political parties and their leaders, moderation by important sectors of the society, including labor and business; moderation by important segments of regionalist sentiment and by the electorate and a

positive international climate emerged as prominent elements (Martinez, 1993: 135). In fact, the polarization between left and right was appeased by the economic growth during 1960s (Gunther, 1991: 47). Moderation between these fractions of Spanish society has been realized with actor-based approach of democratic consolidation which aims at maintaining consensus among prominent actors of Spanish society. In this context, moderation within political and economic domain has been fulfilled in the beginnings of post-transition period with the democratic transition through confidence-building practices and led to the consolidation of democracy. Accordingly, moderation is an important factor on the path leading to consolidation since it requires complying with the interests of actors in political and economic domain. In this regard, the vital question that this chapter underscores is how Spain was able to maintain consensus among prominent actors of political and economic domain.

To provide credible answers to these questions, first the pre-transition period between 1939 and 1975 will be analyzed. Second, post-transition period, starts with 1977, first free elections and onwards, including membership of Spain in the EU, 1986. A comparison of these periods will reveal the policy shifts on political and economic domains. There is a sequential overlap between transition and consolidation since democratic consolidation begins while the transition is under way, or the foundation for consolidation may be during the transition process (Gillespie, 1993: 537-8). Therefore, rather than a clear cut division between transition and consolidation processes, it will be much more useful to refer as pre-transition and post-transition periods and cover the two processes with the post-transitional context. Hence, while the context before democratic transition will be highlighted within pre-

transition period, post-transition period will involve democratic transition and consolidation processes to emphasize the continuity in the democratization trajectory of Spain.

3.1.2. Pre-transition Period: 1939-1975

It is argued that civil war legacy in Spain, the great socioeconomic changes in the 1930s, and the fact that the Franco government had been in power for forty years virtually prohibited the start of a restoration process (Linz and Stepan, 1996: 114). Taking this as a point of departure, this period is particularly important to analyze because it is important to answer the question that how a long period of dictatorship could culminate in the rapid transition and further consolidation of democracy. To answer this question, the developments in economic and political domains will be analyzed in order to grasp the critical points which led to the support of democracy. In the end, certain patterns will be observed to explain the robust democratization trajectory of Spain.

In creating a new regime after the collapse of the Republic in the civil war of 1936-1939, the Franquist elite was changing most of the reforms carried out by the previous unstable democracy and establishing institutions that would be perceived as obsolescent in the context of the urbanized, industrialized Spain of 1970s (Gunther, 1991: 44). In this sense, autocratic feature of Francoism was a reaction to the destabilized Republic which culminated in the civil war of 1936-1939.

In terms of economic front, at the very beginning of Franco's dictatorship, the initial economic policy focused on economic self-sufficiency which contributed to the development of domestic industry through protection by tariffs and quotas but

negatively affected Spain's exports due to high production costs and low quality (McLaren, 2008: 76). Primary objective of this economic strategy was realizing a take-off by inward-looking strategy. Indeed, small-business owners also were approving low indirect taxes policies and toughness against crime under Franco regime; yet they perceived limits regarding integration with Europe and freedom (Alexander, 2002: 153). Hence, core characteristic of this early pre-transition period is the firm measures undertaken by Franco regime aimed at industrialization in the long-term. It is commonly observed that the major phase of economic growth came after the modification in economic policy in 1959, which to some extent abandoned the etatism and autarchy of the first two decades; yet, one has to bear in mind that a significant growth already achieved during the decade 1948-1958 (Payne: 1987: 636). Therefore, by the 1950s, Spain's economic structure entered a transformation process in terms of gradual ending of international isolation in parallel with liberalization of the economy to a certain extent (Maravall, 1993: 80). 1950s are remarkable in the sense that Spain has entered a transformation process from an agrarian backwater to the world's tenth-largest industrial power (Harrison, 2006: 3-4). In this regard, it is observed that during the early pre-transition period, in economic domain, there was significant international isolation which aimed at realizing a taking-off through tight measures. However, gradualism was the pattern that was followed which established limited liberalism in an authoritarian context. Indeed, "Franco regime had a mentality of limited pluralism, a direct reference to a dynamic jockeying for power among different elite factions and the success of the dictator in maintaining a sense of control and balance among them" (Encarcion, 1997: 396).

In regards to the economic progress of Spain, it is argued that there was no direct relationship between prolonged economic growth and the beginning of the transition process or specific political processes leading to democracy since Spain reached a level of development that led to democratization quite a few years before Franco's death in 1975 (Linz and Stepan, 1996: 112). Hence, although the economic progress undertaken by Franco regime did not directly lead to democratization, economic progress or economic deterioration has significant impact on the way that elites form their interests. Consequently, it is not the structural facts regarding economic domain that determine the path toward democratization but the changing nature of elites' perceptions and interests.

When the period after three and a half decades of civil war was analyzed, four major developments are noteworthy: the institutionalization of conservative authoritarianism, substantial socioeconomic change, integration into the international economy and gradual political liberalization by the 1960s (Alexander, 2002: 144). In terms of the economic domain, the early period of 1960s, followed by the Stabilization Plan in 1959, was Spain's 'Golden Age' of economic growth stemming from its emphasis on liberalizing foreign trade and encouraging inward investment (Harrison, 2006: 4). Despite the severe coercion to opponents of Francoism, citizens not considered as potential opponents benefited from a number of liberties that paralleled democratic political rights, though always at the regime's discretion (Alexander, 2002: 147). Hence it will not be wrong to argue that despite the autocratic feature, Francoism nurtured the society with limited liberalization which in turn, helped to embark on the democratization process and to have a 'from below' aspect of democratic transition and further consolidation.

In parallel with 'from below' aspect, an important development throughout the pre-transition period is the successful organization of working class. This is particularly important since the dictatorship of Franco had only limited political liberalism. However, as the economy became more industrialized, working classes began to organize strike activity and by the late 1960s these strikes included political and economic demands (McLaren, 2008: 80). By the time the dictatorship started to weaken, due to the absence of a developed welfare system, growing social demands stemming from the dissatisfaction of social rights were expressed over areas including health, education, urban problems and most importantly wages, which led to the strong wage demands of the 1970s (Maravall, 1993: 83).

Although there was a significant resistance from below through working class strikes, the period between 1960s and 1970s generated the 'Spanish growth model' that permitted a prolonged period of development without giving rise to problems such as balance-of-payments difficulties (Harrison, 2006: 6). However, after a long period of growth, from the mid-1970s to the mid-1980s, the economy entered a crisis, which led to dramatic unemployment rates and recession period (Maravall and Przeworski, 1998: 4). As a corollary, Spain had experienced a period of economic development followed by a serious economic crisis just as she embarked on her transition to democracy (Maravall, 1993: 83). Spain's economy was profoundly affected by the first oil crisis in 1973 and by 1974 and it is argued that the oil crisis had put an end to 15 years' economic progress (McLaren 2008: 77). Therefore, recession during the mid-1970 paved the way for the reinstitutionalization with the need for reforming economic domain. Recession in economic domain necessitated the need for bringing the economic stability through reinstitutionalizing the economic

policies. This process was triggered not only by economic imbalances such as unemployment, but the 'from below' impact at the labor front was important to commence reinstitutionalization in a manner of responding to the interests of economic elites. Furthermore, Franco's death in 1975 also produced a political crisis and heralded the reinstitutionalization in regards to political domain. In effect, political elites triggered the reinstitutionalization in political domain with the interest to put Spain onto democratic course which paved the way for post-transition period. In fact, after Franco's death, the king shelved the plan for *continuismo,* or Francoism without Franco by announcing his intention to set the nation on a democratic course (Encarcion, 2001: 38). In the end, Spain had to cope with two simultaneous tasks which urged a reformation process to comply with the necessary political and economic reforms.

3.1.3. Post-transition Period: 1977- 1986

Transition to democracy in Spain was triggered by Franco's death in November 1975 and Spain has had to comply with two simultaneous paths with regard to economic and political domains. In this regard, the reinstitutionalization in economic and political domains engendered the task to fulfill the interests and perceptions of the wide spectrum of political and economic domain in order to maintain moderation among actors. Moderation, which would be facilitated by incorporating the actors' perceptions to the decision-making sources, set off the emphasis on convergence of political and economic policies to deal with the opposing perceptions across political and economic domain. As a corollary, convergence points emerge as a consequence of reformation process. By Franco's death, certain

convergence points have been examined carefully by political elites. In this regard, it is observed that maintaining moderation between right and left distinction was the first task to complete in order to prevent further cleavages in the Spanish society. To this end, in autumn 1976, the Francoist parliament passed a package of political reforms that legalized political parties, trade unions, and other private associations and scheduled Spain's first free elections leading to the victory of Adolfo Suarez and his Center-Right party Union del Centro Democratico (UCD) (Encarcion, 2001: 36).

However, a challenge to the party which wins the first election in a new democracy is that since it will be dealing with the task of consolidation, massive economic reform will be unlikely to pursue (Bermeo, 1994: 607). In the same manner, the UCD has faced the same situation which led to the prevalence of democratic consolidation over economic tasks. Adolfo Suarez instigated the law for political reform due to the social pressure for and expectation of change and it was this popular pressure that kept the transition going forward and marked this process by the well-known Spanish phrase *reforma pactada-ruptura pactada,* which is why the Spanish experience is called as a case of negotiated transition (Linz and Stepan, 1996: 111). Reforma pactada-ruptura pactada refers to the democratic transition through the legal instruments of the Franquist system in a manner of undermining the hard-liners arguments and pressuring for cooperation with oppositional forces (Martinez, 1993: 145).

An important challenge of transition to democracy was to decide on the military elites' position in the new regime. The question was whether including or excluding military elites from negotiations in democratic transition process. While inclusion of elites in negotiations over democratic transitions can help to secure their

loyalty to the new regime; yet, at the same time, inclusion of military elites in negotiations regarding the structure of a civilian democratic regime would imply that the military had a legitimate role in domestic politics which would culminate in increasing the role of military in domestic politics (Gunther, 1991: 74).

In this respect, threats to the transition process by the strong anti-democratic groups, conspiracies such as 'Operation Galaxy' in November 1978, an attempted coup in February 1981, a military plot in October 1982, and terrorist activities led Suarez to give priority to building a viable democracy even at the cost of postponing essential economic decisions (Maravall, 1997: 79). Henceforth, establishing a viable democracy required to eliminate the threats posed by anti-democratic groups. With regard to the military, in the Spanish case, military was excluded from participation in important political decisions, that was congruent with the military's political neutrality and subordination to civilian control; however, there can be a counter-argument advocating that military's exclusion also led to a dominant military that could be described as semi-loyal (Gunther, 1991: 74). Hence, one can see that threats throughout the early post-transition period prove the semi-loyal characteristic of the military. Nevertheless, UCD and Suarez might have seen that resistance of the military would be inevitable and the military's exclusion would be the low-cost choice for the long-term prospect of establishing a viable consolidated democracy. The main objective of UCD and Suarez was to reinstitutionalize Spain's political domain in order to prevent the continuity of the ancien regime. Therefore, democratic consolidation was the primary task in order to ensure that reversal from democratic course is unlikely. In this regard, inclusion of the military might have signified for the continuity of anti-democratic interests. Otherwise, democratization trajectory could be

jeopardized through paving the way for further polarization left from the ancien regime. Furthermore, such inclusion might have implicitly led to the redefinition of the military's role in terms of enhancing its involvement in domestic politics in the future (Gunther, 1991: 74). Hence, military was excluded from political decisions which also helped to the moderation across the wide spectrum of society.

Whereas the transition process at the political front was not a linear and smooth process, there were certain problems in the economic front as well. At the economic front, the economic structure in Spain at the beginning of the transition was characterized with high inflation, an important trade deficit, growing unemployment, a collapse in profits, and an increasing public deficit as the government tried to compensate for the drop in external demand by expanding public expenditure (Maravall, 1993: 83). Much of the responsibility for the country's relative economic decline can be ascribed to the prevailing atmosphere of political uncertainty before the general election of June 1977 (Harrison, 2006: 7). In fact, because of the fragile political situation after Franco's death, the government was very slow to respond to the economic difficulties and was not willing to introduce necessary measures; consequently labour costs rose by 30 per cent during 1974-8, growth rates fell to 1-2 per cent, unemployment rose to 20 per cent in the mid 1980s whereas it was around 3 per cent under Franco in 1970s which means that Spain was facing economic crisis (McLaren, 2008: 78). Between 1965 and 1974, the unemployment rate in Spain averaged 1.5 percent, one of the lowest in Europe. Surprisingly, though, the dramatic reversal of fortune in the employment picture in the post-transition era did not erode popular confidence in democracy, as has been the case in other newly democratized nations (Encarcion, 2001: 40). Hereby, contradictions regarding the expectations from

and performance of UCD revealed due to the economic difficulties and became a growing problem in Spanish politics (Maravall, 1993: 92). In order to eliminate the gap between expectation and capability, UCD government had to determine its priorities. As pre-transition period clearly depicts, UCD government paved the way for the reinstitutionalization which was attainable through reformation process that required not only reforms from above but also reforms from below aspect. In this sense UCD and Suarez had to deal with three important tasks: consolidating a political transition at the national level, orchestrating the recovery of an economy in crisis, and building a new party in a situation of great fluidity (Bermeo, 1994: 606).

The fundamental characteristic of the UCD government was to give precedence to the transition and consolidation of democracy. By privileging democratic change over industrial restructuring, Spain avoided the convergence of democratic consolidation and the implementation of economic reforms (Encarcion, 2001: 41). Henceforth, while it was understood that there was no necessary relation between economic progress and democratization, a shift to actor-based approach for democratic consolidation was initiated in order to maintain convergence across the wide spectrum of political and economic domain.

In this regard, moderation among actors of political society was a significant task for the UCD government. Besides, implicit or explicit pacts were the political strategy to realize this purpose. In this regard, Suarez has taken important steps in the early period of transition in order to build confidence among actors. In 1977, legalizing the Communist Party which had a large, powerful and seemingly oppositional characteristic; the reconciliation with the exiled president of the Catalan regional government, guaranteeing the Catalan leadership to a democratic transition;

and the pact of Moncloa was a significant pace for confidence-building (Higley and Burton, 2006: 62). As a corollary, an important impact is maintaining the consensus generated among the key actors that democracy is the viable preference to sustain credibility in the political and economic domains.

Although Suarez's UCD was credited for its effective management of political aspects of transition, most had economic complaints which were also shared by the CEOE, the major voice of employers' interests, regarding UCD's economic and social policies including welfare–state spending and rising tax burdens (Alexander, 2002: 174). These economic problems have often been attributed to the weakness of a government which lacked a parliamentary majority and was backed by a divided party (Maravall, 1997: 86). However, Suarez believed that this new and fragile democracy was not ready to embark on serious economic reforms, besides, the UCD government, which had won the first two general elections – of 1977 and 1979 – with 35 percent of the vote, was minoritarian; thus, economic policies in the period from 1977 to 1981 were based on consultations and pacts such as; the Pactos de la Moncloa in 1977, the Acuerdo Marco Interconfederal in 1979, and the Acuerdo Nacional sobre el Empleo in 1981 (Maravall, 1993: 89). The Moncloa Pact that is economically a stabilization plan designed by state technocrats in 1977 to tackle rising inflation in Spain aimed at preventing political conflict and facilitating conditions for democratic consolidation through direct negotiations with societal actors, including the national unions. This pact paved the way for negotiations of wage policy aiming at gradually moderating wages to tame inflation with representatives of governments, labour and employers' groups between 1977 and 1986 (Encarcion, 2001: 40).

At the beginning of the post-transition process, it is observed that politically the pattern that was followed was based upon maintaining consensus among the wide spectrum of political society. As Franco's death caused a political juncture in a manner of putting the type of the regime into a question, political elites of Spain had chosen the reinstitutionalization, in a manner of preferring to put Spain into a democratic course. At that very critical juncture, Spain had employed a careful reformation process through bringing the actors back into the policy-making mechanism and complying with the necessary political and economic reforms. Therefore, the Pact of Moncloa represents the significance of reformation process through pacts and consultations as a careful confidence-building exercise.

3.1.4. Moncloa Pact: Importance as a Political Strategy

Moncloa Pact is remarkable in the sense that it established a framework for joint action by the government, political parties and trade unions, and introduced stabilization and structural reform policies (Pridham, 2000: 209). Moreover, Moncloa Pact of 1977 is the most significant accord of Spanish concertation since it shows the efficacy of the institutionalization of cooperation in a disruptive environment (Encarcion, 1997: 402). Hence, in order to assess the impact of Suarez's political strategy, the Pact of Moncloa is noteworthy to capture the political and economic effects.

In economic terms, Moncloa Pact was consisted of a stabilization plan with economic goals to moderate wages as a way to reduce inflation which reached 45% in July 1977 and to fix the fiscal balance of by reforming an obsolete system of taxation, limiting social security spending, and paving the way for economic liberalization

(Encarcion, 1997: 402). Through the Moncloa Pact, the peseta was devalued 20%, a stricter monetary policy was introduced, and wage bargaining was linked to predicted inflation rates. Inflation was reduced by almost ten points and the current account deficit was converted into a surplus. In return, public expenditure was increased, mainly in order to finance an extension of social policies (Maravall, 1997: 84-85).

Here, one should note that even though the Pact of Moncloa dealt with economic issues, they were more than a classical plan of economic stabilization (Bermeo, 1994: 606). The Moncloa Pact had considerable impact in political terms. On one hand, the Pact was expressing all the political parties' acceptance of the mixed market economy before the drafting of the 1978 constitution; on the other, they demonstrated that the democratic government had the legal authority to demand economic austerity, which the governments of the dictatorship had lacked (Maravall, 1997: 84-85). Indeed, The Moncloa Pact facilitated the creation of the 1978 constitution because the elite consensus in 1977 Moncloa pact acted as a proxy for democratic cohabitation; and as a corollary, the constitution itself echoes the spirit of cooperation between the state, capital and labor in the Moncloa Pact (Encarcion, 1997: 403). Hence, Moncloa Pact is significant in the sense that it was accepted across the broad political spectrum - from conservatives to communists and from centralists to regionalist – in order to dismantle Franco's institutional legacy and to establish a new political regime in a non-confrontational context (Encarcion, 2001: 39). Thereby, Moncloa Pact was promising to reform Franquist institutions and to democratize the educational system while they persuaded Socialist and Communist party leaders to use their influence on trade unions to limit strike activity for demanding large and inflationary wage increases (Higley and Burton, 2006: 62).

Hence, it is seen that Moncloa Pact was not only aiming at reforming political domain from above, but the Pact was embracing the influential actors that would make democratic consolidation task a constructive process from below. Therefore, it can be argued that the reinstitutionalization was exercised through incorporating the actors in the political and economic domain in order to make democracy the only game. These confidence-building developments alleviated the adverse effects of a newly established democracy which would be polarization between certain fractions of political society. In fact, plans for the consolidation of democracy could be threatened by a variety of groups – including regional separatists and the military – and especially disruptive capacities of trade unions were significant for economic policymaking (Bermeo, 1994: 604). Suarez and UCD were successful in the sense that they carefully determined the sources of threats in the Spain's democratic transition process. Moreover, Suarez was successful in regards to reinstitutionalization of political society through sustaining confidence and incorporating actors from below for a robust transition process. Thus, it is referred that in Spain, the transition took place through transaction, that is, it was based on implicit or explicit pacts of coexistence among sectors positioned within and outside the dictatorial regime (Maravall, 1997: 79)

The Pact of Moncloa demonstrates the importance of the ways in which reinstitutionalization and reformation process can be functioned by the government of the newly established democracy. By the end of pre-transition process, political uncertainty revealed how the simultaneous tasks required for political and economic domains could be managed. Keeping the democratic consolidation as the ultimate objective, there was a policy shift aimed at establishing the infrastructure for a robust

democracy. Heading for safeguarding adjustment policy through institutionalizing consensus, the Moncloa Pact had the objective of consolidating democracy with the general pattern of *consenso* in the political transition (Pridham, 2000: 209). Henceforth, Moncloa Pact is politically much more significant due to the incorporation of politically and economically significant groups to the policy-making mechanism. However, the economic results of the Moncloa Pact were limited as a result of increase in international oil prices in 1979 (Maravall, 1997: 85).

3.1.5. Moving forward to Democratic Consolidation

Transition to democracy through transaction was a crucial step toward consolidating democracy. However, the volatile trajectory of Spanish economic and political development was preventing Spain to implement significant policy shifts. During the twenty-five years after transition to democracy, Spain experienced long-term economic growth but also a deep recession in the late 1970s, together with high unemployment, important transformations in the party system, sustained Basque terrorism, and irregular levels of political participation (Alexander, 2002: 165).

During the early periods of post-transition, organization of capital and labour was able to enter into comprehensive socioeconomic pact which made a foremost contribution to determining the type of democracy emerged (Schmitter, 1995: 313). Consequently, pacted democracy emerged wherein the actors of political and economic domains had considerable impact. This pattern of post-transition process revealed that perceptions of actors had a decisive impact on realizing necessary policy shifts which would enable the favorable environment for democratic consolidation. In this respect, despite the fact that business owners showed dissatisfaction with respect

to diverse outcomes after 1977 including terrorism, crime, drugs, recession, unemployment and reduced consumer spending, it is believed that democracy's political outcomes would not threaten their core interests and values (Alexander, 2002: 174). Despite this positive perspective, period after 1977 demonstrated that political uncertainty and economic decline was continuing; however the ultimate purpose of establishing a viable democracy could not be relinquished. Rather than being a smooth and easy process, the unfavorable structure of economic domain and political uncertainty were obstacles for the consolidation process.

In the early 1980s, the economic situation continued to deteriorate along with doubled budget deficit, foreign debt as well as the negative effect of second oil crisis in 1979 which accompanied political instability in Spain culminating in an attempted coup, February 1981 (McLaren, 2008: 78). Small-business owners' reaction to the 1981 coup attempt reveals that they believed the coup would be contained but vast majority perceived it as a threat for their safety (Alexander, 2002: 168). The negative reaction at the attempted coup which was shown by the elites from the king to the public, trade unions, business organizations and party leaders was an indication of establishing an environment wherein "the only game in town" after February 1981 coup was a democratic game (Linz et al., 1995: 97). In the same manner, an important decision leading to the failure of coup attempted in 1981 was the opposition stemming from conservatives' way of thinking. By the late 1970s and 1980s, conservatives calculated that shifting political decision-making power even to authoritarian leaders could not solve their prominent problems since influential groups in democracy did not pose threats to their main interests and values (Alexander, 2002: 181). This incident signified that democracy was accepted as the 'only game in town'. Moreover,

the actors played an important role in terms of strengthening the way to democratic consolidation.

Regarding that the election of UCD and further developments to unify actors of political and economic domains in 1977 was a crucial step to complete transition process, the failure of the attempted coup in 1981 signifies the first crucial step toward consolidation of democracy. Hence 1980s demonstrate important convergence points in the sense that reliability to democratic norms is the new pattern in political and economic domains regardless of the positions of actors across the wide political and economic spectrum.

The subsequent development regarding the consolidation of democracy is the 1982 general elections and the victory of Socialist Party, the PSOE. In fact, there is a broad scholarly consensus that Spanish democracy was consolidated no later than the peaceful transfer of power to the socialist opposition after the October 1982 general elections (Linz and Stepan, 1996: 108). The 1982 victory of the Socialist Party is critical in the sense that it credited the free and fair elections along with the civilian control of the military, observance of the rule of law and support for democratic values (Encarcion, 2001: 37). As a corollary, democratic consolidation was realized in the sense that Linz and Stepan (1996) define it constitutionally, attitudinally and behaviorally conceptualizes. In fact, behaviorally, it was clear that no other actor can succeed in establishing a non-democratic regime. The failed coups are a clear example of consolidation in behavioral terms. This was significantly due to the lack of support from the prominent fraction of society which brings about the consolidation in attitudinal sense in terms of the wide acceptance of democratic procedures and institutions. Constitutionally, Spanish democracy was consolidated by the ratification

of 1978 constitution but more importantly, rule of law was the overriding principal which guaranteed the resolution of conflict through constitutional tools. Thereto, regarding the incorporation of actors in economic domain, the constitution stipulates that the government shall make economic policy with the recommendation and collaboration of the trade unions and other professional, employer and economic organizations (Encarcion, 1997: 403).

However, the focal point for the victory of the PSOE stems from the fact that consolidation is not certainty and it refers to the decrease in costs of possible anti-governmental mobilizations (Bermeo, 1994: 619). In other words, as moderation among the different fractions of political society was maintained, it was understood that Spanish democracy was becoming safer as long as democratic procedures were exercised. In the end, the risk of reversal from democracy through political junctures decreased which would render Spanish trajectory vulnerable.

As PSOE victory has a considerable impact on political domain, it also has substantial contribution to the economic domain. It is argued that delays and decisions may have adverse effects on the economy and the polity, yet; decisions will be inevitable and urgent if there is a harsh crisis, which was the case in Spain in 1982 (Maravall, 1993: 114). In order to alleviate the negative effects of the economic crisis, PSOE government adopted a very much different path for economic reforms compared to UCD government in the early post-transition period. In terms of the economic domain, PSOE government believed that demand-centered policies would not address the country's structural economic problems, and that the growing internationalization of the economy imposed constraints on national strategies (Maravall, 1997: 87). By the PSOE governments, Spain embraced a process of

extremely painful adjustment, involving substantial industrial reconversion and reforms in the capital markets, social security, labour regulations and agriculture; which aimed at establishing the conditions for future sustained growth and eventually paved the way for a modern capitalist economy accompanied with a tolerant pluralist society tantamount to democratic consolidation (Pridham, 2000: 209). When reforms were introduced during the two decades of democracy, they were always market-oriented; whereas the state played a much more active role in the provision of education and health, physical capital, and social policies, rather than in economic protectionism (Maravall and Przeworski, 1998: 4).

Although democracy was consolidated and therefore independent from economic conditions, yet, unemployment was still a major problem with the high rates of 20% during the crisis despite the strong growth during the second half of the 1980s; which means that economic adjustment was carried out at the expense of employment (Maravall, 1997: 94). High unemployment, however, had only limited political consequences in the sense that there was no difference in the level of electoral support for the PSOE among employed and unemployed workers in 1986 (Maravall, 1997: 95). In addition, at the business front, although the businessmen's attitude with respect to the PSOE economic policy had certain components of criticism, they showed their agreement with some substantial aspect of that PSOE policy, such as the wage policy, the measures of temporary hiring and the new lines of industrial reconversion (Jerez, 1992: 18).

In the post-transition period, during the democratic transition and consolidation process, the UCD and the PSOE governments demonstrate convergence in their economic policy choices. Even though it might be expected that they applied

different policies from each other, in comparative perspective, it is observed that post-transition period brings about the pattern of convergence to effectively manage the economic domain.

3.1.6. UCD and PSOE: Convergence Points in Economic Domains

When the policy shifts in economic domains are examined during the PSOE and the UCD governments, certain different patterns reveal. During the UCD government, mass industrialization and the emergence of an increasingly important service sector led to a significant expansion of the middle class (Alexander, 2002: 146). An essential difference between social democratic and conservative policies were the ideas that there was no rivalry between development and equity, that market reforms were congruent with a major responsibility of the state in investing in physical and human capital (Maravall, 1997: 88). In fact, the PSOE government's economic choice was highly orthodox aiming to make the economy more competitive for stability, long-term growth; which required reducing inflation, maintaining a sound macroeconomic framework, cutting the public deficit, and carrying out a number of structural reforms in the sense (Maravall, 1997: 87). When the UCD's economic policies are recalled they were very much delayed in order to realize political transition. In contrast, the PSOE government, by using the advantage of a relatively developed political domain, headed towards economic domain together with the majoritarian of the Parliament.

Table 1: UCD and PSOE governments during the post-transition period

UCD Government	PSOE Government
Minoritarian Government: Pacts and Consultations in Economic Domain	Majoritarian Government: more concrete economic policies
High levels of inflation, trade deficit and unemployment led to dissatisfaction in regards to economic management.	Measures regarding unemployment and inflation were seen as critical. Market reforms were compatible with social state comprehension.
Postponements and delays in economic policies weakened the effective management of political domain.	Orthodox economic and strict monetary policies aimed at stability and long-term growth.
To maintain consensus across the political and economic spectrum, convergence was fulfilled through social policies.	The need to comply with market reforms was inevitable. Economic crisis opened up a reinstitutionalization. Convergence was fulfilled through market economy policies.

The table above presents the difference between the UCD and PSOE governments. It is argued that as the democratic transition process was managed by UCD government which has a center-right tendency, the early years of democratic consolidation process can be characterized by PSOE government with a socialist outlook. It is aimed at revealing the convergence points between two of the processes.

As UCD government had to deal with both transition in political and economic domain, political transition gained significance and economic policies were delayed due to the prevalence of democratic transition. In fact, UCD, being the first

democratic government since the civil war, encountered the classic policy dilemma common in so many post-authoritarian settings in which creating of a new democratic system is accompanied by economic crisis: the choice between compromise and shock therapy (Encarcion, 1997: 406). Although pacts and consultations were the political strategies to mitigate the negative impact of economic crisis, they were politically much more significant due to the establishment of consensus among different fractions of political and economic societies. Consequently, the effective management of political domain was not sufficient although social policies aimed at alleviating the social consequences of economic crisis. However, during the 1970s, there was significant recession and economic crisis together with political volatility contributed to the rapid deterioration of the government's political strength (Maravall, 1997: 86).

When PSOE won the 1982 election, it was advantageous to emphasize on alleviating economic crisis since the political transition was completed and democracy was consolidated. By PSOE government, there was a policy shift in economic domain aiming at strengthening structural conditions through market reforms. Ac a corollary, point of convergence with regard to approaching to free market policies has revealed. For instance, the PSOE, due to the difficulties in setting up fiscal discipline and controlling wage rises, adopted a very strict monetary policy to alleviate the resurgence of the economic crisis which became extremely serious after 1992 (Maravall, 1997: 90).

Policy convergences in the UCD and the PSOE governments demonstrate the consolidation of democracy in the following respect: It can be argued that both UCD and PSOE were the governments that had to cope with institutionalization in political

and economic domain. Especially, UCD had to deal with two simultaneous tasks of institutionalization at political and economic front. Also, PSOE had to cope with economic recession of the late 1970s. As a corollary, both governments met the reinstitutionalization which was attainable through reformation process to encompass the interests of a broad scope of political and economic domain. In this regard, PSOE was successful in the sense that reformation process was managed through converging the structural policies and social policies. Therefore, consensus and reliability are sustained in political and economic domain which was the reason for supporting PSOE despite the high level of unemployment.

Overall, it can be inferred that dynamics 'from below' and 'from above' which paved the way for successful consolidation were carefully managed. When a critical comparison is made between pre-transition and post-transition period, the changes in the Spanish trajectory becomes much more noticeable.

Table 2: Pre-transition and post-transition periods in comparative perspective

Pre-Transition Period	**Post-Transition Period**
International isolation : economic self-sufficiency and protection by tariffs and quotas	1977: confidence-building and primacy of politics in political domain; law for political reform: legalizing Communist Party Pact of Moncloa 1978: enacting the new constitution
1950s: transformation process with gradualism and limited political liberalism from an agrarian toward an industrial power	In economic domain; High inflation, trade deficit, unemployment, collapse in profits, public deficit. Political Uncertainty – slow response by the UCD government. The minoritarian UCD government has chosen pacts and consultations

1960: limited political liberalism and period of economic development. 1959: Stabilization Plan: Economic growth via liberalizing foreign trade and encouraging investment. Organization of working class.	1979: second oil crisis 1980s: deterioration of economy with doubled budget deficit and foreign debt 1981: attempted coup
1973 / 1974: First oil crisis negatively affected Spain's economic progress.	1982: Victory of Socialist Party, the PSOE marks the consolidation of democracy. Orthodox policies: painful adjustments, industrial reconversion aiming at sustained growth and modern capitalist and competitive economy
1975: Franco's death - opening the path for democratic consolidation	1986: European Community membership economically, EC served for financing foreign debt politically, EC served to unify the opposition to Franco

The table noticeably puts forward the significant change from Spain of international isolation to the Spain of international inclusion through the organizations such as the European Union. The early period of post-transition indicates a pattern of pacts and consultations to put Spain at democratization route. From the table, one can argue that there has been a considerable effort for gradual liberalization and stabilization plan in the pre-transition period similar to the early post-transition period of UCD government. The unnoticed point would be the ways in which the gradualism has been exercised in the two different contexts. In the pre-transition period, there cannot be observed an aspect from below although by 1960s working class has started to organize. However, the oppositional and other fractions of the political and economic domain have never been included to the policy-making mechanism. On the other hand, in the early post-transition period with the UCD government, gradualism

was the core pattern which was buttressed with pacts and consultations that would persuade the actors of the wide range of political and economic spectrum that the result of democracy would not threat their core interests as long as they join the decision-making sources. Establishing such an infrastructure paved the way for democratic consolidation by the time that the PSOE government won the elections.

In this regard, the contribution of the robust economic development in Spain to the transition realized indirectly by engendering a more complex and free society in which there were extensive working class protests and strikes regarding economic issues and solidarity demands (Linz and Stepan, 1996: 112). An important characteristic of this period is gradualism and consensus that not a single public enterprise was sold or dismantled until every politically sensitive task -such as enacting a new constitution, decentralizing the state and also creating a new framework for industrial and labor relations- completed. Gradualism and consensus also marked the revamping of Franco's vast and mostly outmoded state-owned enterprises, grouped around the National Institute for Industry (INI) (Encarcion. 2001: 41). All of these policy shifts and convergence points have also enabled the state capacity. Regardless of which government is in the office, from the beginning of the early post-transition period, gradualism and consensus marked the Spanish trajectory. In addition, state capacity was ameliorated through the reformation process that is necessary for the inclusion of actors to the policy-making process.

All these inner dynamics of democratic consolidation in Spain contributed to the international dimension of democratic consolidation which resulted in the EU membership in 1986. Hereby, in which ways did the EU contribute to the democratic consolidation trajectory are noteworthy.

3.2. External Sources to Consolidation in Spain

Until now, the impact of the internal dynamics in Spain has been carefully examined. The analysis derives that there has been a removal of international isolation in the pre-transition period which led to the EU membership of Spain. In this regard, the contributions of the EU anchor, if any, has to be questioned to explain the multi-faceted delineation of democratic consolidation.

It should be noted that favorable conditions of international context also helped Spain to establish a democratic environment through the impact on elites and paved the way for Spain to grow rapidly at the economic front. By 1970, while Spain was under authoritarian rule, she gained full membership in the United Nations, International Monetary Fund and World Bank, and gained associate status with European Common Market which granted many economic benefits to Spanish business (Alexander, 2002: 146). Therefore, it is argued that Spain benefited from a combination of different circumstances: Membership of the European Community, renewed European economic expansion, and a comprehensive program of economic adjustment (Marravall, 1997: 90).

Particularly, in which respect the EU membership relates to Spain's democratization trajectory is a necessary point of consideration since it is aimed at explaining the external source of democratic consolidation. In Spanish experience, it is observed that the EU anchor served through political and economic dimensions. In political terms, Spain's democracy was already consolidated when she finally approved for full EC membership, despite the fact that the EC membership served to unify opposition to the Franco regime (McLaren, 2008: 246). Yet, because the EC was perceived as an emblem of democracy and development, joining the EC was a

crucial step for the consolidation of democracy (Linz et al., 1995: 99). Hence, it can be argued that the EC membership has signified for the consolidation of democracy in Spain at the international level. This broad scholarly consensus regarding the consolidation of democracy before EC membership also proves that the internal dynamics which were exercised since the early post-transition process through reformation process was successful in political domain in a manner of paving the way for the EC membership.

At the economic front, the presence of the EC membership was much more perceptible. In fact, the Spanish economy needed foreign capital in order to finance the trade deficit and during 1980-5 the EC supplied Spain with 52 per cent of its foreign-financed investment; which was increased to 75 per cent in 1986-90 (McLaren, 2008: 79). Therefore, the shape of economic policies was the result of a complex combination of influences stemming from the economic conditions, the European environment, the governments' electoral support, and the intellectual maps of politicians (Maravall, 1997: 94). Consequently, it can be argued that the EC membership may have affected the ways in which the policy shifts were designed regarding economic domain. Hereby, an important impact of the EC anchor reveals: commencing a learning process. Through learning process, the top-down process of Europeanization affected the reinstitutionalization and reformation process by which the economic policies were designed as well as affected the elites whom contribute to the policy-making processes through perceptions and interests. For instance, failure to achieve full EC membership was also perceived by business elites and economic ministers as having extremely negative consequences for the Spanish economy (McLaren: 2008: 245). Thereby, the impact of the EU anchor reveals as two-

directional: One is in a manner of influencing the governments for converging their policies along with the European standards. The other is the impact of the EU on elites in a manner of influencing the policy-making mechanism indirectly by altering the interests and perceptions of elites.

As a result, while the external anchor serves as stimulating the elites' behavior during the reinstitutionalization, it also indirectly deepens the role of elites in democratic consolidation process. Hence, the following question is how exactly can elites play a role in democratic consolidation process? What does the Spanish experience reveal about role of elites, in particular, business elites?

3.3. Role for Elites: Elite Transformation in Spain

There are two controversial views regarding the role played by business elites in democratic transition and consolidation processes in Spain. First view argues that the support of economic elites within Spain was crucial because to democratize a modern, industrial, market economy country, the role of the business community through its collective interest organizations and business decisions were essential since the loss of confidence by business community could contribute to the damage or fail of consolidation (Martinez, 1993: 135). Second view contends that the business class did not oppose democratization yet, it did not play active public role in bringing about democracy despite the fact that the business privately supported democracy (Linz and Stepan, 1996: 112). Another significant argument posits that interests associations can rarely play a leading role in the consolidation process, even though more specialized associations played some role in the earliest phase of the transition

when working class, professional, and even business groups succeeded in discrediting and challenging the indispensability of authoritarian rule (Schmitter, 1995: 287).

In order to test these arguments, one needs to recall the pre and post transition periods. An important point of consideration is that the economy policies during the pre-transition period were favorable for business elites as the country was moving rapidly toward being an industrial power. Hence, it is not expected that business elites have played a primary role in triggering the transition process as they could pursue their economic interests within the pre-transition context. In fact, during Francoism, international isolation was removing toward a more favorable structure to sustain economic growth and development.

However, Franco's death in 1974 fueled a political juncture. This crisis had brought dissatisfaction to the elites regarding the way that the regime works. Hence, political juncture paved the way for the reinstitutionalization. In Spain, a very quick reinstitutionalization ensued by the elite transformation and paved the way for democratic consolidation process.

Elite transformation in Spain has happened in the form of elite settlement. Elite settlements which take place by negotiating the basic disagreements among elites engender two pathways: First is stable limited democracy and second is the consolidation of democracy (Burton et al., 1991: 14). What Linz and Stepan call reforma pactada-ruptura pactada – pacted reform followed by a pacted rupture with the old regime- is similar to an elite settlement (Higley and Burton, 2006: 61). Reforma pactada-ruptura pactada reflects the core characteristic of the democratic transition and elite settlement since the early post-transition period clearly provided

that the pacts and consultations were the driving tools of the Suarez and the UCD government.

Transition to democracy was facilitated through the preferences of political elites. In 1967 Franco restored the monarchy and announced Juan Carlos as the heir of the throne, and when Franco's prime minister Arias Navarro was not willing for democratic reforms after Franco's death in July 1976, King Juan Carlos replaced him with Adolpho Suarez, who had served in the Franco government and was at the time minister of the Movimiento (the Franquist party) in the Navarro cabinet (Higley and Burton, 2006: 62).

Spain's political elites as well as the society at large were polarized along the lines of left and right, incumbents against their clandestine opponents, center against periphery, and monarchists against republicans that required political elites to confront these cleavages (Gunther, 1991: 44). As a corollary, moderation was the dominant element for the policies in political domain. This political strategy resulted in confidence among the wide spectrum of political society that political transition process was being governed successfully. Yet, there was serious dissatisfaction regarding the economic domain. Despite harsh criticism of the Suarez government's ineffective way of dealing with economic problems by significant sector of business, particularly banking sector and certain business leaders, they gave a very strong electoral support to UCD, at least until the 1979 elections (Jerez, 1992: 16). Even though the economic deterioration was resurging, business elites' attitude toward supporting UCD indicated that political junctures had a significant effect in terms of altering the perceptions and interests of the elites. In fact, by the early post-transition

period, small-business owners expected democracy to result in greater civil and political rights and more international contact (Alexander, 2002: 156).

Business positions during the transition could be assessed as moderately conservative and similarly, it was anticipated that this social sector will support the continuing consolidation of democracy in Spain; given that once the Socialist were in government they did not pursue a radical policy (Jerez, 1992: 18). In this regard, it should be noted that governments and parliaments may never implement laws and regulations if there is resistance of organized interests (Schmitter, 1995: 284). Therefore, business elites' confirmation of the economic policies was a significant part of consolidating democracy.

The post-transition period is remarkable in the sense that the employers organized collectively with regard to the corporatist character of pre-transition period during Franco. In fact, during the pre-transition period there was an absolute superiority and dominance of the private banking sector with respect to the industrial enterprise and the monopolistic and oligarchic character of that banking system (Jerez, 1992: 2). During the Franco regime, Spanish Syndical Organization known as Vertical Syndicate was the core of Franco's corporatist strategy that had a highly institutionalized nature and had the control of labor relations and many other aspects of production until the end of dictatorship in 1976 (Foweraker, 1987: 59). While Franquism demolished parliamentary democracy and autonomous working-class organizations, repressive labour policies were implemented, democratic unions were banned and collective bargaining eradicated (Garcia and Karakatsanis, 2006: 117). In contrast, industrialists' organizations were very weak during Francoism but strong trade unions triggered the setting-up of employers' organizations in post-transitional

context (Perez-Diaz, 1986: 6). By 1970s, this characteristic of business society has started to change by the inclusion of new actors and economic liberalism. Especially, throughout the 1960s and 1970s, a new industrial bourgeoisie, and new directors in the banking and industrial sector have evolved (Jerez, 1992: 7). This can be ascribed to the Spanish growth model during the 1960s-1970s with significant economic growth.

In 1977, Confederation of Employers and Industries of Spain (CEOE), the top businessmen organization was founded and it speaks to the Government, Civil Service, Unions, Public Opinion through the news media and other political and social institutions[1]. However, there was significant attempt to reorganize the employers in November 1975 when by Franco's death the old system of collective interest representation finished (Jerez, 1992: 10). Hence, Franco's death as a critical juncture, paved the way for reinsitutitonalizing the business sector in terms of representing their interests to the policy-making mechanism. This is particularly significant because interests must be organized by economic sector or professional specialization and they must perform a prescribed set of tasks (Schmitter, 1995: 296). To the extent that interests are collectively organized, reformed and represented, democracy can be understood as consolidated since it would give a room for maneuver to the policy-makers in a manner of sustaining confidence and moderation.

The CEOE is successful in the sense that it was able to to embrace a very wide spectrum of sectoral interests –industry, commerce, insurance, banking, and even agriculture- and was important for including a major association representing small

[1] http://www.sispain.org/english/economy/ceoe.html

and medium-size enterprises, the CEPYME (Schmitter, 1995: 308). Capital controllers have an advantageous position in the sense that they desire to expand their interests in political markets when solely economic means cannot produce preferred outcomes (Martinez, 1993: 48). This feature of the business illustrates that by the post-transition period, the business had a perception of not only participating in the solution of economic issues through economic tools but practicing the political tools was a necessity of democracy.

The organization of business has a reactive characteristic (Martinez, 1993: 49). In other words, business is able to get incorporated to decision-making during the process of reinstitutionalization after economic deteoriations. To illustrate, confederations in Spain have been repeatedly successful in organizing broad, intersectoral responses to government actions or capitalist resistance (Schmitter, 1995: 310). The reactive characteristic of the CEOE has led the organization to deal with economic issues at the political level. This feature has engendered a mutually reinforcing position since both business and the government was willing to negotiate and redefine certain issues regarded as problematique. For example, when PSOE was in power, businessmen of large firms were open to the possibility of seeking solutions with left deputies which can be perceived as a benefit of an extensive degree of maneuverability granted by business sector to PSOE (Jerez, 1992: 17). In this regard, the ability of business sector to be a component of policy-making demonstrates that democracy is consolidated as business sector with its reactive characteristic can be attached to the reinstitutionalization and as a result, can affect the necessary reforms in the reformation process.

3.4. Remarks about Democratic Consolidation

Within three-dimensional framework that connects state-elites-EU, it is observed that consolidation of democracy had both from above and from below aspects. It can be derived from this delineation that the EU as an external anchor had a from above impact in the sense that it has functioned as a mechanism to alleviate the negative effects of economic problems. Nevertheless, the EU, as an external anchor, has triggered the learning process through which the elites as a dynamic from below adjust their perceptions and interests with the aim to become a credible actor in international arena.

Throughout the Spanish experience, it is observed that political and economic crises were remarkable to determine the route of democratization. In this respect, as political and economic junctures paved the way for how to institutionalize certainty among a wide spectrum of Spanish society from political to economic domain, reformation process provided that convergence in policy-making to maintain moderation and confidence was the overriding pattern throughout the post-transition period. Henceforth, what renders Spanish case as a credible point of reference is the robust elite transformation in the form of elite settlement in the reinstitutionalization. In fact, elite transformation embarked on the democratic transition and brought about positive support by big business and positive signal from the EC. Although political elites seem to affect the democratic transition and further consolidation in the first place, consolidation requires not merely political elites. If Spanish democracy had lacked positive support by business elites, democracy in Spain might not find the chance to deepen in a manner of rendering democratic consolidation. Moreover, without the inclusion of business elites and the organization of collective interest, the

democratic transition could only be limited to stable democracy. Hence, actor-based explanation is remarkable in the sense that it captures elites as the intrinsic components that can deepen the democratization trajectory in a manner of consolidating democracy. Nevertheless, in this chapter structural conditions such as economic growth, unemployment or recession have been highlighted in order to demonstrate that they can trigger the aspects from below such as changes in interests of economic and political society in a manner of organizing collectively.

From this actor-based delineation, Spanish experience reveals the following concrete arguments: First, it is highly important to manage effectively political and economic junctures through critical decisions and policies. To do this, the government has to follow the pattern of moderation through consultations and pacts in the reformation process. With gradual steps through policy-making, the reliability of the actors has to be sustained in order for actors to invest their core interests in the democracy. Second, as a corollary of moderation, the pattern of convergence in policy shifts is highly important to respond to the interests and perceptions of elites in the economic as well as political domain. By doing so, elites may choose to follow the patterns within democracy knowing that democracy can never threat their core interests. Third, although these internal dynamics seem to be sufficient, elites may consider more interaction through the world via international organizations. In this sense, European Union has the important linkage to the internal dynamics by starting a learning process. Through learning process, actors both at the economic and political domain sustain the convergences in economic domain while at the same time maintaining that democracy has reached the desirable standards. Last but not least, Spanish case reveals that organization of collective interests is significant not only to

represent interests and perceptions but also to channel the priorities of elites to the policy-making mechanism. Hence, the more elites know that they are incorporated to the policy-making mechanisms, the more they will be willing to redefine their interests within the contours of democracy. Consequently, the relationship between business elites and democracy gains a mutually reinforcing characteristic and the reversal from democracy eradicates due to lack of support by an important fraction of society.

CHAPTER 4

TURKISH DEMOCRATIZATION TRAJECTORY AND ROLE OF BUSINESS ELITES

This chapter attempts to analyze Turkish path of democratization within the contours of state-elites-EU triangle. By doing so, it is aimed at emphasizing the trajectory of Turkish democratization by determining the political and economic junctures in the historical context. In this chapter, an attempt will be made to underscore the from below dynamics of democratic consolidation; yet at the same from above aspect will be highlighted to delineate the trajectory of Turkish democratization.

In comparative respect, Turkish experience with democracy is as intricate as the Spanish model of democratic consolidation. With respect to the previous chapter, Turkey has also the inner dynamics and outer dynamics. While the former refers to the junctures in political and economic domain, the latter refers to the external anchor of international organizations. In this regard, Turkey and the EU relation deserves particular attention since the EU as an external anchor acts in a manner of influencing the from below aspect of democratic consolidation such as the elites interacting across

political and economic domain. In addition, the EU has also impact on the from above aspect of democratic consolidation as it entails alterations regarding political and economic domain within the framework of Copenhagen criteria. In the June 1993 Copenhagen meeting of the European Council, it is agreed that following criteria will be applied to all the candidate countries: Politically; stable institutions guaranteeing democracy, the rule of law, human rights and the protection of minorities, economically; the existence of a functioning market economy and the capacity to deal with competitive pressure and market forces within the EU, finally, the ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union (Yilmaz, 1999: 4).

In order to examine how successful Turkey is in regards to consolidation of democracy, this chapter will trace back to the democratic transition period of Turkey. In fact, Turkey's transition to democracy has been realized in 1946 with the transition to multiparty system. However, political crises through military interventions slowed down the democratization process and delayed the consolidation process. In fact, the cyclical nature of democracy between the 1950-1980 periods show the inherent weaknesses regarding the extent of commitment to democratic values and the way that democracy has been institutionalized in Turkey (Onis, 1992: 7). In effect, military interventions in political domain in 1960, 1971 and 1980 and parallel experiences with economic difficulties in economic domain culminated in the manner in which elites form their interests.

Therefore, within the contours of state-elites-EU framework, this chapter attempts to highlight the transition and consolidation processes of Turkey while at the same time an attempt will be made to analyze the relation between business and its

role in the democratic consolidation process. Last but not least, the impact of the EU as a credible actor for consolidating democracy will be illuminated.

4.1. Transition to Democracy: Reinstitutionalizations after Military Interventions

Turkey's democratization process traces back to the establishment of Turkish Republic in 1923. In that period, Turkey had a single party that is Republican People's Party (RPP) until the transition to electoral democracy in 1946. Therefore, 1946 can be a reference point in terms of determining the pre-transition and post-transition periods of Turkey's democratization process. In the post-transition period, which started by transition to multiparty system, parliamentary democracy has been the norm however, instability occurred with the military interventions in 1961, 1971 and 1980 (Onis, 1992: 7). Therefore, with the military interventions, democratic procedures were held and after each military intervention, the reinstitutionalization occurred which had an impact in regards to altering the perceptions of actors in the political and economic domain. While ruptures in democratization process occurred, reinstitutionalization efforts of governments attempted to revitalize the economic and political performance. Recalling that the reinstitutionalization emerges after economic or political junctures, the elite unity in political domain and organized business elites facilitate the recovery needed after junctures in economic or political domain. Hence, reinstitutionalization evolves because internal dimension aims at nurturing the policy-making through the reflection of elites' interests and perceptions. Besides, as elites constitute one component that fosters reinstitutionalization, the presence of an external anchor such as the EU, also helps to maintain recovery by conditionality and necessary political and economic reforms to become a member. In addition, the

reinstitutionalization leads to reformation process. In the reformation process, political and business actors integrate with the policy-making process in a manner of complying with the reforms that internal and external dimensions necessitate. This conceptualization is necessary because change or continuity at economic and political fronts becomes visible at the overall picture of democratization along with the role of elites in this process. Therefore, the change or continuity in economic or political domains is highly important to observe whether or not actors' perceptions are altered. When applied to the business elites, their relation to the democratic consolidation process of Turkey can be better explained if the policy shifts in economic or political domain can be delineated.

Regarding the statement above, in the post-1923 period, one of the main objectives of newly established Turkish Republic was to accelerate modernization of Turkish economy and ultimately Turkish society with policies designed to provide incentives in the form of capital; for instance, in 1927 Law for the Encouragement of Industry passed the Turkish parliament which included measures to encourage domestic industrial development (McLaren, 2008: 82). Before the transition to democracy in Turkey, the state economic enterprises (SEEs) established during the 1930s were the driving force of economic growth (Onis, 1992: 7). An important characteristic of 1930 is that it marks the beginning of new economic policies such as protectionism and inward-oriented industrialization headed by the state sector (Altug et al., 2008: 400). As Turkish economy was characterized by mixed economy, government tried to create major industry through tight measures referred as etatism which helped to realize a considerable progress towards industrialization (McLaren, 2008: 82). After transition to democracy in 1950, Democrat Party (DP) came to power

with the support of all sections of bourgeoisie and implemented a policy toward transferring the ownership of state economic enterprises to private capital and reliance on agriculture (Pamuk, 1981: 27). The government came to power with the objective to relax statist policies and encourage private enterprise (McLaren, 2008: 83). Hence, a clear-cut distinction can be seen in economic domain when comparing pre-transition period to post-transition period of 1950s. It is observed that a shift in economic domain occurred from mixed economy, wherein the state apparatus acts as a regulator of economic activity, to a liberal economic structure. In this new structure, 1950s are remarkable since Turkey settled on import-substituting industrialization (ISI) headed by private sector (Altug et al. 2008: 400).

Despite the fact that economic policy of DP was beneficial to the business community, business community turned its back to the DP because the economic boom that kept the businessmen satisfied was largely superficial and expected investments from private and foreign enterprises failed to occur (Gursoy, 2008: 308). The problem in the economic domain during this period was largely due to the fact that economic progress was generally financed with the government budget that had chronic debt problems (McLaren, 2008: 84). Besides, foreign exchange crisis of the mid-1950s imposed limitations and difficulties and as corollary import substitution industrialization evolved as a response to this economic downturn (Pamuk, 1981: 27). On the other hand, 1950s was the period of populist policies especially towards agriculture wherein the majority of the population was agricultural and political and economic powers has rested with narrowly defined elite (Altug et al. 2008: 417). In addition, while at the economic front certain measures such as granting foreign companies the right to search for oil were regarded inefficient, at the political front,

anti-secularist policies and using religion to gather vote paved the way for 1960 military coup (Heper and Keyman, 1998: 264). This negative atmosphere due to economic and political problems paved the way for the reinstitutionalization. Hence, the end of 1950 and the beginning of the 1960s mark the first cycle of reinstitutionalization period in the Turkish democratization path.

4.1.1. Reinstitutionalization during 1960s

Reinstitutionalization during 1960 after the military coup required political restoration together with constitutional renewal as well as economic restoration. In that sense, the 1961 Constitution had reinstitutionalized the state and expanded the scope of basic rights and liberties yet the development of ideologies on the Left and the Right which led to the gradual crystallization of a class conflict could not be prevented (Heper and Keyman, 1998: 265). While Turkey has encompassed a new, more liberal and a wide-spectrum of rights of expression, a new division of labour between the state and private sector revealed which reflected the changing context of political sphere (Altug et al. 2008: 416). Hence, while constitutionally Turkey was rather successful in retransition to democracy at the constitutional level, in economic domain, Turkey faced cleavages across the wide-spectrum of society. For instance, in the 1960s, the implementation of ISI strategy caused conflict in business community pitting commercial groups against industrialists as well as small versus big enterprises (Gursoy, 2008: 309). Therefore, it can be argued that one of the missing elements in the Turkish democratization trajectory was the consideration regarding to sustain consensus by satisfying all fractions of business community. In spite of sustaining a stable moderation at the society level, the major concern has been the top down process of structural alterations which does not end up with societal consequences

such as diminishing cleavages between ideological differences along left/right distinctions or planned/unplanned economic frameworks.

The Turkish economy during the 1960-1978 periods was distinguished with the institutionalization of ISI regime through First Five Year Plan in 1963 which engendered economic growth based upon consumer goods (Onis, 1992: 8). During the 1970s, in political domain, an ideological polarization was increasing and affecting terrorism on the part of left-leaning and right-leaning groups which paved the way for a 'soft' coup in 1971 which warned the center-right government to smoothen the tone (McLaren, 2008: 60). After this soft coup, some amendments were added to the constitution which was strengthening the executive by giving decree powers, diminishing some civil liberties and increasing the autonomy of the military by excluding it from civilian control (McLaren, 2008: 103). This period is important because it displays certain measures which were designed to prevent the political and economic turmoil at the expense of weakening democratic procedures. Thereby, after the military intervention in 1971, an effort for initiating the reinstitutionalization had been made.

4.1.2. Reinstitutionalization during 1970s

With the period of 1970s, Turkey has reached to the process of reinstitutionalization due to the political and economic turmoil that the state was going through. Especially, the developments at the economic front are critical to analyze the need for a reformation process which requires close interaction with the business elites in order to produce policies based upon consensus.

The stabilization measures introduced on August 10, 1970 undertaken by Justice Party led by Suleyman Demirel, represented the wide ranging and successful stabilization program including measures of a series of new taxes and devaluation of the currency (Barkey, 1990: 154). Although the stabilization program was regarded successful in terms of its content, it was not able to prevent the upcoming foreign exchange crisis which paralleled with the oil shocks at the international level. As a corollary, a harsh foreign exchange crisis accompanied with economic and political effects has intensified in Turkey since 1977 (Pamuk, 1981: 29). For instance, exclusion of labor from decision-making process was the corollary of the elimination of right to strike and union activity during the late 1970s (Onis, 1992: 10). The events in 1970 were critical in the sense that they affected the state-business relations and the implementation of the 1980 measures (Barkey, 1990: 154). During the 1980s, the imposition of a compulsory incomes policy was a distinguishing characteristics since it resulted in a critical shift in income distribution away from wage earners (Onis, 1992: 10). On January 24, 1980 a set of measures were introduced and represented the end of the ISI era in Turkey (Barkey, 1990: 154). The January 1980 measures angered the unions since they were excluded from the decision making process and violent strikes became increasingly common that stimulated the military to intervene as a short-term consequence of January 1980 measures (Onis and Webb, 1994: 161). The crisis of the late 1970s which culminated in the January 24, 1980 stabilization program and the September 12, 1980 military intervention was highly severe (Barkey, 1990: 99). Compared to military interventions in 1960 and 1971, the 1980 military regime had more far-reaching aims including not only to restructure the constitutional framework of the state but to change the political behaviors of people and to de-

politicize the whole society in order to avoid from political and ideological fragmentation and polarization which had characterized pre-coup Turkey (Dagi, 1996: 125). In fact, this period clearly represents the mutual interaction of the economic and political crises. It was an amalgamation of difficult economic conditions and a tense political atmosphere, disrupted by violence and uncertainty (Barkey, 1990: 99). Since reformation process during the 1970s did not absorb the wide-spectrum of society, the policy-making procedures were not able to reflect elites' perceptions which might have a positive impact in terms of crediting the reinstitutionalization. On the contrary, the reinstitutionalization has been reversed by the increasing political turmoil and worsening economic conditions. This ineffective nature of reformation process ended up with military intervention.

4.1.3. Reinstitutionalization during 1980s

The 1980 military intervention initiated another reinstitutionalization in order to realize reforms at the political and economic domains. Therefore, 1980 military coup required twin transitions at the economic and political dimensions. The new 1982 constitution attempted to centralize power and to allow strong, formal supervision powers for the military and presidential powers were increased while at the same time universities returned to state control, political parties were restricted from forming auxiliary branches, labour unions and other professional associations were restricted from participating in politics (McLaren. 2008: 60).

After 1980 military intervention, returning to parliamentary democracy resulted in the victory of Motherland Party and Turgut Ozal remarking the period of post-1983 with strong commitment to liberalization in economic domain (Onis, 1992:

11). In this period political liberalization has been embraced, while a strong commitment to structural adjustment and economic liberalization within the context of market-driven and export-oriented policies were pivotal for the economic transformation after the experiences with state-led development strategies (Sayari, 1998: 31). At the economic front, one outcome of the 1980 coup was to diminish the power of the workers and trade unions and second was to implement a series of trade and financial liberalization measures to open up the Turkish economy to the rest of the world (Altug et al., 2008: 417). However, a major problem that Turkey faced during the transition from import-substitution model to neo-liberal reforms was that the parallel institutional adaptations from an inward-oriented developmentalist state towards an outward-oriented competition state did not take place (Onis, 2009: 411).

As entering the 1990s, the challenges that Turkey had been facing were twofold: Consolidating democracy and expanding democracy to involve broadening human rights and political discussions of economic interests while at the same time renewing the efforts at economic reform (Onis and Webb, 1994: 179). By the 1990s, the Turkish model of modernization had reached a gridlock both at the economic and political front: Economically, development pace was insufficient in regards to generate increasing living standards, while politically, democratic order was unsuccessful to adapt societal demands for greater recognition and participation (Onis, 2006: 281). In contrast to the 1980s, the 1990s was characterized by the war against terrorism in the southeast which negatively influenced investment; besides, 1990s represented the successive weak coalition governments without the necessary political will and the capacity to impose fiscal discipline and create an environment conducive to sustained economic growth (Onis and Bakir, 2007: 151).

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In April 1994, Turkey faced an economic crisis due to a growing current account deficit which was the outcome of a real appreciation of the exchange rate that undermined the growth of the export sector and only inflows of primarily short-term capital could cover the deficit (Heper and Keyman, 1998: 269). Yet, the crisis was short-lived and it was quickly recovered which indicated that the behaviour of policy-makers and, hence, the fundamental imbalances in the Turkish economy were not reversed (Onis and Bakir, 2007: 152).

As Turkey was experiencing economic crisis during the 1990s, this period is remarkable in terms of the relations with the EU by the start of Customs Union Agreement. Nevertheless, the combination of conditions and incentives accompanying Customs Union Agreement without the prospect of full membership was insufficient to prevent the anti-reform forces in Turkey which culminated in severe turmoil characterized by economic instability, Islamic resurgence and violent ethnic conflict (Onis, 2006: 282). By the early periods of 2000s, Turkey has faced another wave of financial crisis. In contrast to 1994 economic crisis, February 2001 crisis was dramatic in terms of its impact and intensity since the crisis revealed the inherent structural deficiencies of the economy, particularly in the public banks, which could not be eradicated by additional liquidity into the system (Onis, 2009: 415). Therefore, reinstitutionalization in the economic domain occurred and it was maintained by the twin anchor of the IMF and the EU together with structural adjustment program and EU conditionality.

A new party with Islamist origins, AKP, has been leading the strong economic recovery since the financial crisis of 2001 by implementing private-sector-friendly policies at the domestic level, and at the international level by adjusting IMF and EU

anchors to help the emergence of significant improvements (Altug et al., 2008: 418). The new government was able to increase the pace of economic and political reforms which paved the way for a more favorable environment encouraging economic reforms together with closer relations to the EU (Onis and Bakir, 2007: 156).

Overall delineation of Turkish democratization trajectory reveals certain characteristics. First, the reinstitutionalizations dealt with the economic and political transitions which were attempting to determine the rules of the game. As a result, reformation process should have included the important sections of society in order to produce policies that would satisfy the domestic actors and eventually would lead to crediting the reinstitutionalization. However, the picture so far depicts that exclusion of important actors constitutes another important characteristic in the Turkish democratization trajectory. Another central characteristic is related to the civil-military relations. Since reinstitutionalizations are products of military coups, it can be argued that reformation processes have been ineffectively used on the way to generate the economic and political reforms that are expected. As this argument does not justify the military interventions, it puts forward that reformation process is a critical process that can either lead to democratic consolidation or may put the democratization trajectory into a vicious cycle wherein multiple reinstitutionalizations take place.

The next section will highlight the importance of an external anchor, the EU, in the context of Turkish democratization trajectory. By doing so, the impact of the anchor on the inner dynamics will be highlighted. Hence, the main question that is to be explored is whether the EU anchor is credible enough to foster democratic consolidation process.

4.2. Importance of the External Anchor: the EU and its Credibility

From a historical viewpoint, Turkey and EU relations point out the potential for vicious circles of ruptures yet at the same time for virtuous circles of political and economic integration (Diamond, 1996: 270). In parallel with the inner dynamics of Turkey, the EU as an outer dynamic can significantly influence the Turkish trajectory of democratization. While the EU can influence Turkey through 'from above' aspect with criteria and conditionality, it can also be an impetus for triggering a domestic change through the important domestic actors. In this context, it is argued that domestic change in Turkey would be explained straightforwardly through linear relationship driven by EU conditionality however, such a linear relationship cannot generate an extensive reform process in Turkey (Tocci, 2005: 75). Therefore, the indirect effect of the EU on the domestic change through the actor linkages is a necessary point of consideration in terms of explaining the role of business elites in democratic consolidation process.

An important point of consideration when assessing the Turkey-EU relations is that the absence of a firm prospect of early membership in the first place tends to limit the ability of the EU to accomplish a remarkable transformation in improving the economies and the democratic credentials of countries located on her periphery (Onis, 2006: 282). As the full membership raises the expectation from the EU anchor and increases the credibility of the EU, the ambiguity of the Turkey-EU relations diminishes the motivation of a willing country and may create fatigue in terms of realizing necessary reforms both at the state and at the elite level.

The Turkey-EU voyage is noteworthy to observe its impact on elites. In fact, as elites may aspire for domestic change both at the economic and political domains,

they may also intend to take the lead for democratic consolidation. This tendency may nurture the 'from below' aspect of democratization, and voluntarily organized business community as a component of civil society, would take the lead for insisting on rapid reformation at political and economic domains. Therefore, civil society is regarded as a subject and an object in the reform process of European integration (Tocci, 2005: 81).

When the Turkey-EU relations are considered, certain periods of ups and downs reveal. The Turkey-EU relations traces back to 1959 which corresponds to Turkey's application for associate status with the European Economic Community (McLaren, 2008: 249). However, only after twenty-three years had elapsed in April 1987 since the Ankara Agreement was signed Turkey applied for full membership of the EC (Diamond, 1996: 267). Yet, instead of a positive response, it was decided to reactivate the CU agreement as the natural corollary of the long-standing Ankara agreement of 1963 (Onis and Bakir, 2007: 151). While the membership application to the EC headed by the Ozal government was aiming at opening European markets for Turkish exporters, the EC had a crucial place since the business community and the governing elite were aware of the need for complying with global norms both in economic and political domain by restoring democracy (Ulusoy, 2009: 373).

In November 1992 Brussels sought to invigorate the Turkish-EC Association Agreement by using it to promote a political dialogue as well as a customs union however, this strategy has faced some obstacles due to the harsh crisis in Turkish economy putting into question the feasibility of Customs Union (Diamond, 1996: 270). Here, there is an overlap of inner dynamics with outer dynamics. In fact, 1990s signifies for political and economic turmoil in Turkey which soon resulted in 1994

financial crisis. In parallel, despite the high ambiguity regarding the Customs Union, Customs Union Agreement was signed in 1994 within this vague political and economic environment.

At the Helsinki European Council meeting in December 1999, Turkey was given an official candidacy for entry to the EU (McLaren. 2008: 251). As long as Turkey fulfilled the political aspects of the Copenhagen criteria, accession negotiations could begin; but due to the financial crisis in 2000s and the divergent view of coalition government composed of Democratic Left Party (Demokratik Sol Partisi-DSP), the Motherland Party (Anavatan Partisi-ANAP) and the Nationalist Action Party (Milliyetci Hareket Partisi-MHP), Turkey started its major political reforms towards the end of 2001 (Muftuler-Bac, 2005: 22). An important development in Turkey-EU relations was the Copenhagen Summit of 2002 which signaled the opening of accession negotiations and it was followed by decision of the EU Council in December 2004 to start accession negotiations and finally the October 2005 decision to actually initiate the negotiation process (Onis and Bakir, 2007: 156). This period indicates that there was a visible political will to undertake grass-root reforms aiming at strong economic and political transformation within the process of democratic consolidation.

By the smoothening of financial crisis in 2001, reforms have been accelerated between 2002 and 2004. The December 2004 European Council decision regarding the start of accession negotiations with Turkey in the following year was clearly an encouraging development that helped to sustain the positive investment climate (Onis and Bakir, 2007: 159). Economic crises in November 2000 and February 2001 created a severe unemployment and bankruptcies and led to the support of EU among big

business as well as international investors due to the need for a permanent EU anchor as opposed to temporary IMF discipline for establishing durable economic growth and avoiding future financial crises (Onis, 2006: 284-5). The EU has become an important anchor from 2001 onwards as business actors at the domestic and international level were confidently able to pursue both the economic and political components of the Copenhagen criteria (Onis, 2009: 417). However, the post-2001 crisis period is respectively a much more critical point since the very depth of the crisis had created public support for the reform process and helped to increase the power of external anchors to push forward for reform (Onis and Bakir, 2007: 161). Henceforth, not the conditionality per se but the inner dynamics was decisive for determining the Turkish economic and political trajectory and leading the way for reformation process. In fact, as the 2001 and 2002 economic crises necessitated the reformation process and hence triggered the domestic actors to pressure for grass-root reforms, the EU has become an important component of the reinstitutionalization. Through reinstitutionalization, the EU functioned as an anchor that cements both the governing elites and domestic actors; such as business elites to reconcile the necessary reform agenda. As a corollary, democratic training in the sense that Turkish businessmen and business associations have been socialized into democratic norms and values played an important role to stimulate Turkish business class toward supporting democratic reforms (Yilmaz, 1999: 6). In this process, the role played by the EU which is to accelerate the reform process in Turkey by its powerful and credible signals helped the development of a virtuous circle and reshaped elite opinion in Europe towards the Turkish membership (Onis, 2006: 286). Despite the positive view on the elites' side regarding the EU full membership prospect, the relations have again come to a point

of silence. Within this context of the EU-Turkey relations, whereas the period from 1999–2004 refers to the improvement in the relations, the period since 2004 can be regarded as the downward phase (Onis, 2007: 258). The delineation of the EU as an outer dynamic may refer to direct linkage and a structural explanation for the impact of an external anchor, however; it is needed to identify the indirect relation and bring in the actor-based explanation for democratic consolidation.

In this sense, to assess the role played by business elites within this delineation, the following section will attempt to bring the perceptions of a voluntarily organized business association, Turkish Industrialists' and Businessmen's Association (TUSIAD). Clarifying the reasons for why TUSIAD was chosen, it will be attempted to analyze the role of business elites in Turkey during the process of democratic consolidation with particular reference to EU.

4.3. Role for Elites? The Case of TUSIAD

4.3.1. Significance of Business Elites

Role for elites in the case of democratic consolidation has a particular importance since constructive relations between state and key societal groups are crucial for the simultaneous pursuit of economic adjustments and consolidation of democracy (Onis, 1992: 6). Elites, with their ability of influencing policy-making processes and intention to consolidate economic and political reforms, engage with from below aspect of democratic consolidation. Therefore, the ways in which the business community perceives and contributes to the democratic consolidation process is particularly important for determining the route of democratic consolidation process.

The role of business associations in Turkey has both change and continuity: While change lies in the increasingly articulate demands of a portion of business community to join the social and economic policy formulation and implementation processes, continuity lies in the expression of private sector throughout the Republican period that they want to adhere to policy formulation processes (Bugra, 1994: 256). However, as a historical trend, legitimization of interest group activity has never been an utmost demand of business community and in parallel, it is observed that business organizations cannot easily develop and become effective in Turkey in a way of promoting specific business interests (Bugra, 1994: 256-7). While it might be expected that attitudinally -meaning that the idea of democratic procedures and institutions are the most suitable way to govern collective life in a society- democratic consolidation can be strengthened through the endeavor of certain actors, the particularistic ties between state and society prevents the consolidation process from below as actors may engage with non-democratic procedures. To illustrate, in the case of Turkey, a paradoxical situation occur which is that the strengthening of the business community did not culminate in the weakening of particularistic ties but it brought the parallel strengthening of negotiations through non-associations ties (Bugra, 1994: 257). Consequently, in the case of Turkey, patronage politics have been the main obstacle for business community to foster the from below aspect of democratization by contributing to the policy-making processes. Henceforth, it is argued that one expectation of businessmen from democratization is to destroy leaders' oligarchy which is a political class that have been maintaining privileges through patronage networks and to transform it in a responsive way to business and economic interests (Yilmaz, 1999: 8). In this regard, it is necessary to underline that

business elites are an important part and parcel of democratic consolidation because they may insist for the alterations in the way that democracy is performed within the context of state-society linkage. Henceforth, it is quite important to highlight the changing perceptions of business elites. In addition, whether they can be incorporated to the policy-making processes should be questioned since their contributions may find reflection upon the policy-making mechanisms and thus create much more reliable policies based upon consensus.

4.3.2. Why TUSIAD? Characteristics and Stance in the Business Community

Business community in Turkey is not a case of homogeneity. In fact, business elites are being represented by different organized groups which make the nature of business community a fragmented one. In Turkey, a form of organizational specialization is embraced which on one side represents the interests as producers (trade associations) and on the other side interests as employers (employer associations) and there are three peak associations: the National Union of Chambers of Commerce and Commodity Exchange (TOBB), Turkish Confederation of Business Employers' Unions (TISK) and Turkish Industrialists' and Businessmen's Association (TUSIAD) each with different functions and memberships (Schmitter, 1995: 298). In recent years, in addition to these three peak associations, Independent Industrialists' and Businessmen's Association (MUSIAD), established in 1990 has also begun to raise its voice on certain aspects of political and economic domains in Turkey. In fact, MUSIAD as a business association with an Islamist orientation, including small and medium scale firms and a limited number of large companies,

developed close links with the Islamist Welfare Party (RP) who was influential during the mid 1990s as a major force (Onis and Turem, 2002: 447).

Within this fragmented nature of business community, there are certain reasons for why TUSIAD is chosen to analyze the role of business elites in democratic consolidation. In fact, TUSIAD as a voluntarily based business organization has an active characteristic and comprehensive approach to democratic consolidation, sustainable commitment to EU membership prospect and democratic reforms. Periodically published reports on democracy issues and European Union membership prospect and pronouncement by heads of TUSIAD justify these features of TUSIAD as will be discussed below.

In this sense, TUSIAD identifies herself as a "voluntarily based civil society organization to which the leading representatives and managers of the business world are members of, the organization is composed of approximately 600 members and an estimate of 2500 companies that these members represent on behalf of Turkey's major industrial and service establishment."[2] Despite this structural power of TUSIAD in terms of her weight of members and dominance in the industrial sector, it would be misleading to argue that TUSIAD has been the sole business association that represents the whole business community. Especially, when traced back to the 1980s, business community had a fragmented nature and comprised of TOBB and TUSIAD as two main organizations (Onis and Webb, 1994: 143). In comparative perspective, a significant difference between TUSIAD and TOBB is observed. To illustrate, TOBB is a large-scale organization which does not have definite interests and is financed by

[2] TUSIAD, http://www.tusiad.org/Content.aspx?mi=1_43.

the government whereas TUSIAD embraces the elite of the business community, namely the large-scale conglomerates and is a voluntary associations required by law to act in the public interest (Onis and Webb, 1994: 144). In this respect, TUSIAD is distinguished as the organization of a group of big businessmen who is aware of the importance of social consensus and produces approaches for the establishment of a political and economic environment wherein the business community would have a concrete and non-contested status (Bugra, 1994: 248). Therefore, TUSIAD is significant in terms of challenging non-democratic behaviors across political and economic domain, pushing forward for political reforms and stimulating the relations with outer dynamics. In this context, the foundation of TUSIAD in April 1971 with twelve businessmen, was crucial because until that time, the business community had been represented exclusively by TOBB, a semiofficial organization and more importantly, big business emerged as a crucial political actor in Turkey in terms of both defending its collective interests and a collective concern about the social, political, and economic problems of Turkey (Onis and Turem, 2002: 442). In this regard, TUSIAD has arisen as a decisive actor not just because of being an interest group but also a crucial political actor. This reflects upon the role of TUSIAD in Turkish politics and possible implications for democratic consolidation in Turkey. In the speech given to the 40th General Assembly by the President of the Board of Directors, Ms. Umit Boyner on January 21, 2010 clarified TUSIAD's role with the following statement:

"TUSIAD is Turkey's most effective, intellectually consistent, independent civil society organization. TUSIAD is not an interest group, but Turkey's most important pressure group. That is why, in spite of being commended so highly over the years by

governments and opposition alike, `TÜSİAD doesn't mind just its own business'. TUSIAD is not some 'random' association. TÜSİAD is not a conformist association." (Umit Boyner, January 21, 2010).[3]

This definition of TUSIAD puts forward that TUSIAD has an active characteristic in terms of her position vis-à-vis the government regarding the political and economic domains. Hence, TUSIAD, along with her structural power, aims at implying relational power, which accordingly would enhance the capability of TUSIAD to be a part of policy-making mechanisms both in economic and political domains. Henceforth, consolidating democracy may become strengthened since the alterations in political and economic domain will be based upon consensus. This feature of TUSIAD gives her an outlook of comprehensive approach to democratic consolidation in terms of complying with political and economic reforms and with the EU membership process. This long-term commitment to democratic consolidation and active role to influence reformation processes differentiates TUSIAD from other organizations.

The distinct characteristic of TUSIAD is also due to the divergences within the elites in the Turkish context. This divergence has become visible by the emergence of MUSIAD in 1990s as an alternative organization for businessmen. While TUSIAD is a representative of large-scale business in Turkey with an immense impact on the economy and heavily concentrated membership in Istanbul and the cities of the Marmara region, MUSIAD enjoys a larger membership dispersed all over the country

[3] http://www.tusiad.org/FileArchive/UmitBoynerSpeech_TUSIADGeneralAssembly_ENG.pdf

but with particular presence in the inner Anatolia region, representing the economic and political challenge of the rising Anatolian capital (Onis and Turem, 2002: 448). These two organizations have points of convergences as well as divergences in their approach to democratization trajectory of Turkey. Points of convergences appear in the economic domain in regards to macroeconomic stability, unemployment, inflation and other structural determinants for economic growth in Turkey. However, points of divergences appear in political domain when their approach to democratic consolidation is observed. In this regard, when democracy discussions appear, a cleavage reveals between limited and a comprehensive approach to democratic consolidation at the elite level. For instance, in the Research Report of MUSIAD on "Constitutional Reform and Redemocratization" it is observed that freedom of religion and fundamental human rights have the utmost importance with the objective of constitutional reforms (MUSIAD, April 2000). Despite these efforts of MUSIAD to become a proactive organization in terms of contributing to the democratic consolidation, the outlook of the organization to democratic consolidation has remained limited since no further effort was seen compared to TUSIAD's long-term commitment. In a comparative perspective, TUSIAD's reports on democratization issues hold a much more comprehensive approach to democratic consolidation. The report entitled as "Democratization Perspective in Turkey" in 1997 puts forward a stance that TUSIAD helps to consolidate democratic civil society and secular state of law with respect to democracy, universal human rights and freedom of belief, thought and entrepreneurial.

Given the stance of TUSIAD in business community, the reasons for why TUSIAD is chosen should be juxtaposed before moving on to question the role played

by TUSIAD in consolidation process. In this regard, first, TUSIAD, as a voluntarily organized business association, has an active characteristic to trigger the reforms in economic and political domain. Second, as TUSIAD holds a structural power with the representative power of industrial sector, she also aims at imposing a relational power vis-à-vis governments to produce long-term political and economic agendas based upon consensus. Third, TUSIAD is the organization that has been reflecting her commitment continuously to the EU membership process. Last but not least, highlighting that Turkey has passed through the reinstitutionalizations, the business elites have also been affected by these processes. As TUSIAD's foundation in 1971 corresponds to the reinstitutionalizations in 1970s and 1980s, it is highly important to observe the perceptions and interests from that period onwards. This will pave the way for questioning whether TUSIAD would be capable of incorporating with the policy-making mechanism in a manner of reflecting her perceptions and interests to the reformation process.

4.3.3. A Role for TUSIAD in the Democratic Consolidation Process?

In the Turkish case, private entrepreneurs have become more significant under the guidance of the state during the post-1950s period, parallel to the transition from single-party rule to parliamentary democracy (Onis, 1992: 7). During the late 1970s, despite the fact that industrialization has continued for a relatively long period, the industrial bourgeoisie has not been able to launch its hegemony over financial capital, merchant capital and agricultural capital (Pamuk, 1981: 29). However, in that period, TUSIAD which represent the largest and best-known entrepreneurs' have been attempting to merge industrial and finance capital to achieve rapid integration with the

EU (Bianchi, 1984: 259). This puts forward the active role of TUSIAD in terms of bringing in the perceptions regarding the policy-making towards important political issues. However, apart from intentions to ameliorate political agenda, the stance of TUSIAD in the processes of reinstitutionalization has much more importance since it will pave the way for questioning the business elites' role in democratic consolidation process. Henceforth, the reinstitutionalizations in 1970s and 1980s have been a test for TUSIAD's democratic credentials.

The periods of 1970s and 1980s are remarkable since it corresponds to the political turmoil and economic crises. This period is particularly important for analyzing the big industrialists' stance toward supporting democratic procedures and brings in the question of civil-military relations in the context of military interventions. In this regard, it was observed that most of the big industrialists supported the military coup in 1980 mainly because of the street violence and increasing number of strikes, yet at the same time the collapse of import substitution industrialization strategy and the economic crises of the 1970s had negatively affected the business community (Gursoy, 2008: 310). This stance of the business community reveals that the reinstitutionalization paving the way of reformation process the economic and political environment was a necessity however; the reformation process was not capable of maintaining moderation and consensus which should have brought back the balance at the economic and political front.

By the 1982 Constitution, important restrictions were placed on the activities of interest organizations which consequently affected TUSIAD's possible contributions and participations in the decision making process with an institutionalized manner (Onis, 1992: 16-17). By doing so, the room for maneuver of

business elites narrowed in the sense that their access to policy-making processes were contained. In fact, top bureaucrats had perceived that the fragmented nature of the business community along with TOBB and TUSIAD was making the representation of members' interests almost impossible which resulted in individual contacts that engendered unpredictable policies and promoted rent seeking behaviors at the economy front (Onis and Webb, 1994: 144). Henceforth, in the economic domain, a deinstitutionalization process had occurred due to the exit options from democracy by rent-seeking and particularistic policies which were preventing the democracy to be 'the only game in town'.

Right after military seized power, it implemented export-led growth program of Justice Party which embraced the deregulation of prices, privatization, free and floating interest rates, market determination of labor wages, incentives to export and open trade borders for imports (Gursoy, 2008: 310). While these strategies were compatible with the international economic environment wherein the Washington Consensus had been regarded as the overriding norm, in Turkey, there were some oppositional voices to these economic policies. During the liberal atmosphere of the 1980s, the idea of mixed economy was gradually eradicated; however, TUSIAD had been advocating the principle of strategic planning both for realizing rapid growth of the economy and for bringing better distribution of income which would impede the socially disruptive consequences (Bugra, 1994: 249). In the post-1980 period, the insulated decision-making gradually became an obstacle for sustaining macroeconomic discipline and the overall momentum of the program (Onis and Webb, 1994: 143). While the post-1980 period had initiated the reinstitutionalization with an insulated decision-making, the reformation process was weakened due to the

isolation of business elites from policy-making process. As a corollary, in the early 1990s, business leaders were critical of the government in terms of its decision-making without prior consultation and bargaining with the representatives of organized interest groups (Onis and Webb, 1994: 143). While economically this was an obstacle for business community, politically, during the 1990s, Islam was perceived as a threat by a section of the business community and TUSIAD began to reflect its thoughts regarding the consolidation of democracy (Gursoy, 2008: 315). By the time that Turkey has been approved for a candidate status at the Helsinki Summit in 1999, the reflections of this positive signal had positive implications for the business community itself. In fact, in that period transnational business elites encompassing the domestic business and the external investor community, perceived the EU anchor as an instrument for consolidating the favorable economic environment for their long-term interests (Onis, 2003: 21).

Since Westernization and Europeanization have been the central tenets of state policy, having reached to the point of accession negotiations cannot be discarded by the political and business elites (Onis, 2007: 258). Henceforth, Turkish businessmen have been the main advocators of Turkey's accession to the EU at the economic and political front: Economically, Turkey has strong foreign trade and foreign capital investment relations of EU origin and politically, EU membership would oblige the insensitive bureaucracy and the well-established political class of Turkey to embark on the economic and political reforms that are considered necessary (Yilmaz, 1999: 4).

In a report of TUSIAD (1999: 20-21), the importance of consolidating the neo-liberal policies during the 1980s at the constitutional and institutional level was

highlighted however, unstable political environment was drawn attention as an obstacle for economic and social development. In this report, TUSIAD perceived that with the Customs Union Agreement in 1995, integration with the EU has become a state policy which has to be deepened at the economic and political front but the political turmoil since 1996 had reversed the widening and consolidating of democracy. Within this political instability, the EU was perceived as an important anchor which would, through conditionality, might bring the balance in the political sphere. Henceforth, the EU was the dominant concern within the business elites. Moreover, large conglomerates and small and medium-size businesses were supportive of the kinds of economic and political reforms promoted since they are the instrument for creating a rule-based economy which can transcend the highly unstable and vicious patterns of development of the previous era where economic success was largely depended on clientelistic political ties and easy access to state favors (Onis, 2009: 419).

The presence of an external anchor such as the EU injects credibility for international community whereas it also triggers the domestic change through business community for consolidating reforms both at political and economic domains. Especially, at the process of crisis in economic domain, the importance of an external anchor reveals for smoothening the transition to stable economic environment while it also raises doubts about full membership prospect. For instance, while the economic crises experienced in November 2000 and February 2001 have worsened the full membership prospect at the short-period, it also increased the pro-EU voices from the point of transnational coalition of business with the aims of consolidating reforms through both the EU and the IMF anchor (Onis, 2003: 21).

Regarding this aspect of EU conditionality and the importance of its credibility, it can be derived that the EU and its conditionality within the reinstitutionalization become the crucial instrument for the efficiency of the reformation process at the economic domain with the consent of business community. This is important since business elites may fear that the worsening economic conditions may threat the full membership prospect and as a corollary the economic crisis introduces popular support for the reform process (Onis, 2003: 22).

By 2007, TUSIAD has voiced three important tendencies regarding the consolidation of democracy: First is the moderation which would help to the elimination of chaos that may influence businessmen perception about surging polarization; second is the opposition to military coup and third is the businessmen's concerns about radical Islam (Gursoy, 2008: 318). Even though economic policy seems to be favorable for business community in the sense that inflation decreased and foreign direct investments increased (Gursoy, 2008: 319), the fact that political and economic domain are intertwined results in the contribution to the democratic consolidation process. In this regard, the next section will evaluate the overall delineation for the role of business elites in the democratic consolidation process.

4.4. Remarks about Turkish Experience of Democratic Consolidation

As Turkey has gone through multiple reinstitutionalizations during 1960s, 1970s and 1980s, the democratic consolidation lagged behind due to the continuous ambiguities in the political domain and difficulties in the economic domain. In the context of state-EU-elites triangle, certain patterns have emerged that characterized Turkish democratization trajectory.

Regarding the state level, it can be observed that political and economic crises have overlapped and nurtured each other in a negative manner which posed vulnerability into the sustainability of political and economic domain. In fact, as the economic crisis and political instability necessitated periods of reinstitutionalization before a military coup, reinstitutionalizations have always started after military intervened into the politics. Henceforth, the civil military relations have had a sensitive nature since the weakening of one of them would lead to the dominance of the other.

As a result of reinstitutionalizations after military coups, the need for retransitions in economic and political domain has occurred. Along with this inner dynamics, regarding the EU dimension, the EU anchor with the acquired official candidate status in 1999 has gained importance. As the major source of outer dynamics, the EU, during the early years of 2000 had a deep impact on Turkey through conditionality. While the EU was decisive in terms of its credibility toward embarking on a consolidation process with the ameliorations in political and economic domain, this structural impact consequently affected the business elites in a positive way to pressure for rapid political and economic reforms. While these reforms may be understood as the internalization of from above aspect of democratic consolidation, the indirect impact of the EU regards the democratic training on the side of business elites, regarding the elite dimension. As this helps to the representation of perceptions and interests, it is also expected that business elites should get incorporated to the policy-making processes in a manner of enhancing the reformation process.

However, from 2007 onwards, the strong signals from the EU have evaporated. It does not necessarily weaken the pro-EU attitude of the business elites and does not doubt the credibility of the EU. However, the process of democratic consolidation is put into question due to the vague atmosphere nurtured by unemployment, current civil-military relations and trials regarding the claims for an attempted coup, and debates about preparing a new constitution. This ambiguity poses tensions in the business community as well. For instance, Tuncay Ozilhan, the former Chairman of the Board of TUSIAD states that what they –businessmen- expect from both the governing and opposition parties to be compromiser and resolve problems (Cumhuriyet, February 1, 2010). On the other hand, the President of TOBB Women Entrepreneurs Board and Hey Group, Aynur Bektas, stated that real sector has been observing the agenda with fear and declared that economy should be given priority and civil society organizations should come together with political elites to make a discretion about the current situation (Cumhuriyet, February 1, 2010).

All in all, this negative atmosphere has retarded the democratic consolidation process. Besides, the inability of the political domain to incorporate the business elites to policy-making processes resulted in weak reformation process. Within this context, Turkey drastically differentiates from Spanish path of democratic consolidation. The next chapter will question the underlying reasons for this different picture.

CHAPTER 5

EXPLAINING DIFFERENT TRAJECTORIES OF DEMOCRATIC CONSOLIDATION IN SPAIN AND TURKEY

In the previous chapters, the main attention was given to the context in which democratization occurred through a historical analysis. In the analyses of Turkey and Spain, certain patterns have emerged. While the patterns in Spain led to a successful democratic consolidation, in Turkey those patterns demonstrated a relatively weak experience with democratic consolidation. Applying the three-dimensional explanatory framework of state-elites-EU, those patterns will be extended in a comparative perspective. As a result, while cases will highlight the role for business elites in the democratic consolidation, the analysis will attempt to contribute to the democratic consolidation of political economy with the emphasis given on the actor-based approach to democratic consolidation. As business elites constitute the internal dimension, the EU anchor comprises the external one and it is attempted to reflect this formation on the process of democratic consolidation. As a corollary, the state gets affected from mutually interaction of internal and external dimensions and

consolidation process becomes a virtuous cycle. In this delineation, whether business elites have a role in democratic consolidation or not will be visible.

In this sense, this chapter first highlight the patterns revealed from Spain and Turkey within the framework of state-EU-elites triangle. By highlighting business elites as actors at the internal dimension and the EU at the external dimension, how Spain succeeded in consolidating democracy will be answered. Hence, it is attempted to reveal the underlying reasons that led Spain to consolidate her democracy. Second, as Turkey's patterns of democratic consolidation will be underscored, a comparative analysis will be undertaken to determine the impact of business elites in the democratic consolidation process. Here, the main emphasis will be given on TUSIAD since it is the peak business association. The active nature of business elites represented by TUSIAD will be illuminated. Last but not least, to what extent the business elites can play a role in democratic consolidation process will be highlighted. In the end, it is expected that the analysis will build upon democratic consolidation with the stress given on business elites.

5.1. Democratic Consolidation in Comparative Perspective: Spain and Turkey

The fact that Spain has passed through a consolidation process, does not necessarily imply that the path leading to consolidation was a smooth one. On the contrary, before initiating a consolidation process, Spain has passed through a civil war in 1936 which culminated in the dictatorship of Franco in 1939. Only after 40 years of dictatorship, was there an opportunity to commence transition and consolidation processes by the death of Franco in 1975. Hence, the interesting point in

the Spanish experience is asking for the underlying factors that led to the democratic consolidation. On the other hand, in the historical analysis of Turkish case, it is seen that Turkey has realized her transition to multiparty system in 1946 which is relatively earlier than Spain's transition to democracy. Yet, Turkey has far lagged behind in terms of consolidating her democracy. What is appealing in Turkish case is to examine the underlying factors for the rather weak virtuous cycle of Turkey's democratic consolidation process.

In this regard, the analytical figure presented in Chapter 2 will be used. Before comparatively analyzing the differences of Turkey and Spain, the following table will demonstrate the common patterns in each case and the different function of these patterns in Spain and Turkey.

Table 3: Divergences of Spain and Turkey

	SPAIN	TURKEY
Elite Unity	Elite unity has occurred in the form of elite settlement. Elite settlement prompted the transition and consolidation processes.	Elite unity, neither in the form of elite settlement nor elite convergence has not occurred.
EU Membership	When Spain became an EU member in 1986, she has already a consolidated democracy. Hence, EU membership has served as an appraisal of Spain's democracy rather than serving as a source of political reforms to consolidate democracy.	Turkey, with her candidate status, shows a volatile status vis-à-vis EU membership. EU membership, with its political and economic conditionality, serves as an anchor to stimulate consolidation process.

Role of business elites	Role of business elites had a passive nature. The reason is two-fold: First, the foundation of CEOE in 1970s corresponds to the Moncloa Pacts. Hence, CEOE stayed out of this process of close negotiations. Second, the fact that elite settlement occurred rapidly with a clear objective of democratization did not necessitate an active role for business to push for democratization and be the machine of consolidation process.	Business elites, in the case of TUSIAD, have a relatively active nature. The lack of elite settlement or elite convergence at the political domain urged business community to collectively form their interests regarding economic as well as political issues. Throughout the reinstitutionalization,TUSIAD has reflected its perception and commitment to democratic consolidation and EU membership.

The table above demonstrates a dilemma with respect to the role of business elites in democratic consolidation. When compared within state-elites-EU framework, it is seen that the powerful internal dynamics that occurred through elite settlement has put the democratization on track. Hence, strong political domain emerged through elite unity was the driving force of democratic transition which paved the way for consolidation process. The fact that Spain has complied with democratic norms did not necessarily require the triggering of consolidation process through the impact of an international organization. Yet, Spain was aware of the importance of the EU in terms of integrating with the Western democracies both politically and economically. This integration was succeeded with the from below dynamics inherent in Spain through elite unity in political domain.

Even though the business community had a relatively passive characteristic, Spain succeeded in consolidating democracy whereas Turkey, despite her relatively active business falls short of realizing democratic consolidation. This paradox leads to the following problematique: If business elites can play a role in democratic

consolidation, to what extent they can lead the consolidation process? This is central to explain the role for business elites in democratic consolidation. In this regard, the reasons for this difference, as illustrated in the table above, will be answered by the following propositions.

1. Politics prevails. The historical analysis of democratic consolidation in Spain highlights that developments in economic and political domains are interrelated and can influence one another. In fact, it should be recalled that by the time of transition to democracy in Spain, there were crises in political and economic domain: First, Franco's death had revealed a political juncture by inserting uncertainty about which path Spain could follow. Second, although Spain had reached to a point of economic growth during the Franco regime, the oil crisis in mid-1970s had negatively affected Spain and put the economy in recession. Therefore, political and economic junctures have actually triggered the process for reinstitutionalizing policies. This was necessary to erase the uncertainty and dissatisfaction among the key political and economic actors as regards to political stability. Hereby, how a state such as Spain can cope with this issue has been an integral question. To answer this question, the reinstitutionalization and reformation process are conceptualized. In fact, explaining democratic consolidation through these concepts highlights the importance of elites and helps to explain the role of elites in economic and political domain.

In the Spanish case, the fact that political reforms had been prioritized by the UCD government raised the expectations of elites interacting between political and economic domains. Hence, in order to implement policies based upon consensus in political and economic domains, it was foreseen that sustaining moderation across the extremes of society at the left and right continuum should be the anchor which would

eventually bring about consensus over embarking on democratization process. Therefore reforms in politics overcome reforms in economics in Spain. In other words, the necessity to create the environment in which actors of political and economic domain can behave according to democratic procedures was the overriding priority. So, it can be argued that with this outlook of the UCD government, the importance of elites for embarking on democratization process was acknowledged. In this sense, the fact that democratization was the overriding purpose has put the reinstitutionalization on a virtuous cycle.

On the other hand, Turkey represents a rather different trajectory. As Turkey stepped into the transition to democracy in 1946, she was experiencing neither an economic crisis nor a political one. Yet, this smooth transition to multiparty system did not automatically start the consolidation process. When the shift from one party system to multiparty system occurred, the shift in the way that economic and political domains are managed was also realized. However, unlike Spain, in Turkey, democratization trajectory was not perceived as an overriding purpose. While Spain recognized the importance of political consensus and pursued elite unity to realize reformation process in political and economic domains, Turkey does not demonstrate the same tendency. To illustrate, with the shift of power to Democratic Party (DP) in 1950, it is observed that role of state sector in relation to business has started to decline. Economic policy of the DP was within the contours of privatization of the state economic enterprises with the outlook to relax statist policies. In this regard, Turkey had an interest in shifting the economic structuring toward a much more liberal one. However, these efforts have not accelerated the pace of democratic consolidation in Turkey. In fact, Turkey has experienced an upsurge in polarization

across the society on the right/left distinction. In parallel with this, in economic domain, foreign exchange crisis occurred during the mid-1950s and ISI was pursued as a response to the economic decline. Due to the negative atmosphere in political domain with the anti-secularist policies and use of religion for gathering vote along with economic weakening, the culmination of the reinstitutionalization was seen as a necessity to bring back the democracy as the only game. However, in Turkey, the reinstitutionalizations have always started by a military coup. This pattern also shows that civil-military relations in Turkey have long had an intertwined nature. In addition, military was able to intervene in political life which could be unlikely if the support from society could not be gained.

One major difference compared to Spain is that in Turkey, the transition to multiparty system did not pave the way for consolidation process and rendered democratic transition limited. An important difference is that Spain acknowledged the importance of political consensus in order to sustain the necessary political and economic reforms. However, the same approach to democratization cannot be observed in the Turkish case since the attempts to shift towards a liberal market economy and ISI strategy lacks the commitment and inclusion of pertinent actors. In this sense, maintaining commitment can be achieved through close negotiations as happened in Spain with the Moncloa Pacts in the reformation process. This argument brings about the role of elites and their importance to the democratic consolidation process in Spain.

2. Integration of elites through elite settlement. It has been put forward that elite transformation can take two different forms. First is elite settlement and second is the elite convergence. There are several causes for elite settlements to occur. They mainly

rely on the coincidence of elites' bitter memories of past conflicts, harsh crises that threaten catastrophic new confrontations, a limited number of well-defined and disciplined elite groups, the existence of skilled and bold leaders, and merely accidental events such as births, deaths, and the politics of other countries that affect the elites in question (Hilgey and Burton, 2006: 103). On the other hand, conditions for elite convergences differ from the causes of elite settlements. Elite convergences mainly contain the following conditions. First, a rather high level of socioeconomic development and the wealth it creates leads to the majority or plurality of voters to support elites who promise to defend socioeconomic status quo; second the existence of a dynamic and popular leader to transform discordant factions into a winning coalition which relies on a third facilitating condition; which is a political crisis that stimulates distrustful factions to cooperate under the leader's responsibility and fourth; the emergence of cross-cutting issue cleavages that introduce competing elite factions with opportunities to raise their votes by expanding and mitigating ideologically rigid manifestos or programs (Higley and Burton, 2006: 141). Within this delineation, Spain represents a clear case of democratic consolidation through elite settlement. In fact, in Spain, elite settlement occurred through a conflict in which all factions suffered and a major crisis that threatened the continuation of widespread violence (Burton et al., 1991: 16). In elite settlements, the role played by political elites is very important in terms of moderating the extreme poles of the society on the right/left continuum. In fact, throughout the Republican era in Spain and Franco regime, elite disunity had been the core characteristic of Spanish politics: In the republican period, party elites and other key elites of military and the church were behaving in a drastically different manner and polarized camps of the Nationalists and

the Republican had occurred along with clashes among the Republican as well. During the Franco regime, although conflict and ideological polarization was reduced, dividing lines between those supporting the regime and those against the regime had occurred (Gunther, 1991: 54). With this sort of background, Spanish politics seriously needed moderation that would lead to unity for consolidating democracy among previously diversified elites. Aiming this, structural integration of elites had the utmost importance for the UCD government. Structural integration of elites has also reinforced the reinstitutionalization which allowed for the inclusion of perceptions and interests of elites. As a corollary, through reformation process, satisfaction has been inserted across the wide spectrum of elites. Consequently, confidence-building exercises become the tools for an efficient reformation process. In this regard, as a crucial component for elite settlement, close negotiations among the political elites were maintained successfully. By valuing balance and moderation across the wide spectrum of society, the democratic transition involved legalizing political parties, conducting free elections, drafting and passing a new constitution, and putting together an economic reform package through the Moncloa Pacts (Bregolat, 1999: 151). By doing so, political and economic actors represented under CEOE in Spain gave their credibility to the democratic transition process which ended the uncertainty about which path Spain could follow after Franco's death. For instance, as discussed in detail, Moncloa Pacts were introduced at a time when trust and mutual confidence among rival elites were needed especially when economic destabilization could have put serious tension on the political system (Gunther, 1991: 67). In this sense, Moncloa Pacts demonstrate that the nature of elite unity in Spain is an example of elite settlement.

In Spain, the transformation of elites from disunity to unity illustrate an elite settlement because all significant nationwide political parties acknowledged the legitimacy of the regime's institutions and respected for its behavioral norms through extensive rounds of negotiations which culminated in the December 1978 referendum for the endorsement of new constitution (Gunther, 1991: 40). Therefore, Spain is a case of a negotiated transition. Elite settlement has also contributed to the democratic consolidation process. Since the transition and consolidation processes have overlapped in sequential sense, elites have also contributed to the consolidation when examined from constitutional, attitudinal and behavioral dimensions as outline by Linz and Stepan (1996). At the constitutional level, the ratification of the 1978 constitution implies that the rule of law has been overvalued across the society which had been polarized until the process of democratic transition. On the other hand, at the attitudinal level, the lack of support for the military operations in the early 1980s demonstrates that the society has given the credibility to the democratic procedures and rejected the undemocratic endeavors toward governing Spanish political life. Besides, at the behavioral level, in Spain, pertinent actors in the political and economic domain has been attached to the democratic channels of forming policies rather than engaging with illegal settlements to insist on their most salient priorities. As a result of this, it is regarded that in the period after transition to democracy, Spain has consolidated her democracy with the shift of power to the socialist party, PSOE, in 1982 which demonstrates that right and left distinction was eroded.

In contrast, Turkey's three democratic transitions in 1946, 1961, and 1983 had not involved an elite settlement and also it is questionable whether a significant degree of elite convergence has taken place in the post-1983 period (Ozbudun, 1996:

132). Even though the reinstitutionalization in both countries emerged after political and economic junctures Turkey experienced an elite transformation neither in the form of elite settlement as in Spain nor elite convergence.

The reason for this divergence can be found in the proposition that while Turkey's reinstitutionalizations had started with military coups, in the Spanish case, rather than a military coup, the civilian control had prevailed in initiating the democratic transition process. Besides, even though Spain faced with an attempted military coup in 1980, due to the lack of support from the society, this attempt failed. This incident also proves that by the time of 1980 Spain had a consolidated democracy in terms of civil/military relations whereas Turkey faced with the third military intervention in 1980 that necessitated another reinstitutionalization. In this sense, the military perceived its role as "a guardian of the state" as a product of specific national circumstances, which is why it was unwilling to relinquish its powers and special privileges since this would lead to national disintegration (Onis, 2004: 500). Hence, the reinstitutionalization in Turkey had the objective to eradicate the threats to the Turkish state. This nature of political domain in Turkey demonstrates that ruptures in political domain had influenced elite transformation in a negative way. In fact, those reinstitutionalizations after military coups intensified the elite disunity and retained political elites to initiate an elite transformation either in the form of elite settlement or elite convergence.

Here, a comparison can be made in terms of the objectives of democratic consolidation. Referring to Pridham (1995: 168-169), while negative consolidation involves resolutions for any problems remaining from the transition process as well as diminishes challenges to democratization that relates particularly to elites and their

behaviour during regime consolidation, positive consolidation places more emphasis on attitudinal patterns and involves the inculcation of democratic values at both elite and mass level. In this regard, the experience of Spain has the objective to sustain moderation across wide spectrum of society in a manner of establishing a conducive environment through political and economic reform in order to maintain that the actors in political and economic domain will accept the superiority of democratic norms and procedures yet at the same time they will not search for options other than democratic solutions for the problems occur in political and economic domain. Hence, Spain has a positive democratic consolidation in the behavioral as well as attitudinal senses since attempted coup in 1980 was not supported and moderation across right/left continuum has occurred as the Socialist Party victory in 1982 elections did not lead to the harsh reactions from right's perspective. However, when Turkey is compared on the basis of negative/positive consolidation, it is seen that rather than targeting a positive consolidation, reinstitutionalizations had the objective to eliminate the problems left from transition process and to reduce the risks to the democratization process at the elite and mass level. In fact, military coups in Turkey had the very objective to bring back the democracy by diminishing the risk of political violence. However, at the attitudinal and behavioral levels, the democracy could not get consolidated as options other than democratic solutions were available.

As the democratic transition has started with the death of Francisco Franco, preparing the infrastructure for this transition has actually started with the 1959 Stabilization Plan which led to the creation of a new, large, and highly educated middle class that encouraged the emergence of democracy and the European Common Market membership (Bregolat, 1999: 149). Hence, in terms of inner dynamics, both

political elites and business elites had wanted democracy and in terms of outer dynamics, the European Union, both from economic and political aspects was favorable for Spain in terms of guaranteeing her transition to liberal democracy and market economy which reinforced the reinstitutionalization in Spain. Therefore, the EU anchor constitutes the second element to examine the different trajectories of democratic consolidation in Spain and Turkey. In fact, with the prospect of full membership, the EU developed the policy of 'conditionality' as an effective policy instrument to transform the governing structures, economies and the civil societies of the candidate countries (Aydin and Keyman, 2004: 14).

3. EU as an outer dynamic. Spain and Turkey differs in terms of their organic linkage with the EU. Spain, being a member since 1986, is an inspiration for Turkey who is offered candidate status at Helsinki Summit in 1999. Turkey and EU relations traces far back to the 1963 Associate Agreement with the EC. Turkey, in spite of this longer formal association with the Community, faced a weak EU anchor throughout the 1980s and the 1990s as she was not incorporated to the Eastern enlargement process started in 1993 and besides the attempt to restore the Customs Union project at the end of 1995, without full membership prospect was unable to start a transformation in the attitudes and perceptions of the key actors (Onis, 2004: 500). However, as Turkey-EU relations examined, a volatile relation reveals in regards to acquiring full membership. This trajectory differentiates from Spanish experience which has experienced a relatively smooth process that put the EU integration and democratic consolidation in a virtuous cycle. In a sharp contrast, Turkey represents a weak virtuous cycle in terms of full membership prospect in the recent years.

It is for sure that as long as the political setting of Spain remained authoritarian, membership could not be possible. Nevertheless, the emergence of democratic regime in Spain in the second half of the 1970s paved the way for the successful consideration of her membership application in the European Community which was also a powerful incentive for democratization and consolidation of democratic institutions as well (Royo and Manuel, 2008: 25). With this robust incentive of the then EC, for Spain, the membership has been the task to complete in order to get the international appraisal for her consolidated democracy. The support of the political domain in Spain also proves this. In fact, in the first free general election in 1977 (with close to 80% participation), the extreme right Francoist parties gained less than 1% of the total votes who were also against the European Union (EU), and all other parties – conservatives, liberals, centrists, Christian Democrats, regional nationalists, socialists and communists – relentless of their differences, wholeheartedly supported EU accession process (Chisslett, 2008: 12).

Regarding this, Spain's EU accession was essentially a bottom-up process driven by the vision that the EU is the means by which the country would avoid its past and take its place among European democracies (Chisslett, 2008: 13). In this regard, it can be inferred that for Spain, the whole society wanted democracy not to fulfill a condition prior to the EU accession, but wanted the EU membership to place the country within the sphere of liberal democracy as can be guaranteed by the EU. With this objective, in July 1977, the Spanish government applied for membership of the then EC, and accession negotiations began in 1978 and lasted until March 1985; which lasted relatively long due to the failed military coup in 1981 (Chisslett, 2008: 14). Here, what Spanish policy-makers expected from the full membership is

important to understand the possible impact of the EU membership conditionality. In fact, Spanish policy-makers expected that accession would help consolidate democratic institutions, modernize economic structures, stabilize relations with their European neighbors and more importantly, it will be a sign for political maturation (Royo and Manuel, 2003: 4). Besides, the economic recession during the late 1970s due to oil crises raised the importance of the EU in terms of reviving the economy. In this regard, the essence of Spain's accession was explained as allowing EU industrial goods access to Spanish markets in exchange for Spanish agricultural products gaining access to Community markets (Chisslett, 2008: 16).

All in all, while politically, Spain wanted to strengthen the new democratic regime and had the desire to end the relative isolation experienced during the authoritarian years; economically, Spain expected to get competitive especially in agriculture sector which would also help her to confront the international economic recession during the late 1970s from a stronger position (Royo and Manuel, 2008: 16). In this regard, it is fair to infer following lessons from Spain's experience with integration. First, by the time that Spain applied for full membership, the political and economic actors in Spain were enthusiastic about the membership and fully supported it. In fact, there was almost no anti-EC/EU coalition toward full membership prospect. Second, as Spain's objective of positive consolidation has helped to maintain the democratic consolidation as the primary task across the wide range of society, the full membership has been perceived as a reward offered by the EU to declare internationally that Spain has politically become mature. In this regard, the integration of Spain with the EU completes the democratic consolidation process from an external perspective, which also helps the positive support to continue on the

necessary democratic and economic reforms that will make the Spanish trajectory a virtuous cycle. However, in sharp contrast to Spain's successful membership, Turkey's voyage toward the EU has continued in a relatively weak virtuous cycle.

The development of vicious cycle occurred through an anchor-credibility dilemma due to the lack of material resources -in the form of financial aids- from the EU in pre-1999 period which led Turkish authorities to perceive the EU anchor weak while the EU perceived failure to undertake reforms as a sign of weak commitment in Turkey (Onis, 2004: 506). The uncertainty posed by this anchor-credibility dilemma ended by the Helsinki Summit in December, 1999. Only since the Helsinki Summit, Turkish-EU relations have gained 'certainty' as Turkey acquired the status of a candidate country for full membership; and in turn, the political and state actors in Turkey forced to focus on democracy to fulfill the Copenhagen political criteria (Aydin and Keyman, 2004: 11). Hence, it can be argued that Helsinki Summit has accelerated the expectation of Turkey in terms of full membership and as a corollary led to undertake necessary political reforms between 2000 and 2002. Thus, EU's Helsinki Summit of December 1999, has been a critical point, since Turkey was offered candidate country status and although no specific date for accession negotiations were given, the decision had prominent consequences in terms of domestic politics as a tide of reforms were initiated between 2000 and 2002, involving the abolition of the death penalty and extension of cultural rights for minority groups (Onis, 2004: 493). In the pre-Helsinki Summit, even though at a relatively slow speed, the economic liberalization and reform process in the direction of further democratization continued; yet, the EU proved to be a weak anchor in the absence of full membership, in terms of encouraging the key domestic actors to carry out more

radical steps in the direction of economic and political reform (Onis, 2004: 492). Even though, anchor-credibility dilemma explains the rather volatile nature of Turkey-EU relations, the inherent weaknesses in Turkish democratic consolidation should also be encountered. In this sense, the table below will demonstrate the weaknesses inherent in the reinstitutionalization of Turkey.

Table 4: Reinstitutionalizations in Turkey

Patterns of Reformation Processes	
1st reinstitutionalization: 1960 military intervention	• 1961 constitution • Lack of interest to maintain consensus across right/left continuum. • Lack of close negotiations that could maintain confidence in democratic settlement.
2nd reinstitutionalization: 1970 military intervention	• Constitutional amendments • Lack of incorporating economic actors to the policy-making process.
3rd reinstitutionalization: 1980 military intervention	• 1982 Constitution. • Strengthening of state hand in politics. • Depoliticization of society to prevent ideological polarization. • Economic liberalization.

As illustrated in the table above, the fact that Turkey has faced three reinstitutionalizations lagged the country in terms of maintaining consolidation as the primary task. Hence, in a critical perspective, Turkey's reinstitutionalizations compared to Spain's transition and consolidation processes lacked the favorable elements such as maintaining moderation across key actors of political and economic

domains. Besides, Turkey has showed a nature of short-term restructuring of democracy which was aiming at diminishing the risks to democracy. However, this objective was not able to trigger consolidation at attitudinal and behavioral levels since the reinstitutionalizations that Turkey gone through was unable to prompt unity amongst political actors that would constitute the from below aspect for democratic consolidation. The unity among elites is also limited in the case of EU membership prospect. In fact, in Turkey, the initiation of a bottom-up process for the EU membership as in the case of Spain was not available until recently. The lack of a bottom upwards direction for the EU membership diverted the Turkish authorities to rely on the institutional incentives of the EU full membership. Hence, rather than a bottom-up process for the EU, the objective was to import the top-down processes that Turkey should comply with in order to be a full member. In this regard, it can be inferred that inducing a bottom-up process for democratic consolidation task may trigger the full support of the EU membership. As a corollary, the necessary political and economic reforms could be done before expecting for institutional incentives of the EU to necessitate.

This argument also explains why role of business elites is important in the case of Turkey. In fact, big business in Turkey, with its peak association TUSIAD, has emerged as a key element of the pro-EU coalition since their interests have favored closer integration with Europe (Onis, 2004: 500). In the experience of Turkish democratic consolidation trajectory, the EU anchor has also given importance by the business elites. For instance, TUSIAD has been active in terms of initiating the negotiations for full membership. In 2004, TUSIAD has sent a letter to the EU leaders stating that negotiations that will have Turkey's full membership objective should

start immediately without asserting new circumstances.[4] Hence, it will be fair to infer that TUSIAD have had a long-term commitment to the EU membership.

However, it should be noted that the EU membership is not only supported for economic rationales, but also for maturing the democratic consolidation in Turkey, buttressing with bottom-up process. In this regard, Turkish case differs from Spanish experience regarding the role of big business play. Therefore, the following section will shed light upon the role of business elites as regards to democratic consolidation.

5.2. Role of Business Elites in Democratic Consolidation: Spain and Turkey

It has been put forward that the role of business elites in Spain and Turkey represents a divergent picture with regard to their contribution to democratic consolidation. When democratic consolidation trajectories of Spain and Turkey are compared, it is revealed that elites play a drastically different role. In a nutshell, while political elites in Spain transformed into unity from disunity, business elites remained at the backseat during the transition period. On the other hand, in Turkey, transformation of political elites into unity is not observed. Yet, business elites, despite its fragmented nature, were able to establish a voluntarily organized business association, TUSIAD, which soon become the peak association. This framework brings about the following question: If business elites in Spain with their passive nature did not necessarily play a role in consolidating democracy, then why did

[4] TÜSİAD'tan AB liderlerine 'tam üyelik istiyoruz' mektubu. Hurriyet, 13 Aralık 2004. Retrieved from; http://hurarsiv.hurriyet.com.tr/goster/haber.aspx?id=280821

business elites with their active nature in Turkey play a primary role in consolidating democracy?

In Spain, the availability of an elite settlement was crucial to moderate all sections of society. In this regard, despite the economic difficulties, the business elites also have favored the primary task of democratic consolidation. Yet, their expectations were met through reformation process that built confidence by the Moncloa Pacts. In return, business elites, from an economic angle, also perceived that democracy would provide them the necessary access to policy-making process as well as can maintain the compliance with other actors of economic domain such as labour. However, in the case of Turkey, the absence of confidence-building exercises that can institutionalize democratic procedures and norms, rendered business elites to be much more active in regard to be attached to policy-making processes. In fact, as will be explained in detail, the 2001 financial crises proved this active role of business elites, represented by TUSIAD. In this sense, a linkage between elite transformation toward unity in the political domain and active/passive business nature emerges. The following table depicts these different pictures of democratic consolidation in Spain and Turkey on the basis of elite unity in the political domain and active/passive business natures.

Table 5: Unity in Political Domain and Nature of Business Domain

		Business domain	
		Passive	Active
Political domain	Elite unity	Business elites remain passive because a powerful elite unity has already undertaken the democratic consolidation task.	Democratic consolidation will be mature because during the economic or political junctures, business elites will involve in the reformation process. Hence, consolidated democracy will remain within a virtuous cycle.
	Elite disunity	Democratic consolidation will not occur.	Consolidation will occur only if the active nature of business elites will be integrated to the policy-making processes; because inclusion of prominent actors will open the channel for confidence-building exercises.

Spanish case illustrates the robust elite transformation from disunity to unity through elite settlement. This transformation was made possible after Franco's death because in order to fill the power gap, unity at the elite-level was necessary to lay the foundations of democratic environment. In this sense, UCD government with Suarez's leadership has put the democratization as the primary task which required the full

confidence of the pertinent actors across the political and economic domain. Hence, the robust elite transformation is the overriding factor that made the transition and consolidation process vigorous. Robust elite transformation into unity was necessary for business community as well. In fact, the reliability of the elite unity in the political domain did not necessitate business elites to push for democratization trajectory. Therefore, although they might be perceived as silent, their passive nature can be regarded as an approval of a democratic Spain. Hence, the democratic consolidation was likely due to the elite unity because elite unity engendered a robust reinstitutionalization which paved the way for reformation process. This means that elite unity in political domain was including all the pertinent actors in a manner of maintaining democratic transition which was carried out through the reformation process and led to the confidence-building exercises. As a result, while actors were able to represent their interests, they were also aware of the fact that democratic environment supplies a favorable atmosphere wherein actors can engage with the policy-making process. Therefore, in the Spanish case, business elites illustrate a rather passive role in consolidating democracy, yet; with their commitment to democratization business community supported the priority of political reforms. Business community was attached to the consolidation process at the state level and contributed to the democratic consolidation process with the support for the EU membership.

As will be explained in detail below, business elites, specifically TUSIAD, represents an active nature in contrast to Spain. In fact, the economic crisis in 2001 demonstrates that TUSIAD had crucial attempts to get attached to the policy-making process.

5.2.1. Active nature of TUSIAD and reactions to the 2001 economic crisis

The 2001 financial crisis is remarkable in the sense that it revealed a close relation between the problems of corruption, populism and the authoritarianism in politics; and macroeconomic stability and sustainable economic development necessitates the restructuring of government in a manner of rendering it democratic, effective and efficient (Keyman and Duzgit, 2007: 70). In this sense, TUSIAD's reflections are also important whether they can have a role in rendering governments democratic and pave the way for democratic consolidation.

Regarding this, TUSIAD's reflections on the economic and political issues have been continuing since the 1990s. For instance, TUSIAD President in 1997, Muharrem Kayhan stated that even though the risk of reforms is greater than that of regulations, only if the government comprehends the indispensability of stimulating the society through consensus, political participation, transparency, consultation, discussion, it will find the necessary public support[5]. TUSIAD has been consistent in regards to reflecting their perceptions on grass-root reforms in a manner of defining the rules of the game with the democratic norms such as political participation, consensus and consultation. In fact, the period before Helsinki Summit was regarded by TUSIAD as a corner stone for Turkish trajectory in order to sustain the commitment to consolidating democracy. In this sense, TUSIAD has realized a visit to nine European countries in order to meet with industrialists' and businessmen

[5] Oya Berberoglu, TUSIAD: Duzenleme degil acil reformlar istiyoruz, 21 Eylul 1997. Retrieved from; http://hurarsiv.hurriyet.com.tr/goster/haber.aspx?id=-265300

associations of Europe and government representatives[6]. This effort of TUSIAD validates the business elites' commitment to the EU anchor for implementing grass-root reforms in political and economic domains to embark on the consolidation process. In fact, it also puts forward the importance of actors to be a necessary factor for cementing state's goals and the EU objectives. In this regard it can be said that business elites have played a favorable role if not a primary one about acquiring candidate status. In this respect, the chairman of the board of TUSIAD in 1999, Erkut Yücaoğlu, stated that it is not likely that the political, economic, societal and constitutional reforms that the EU process necessitates cannot succeed without the support of private sector which makes TUSIAD a driving force for consolidating the democratic standards on the EU process.[7] Hence, it will not be wrong to argue that the full EU membership prospect has triggered the business elites to be more active for accelerating reformation process that will define contours of democracy which contributes to the construction of from below support for democratic consolidation.

During this period, the chairman of the board, Erkut Yücaoğlu, has announced that the expected success for encountering inflation with economic sustainability program depends on the consensus in society.[8] Here, the focus is given on the likelihood of economic sustainability through gaining the credibility of the economic and political society via consensus on the policies. Hence, TUSIAD, as a crucial component of economic society had to be one of the actors to consult their opinions. In this sense, 2001 financial crisis is another crucial point to notice that the support of

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[6] TÜSİAD, Helsinki Zirvesi için Avrupa turuna çıkıyor, Hurriyet, 18 Eylül 1999. Retrieved from; http://hurarsiv.hurriyet.com.tr/goster/haber.aspx?id=-102639

[7] TÜSİAD: AB için özel sektör desteği şart. Hurriyet, 14 Aralık 1999. Retrieved from; http://hurarsiv.hurriyet.com.tr/goster/haber.aspx?id=-118842

[8] TÜSİAD'dan uzlaşma çağrısı. Hurriyet, 6 Haziran 2000. Retrieved from; http://hurarsiv.hurriyet.com.tr/goster/haber.aspx?id=-159674

business elites was necessary to embark on an economic reform based upon consensus. In this regard, the head of TUSIAD in that period, Tuncay Ozilhan stated that the problems should be solved in the parliament and highlighted that the economic crisis could be an opportunity window while EU officials pointed out that beside the economic reforms political reforms should also be made.[9]

During this period, in tackling the economic crisis, TUSIAD had given credibility while the organization had a critical view as well. The major critique by TUSIAD was concerning the need for change in the approach of economic management. In the announcement of TUSIAD, it has been highlighted that there were changes in the way that political and economic domain is managed and the pace of these changes should be accelerated in order to be modern in terms of democracy and robust in terms of economic standards.[10] This perception brings in the importance of reformation process. In fact, reformation process necessitates the consensus across pertinent actors and needs the credibility for pursuing a long-term commitment to economic and political reforms. This is particularly important because the business elites will be attached to the process in terms of representing their perceptions and opinions which will maintain consultation and discussion; but more importantly it will be guaranteed that business elites are investing to the reformation process in terms of reflecting their interests and perceptions.

In regards to tackling the economic crisis in 2001, TUSIAD has indicated their support to the government program and they made their critiques regarding behind

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[9] TÜSİAD: Revizyon yapsanız da yeter. Hurriyet, 11 Nisan 2001. Retrieved from; http://hurarsiv.hurriyet.com.tr/goster/haber.aspx?id=-236977

[10] TÜSİAD: Ekonomi yönetim anlayışı değişmeli. Hurriyet, 17 Mayis 2001. http://hurarsiv.hurriyet.com.tr/goster/haber.aspx?id=-243679

doors consultations which was disapproved by public; but more importantly TUSIAD underlined that frequencies in economic crisis not only stem from economic imbalances but also from political gridlocks which demonstrates that political and economic domains are intertwined. Plus, it was also underlined that in order to prevent the political gridlocks, Turkey should speed up the democratization and political reforms to separate economic and political agendas.[11] Hence; it can be deduced that the perception of business elites in Turkey during the harsh economic crisis in 2001 was in respect of undertaking a reformation process. TUSIAD has put the emphasis on reforms since they can create a favorable environment not only for correcting economic imbalances but also for transparent decision-making process which will raise the credibility for pursued policies. Hence, economic crises in Turkey during 2000s proved that political reforms and democratization has an utmost importance for maintaining consensus as well as satisfaction across actors in economic and political domain.

During that period, Turkey has also had an important discussion regarding the need for a technocratic government to tackle economic crisis. In this discussion, TUSIAD had a critical stance. In fact, TUSIAD has stated that Turkey's development is associated with robust infrastructure of market economy and vigorous function of democracy. Besides, TUSIAD pointed out that solutions that come out of democracy may deepen the economic crisis and culminate in a depression of credibility which might reverse the objective of integrating with the West and hamper the development

[11] TÜSİAD: Eleştirilerimizi açıklamamakla hata yaptık. Hurriyet, 6 Haziran 2001. Retrieved from; http://hurarsiv.hurriyet.com.tr/goster/haber.aspx?id=-247299

of democracy in Turkey.[12] As integration with the West has been the ultimate objective of TUSIAD, during the economic crisis, TUSIAD has not changed its stance in this respect. In fact, it has been continuously put forward that the EU full membership prospect is conducive for economic development as well as democratization. Regarding this, in a report prepared by Professor Asaf Savas Akat, it has been put forward that the decline in the EU full membership prospect may negatively affect Turkey's economic growth trajectory.[13]

All in all, it is seen that 2001 economic crisis in Turkey has been an economic juncture for business elites' concerns and perceptions regarding how to correct the malfunctioning of economic domain. Although the crisis seemed to be economic and financial, it was in fact a crisis of governance, which emerged as a consequence of the populist, clientalist and corruption-producing nature of Turkish politics in the 1990s (Dervis et al., 2004 :14). Therefore, it is observed that political reforms are not only necessary for short-term prospects of business elites. Political reforms and democratization are attributed importance and it answers the question for why business elites would want democracy. In a nutshell, it can be inferred that business elites want democracy in order to separate the functioning of economic and political society. This is derived from the critical stance of TUSIAD regarding the idea of a technocrat government to correct the economic malfunctioning. In fact, in a technocrat government, the president and his technocratic advisors make policy by decree without consulting parties, the legislature, or pertinent interest groups which is

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[12]TÜSİAD: Teknokrat hükümeti krizi derinleştirir. Hurriyet, 18 Temmuz 2001. Retrieved from; http://hurarsiv.hurriyet.com.tr/goster/haber.aspx?id=4785

[13] TÜSİAD:AB'den kopma büyümeyi olumsuz etkiler. Hurriyet, 6 Haziran 2002. Retrieved from; http://hurarsiv.hurriyet.com.tr/goster/haber.aspx?id=76817

why such policies usually face strong resistance and remain unimplemented (Ozbudun, 1996: 136). Hence, during the process in 2001, TUSIAD strongly criticized the possibility of a technocrat government since it will eliminate the opportunity of making policies through constant deliberations and consensus. This process may also abolish the idea of reformation process which requires the attachment of pertinent actors to the policy-making process ensued with confidence-building exercises at the political and economic reforms that will reduce the uncertainty and sustain consensus.

All things considered, on one hand, the lack of elite unity at the political domain prevented Turkey to maintain the democratic transition and embark on consolidation process which compels other necessary actors to push for democratization trajectory. Hence, on the other hand, as financial crisis in 2001 demonstrates, junctures in economic domain influenced business elites in a positive way. In fact, it enabled them to be much more active in terms of being an active actor of reformation process in economic as well as political domain. Therefore, junctures in economic domain in the form of financial crisis had a crucial impact to stimulate business elites' interest in pursuing reformation process. Regarding this, in Turkey, big business has a much more active characteristic with respect to democratic consolidation. In this context, big business elites represented by TUSIAD, acts as an intermediary linkage between state and the EU due to this active nature. Here the role played by elites is two-dimensional. First, business elites who push for becoming a component of policy-making process enhance reformation process that is necessary to tackle the economic and/or political difficulties. By doing so, the perceptions and interests of business elites will be represented and the policy outcomes arrived from

this process will be based upon consensus since they will feel confident about being taken into account. As a result, they will be aware of the fact that investing in democracy through representing their interests and perceptions is the best option rather than achieving interests through undemocratic settings. In this regard, business elites, as in the case of TUSIAD in Turkey, will push for necessary political and economic reforms that will lead the country to have the favorable democratic environment. As a corollary, business elites will contribute to the bottom-up process of pushing forward for democratic consolidation. The second dimension regards the linkage between business elites and the EU. Here, the impact of the EU on the business elites relates to the start of a learning process. This is very much observable when TUSIAD's relations with business community in the umbrella organization of BUSINESSEUROPE is considered which is the European association of industrialists and employers. This linkage helps TUSIAD to encourage the actor-based approach for the support of Turkey in full membership prospect. Hence, while TUSIAD becomes active in terms of connecting with their European counterparts, they also engage with a learning process on how to promote Turkey's democratic consolidation and the EU. In this sense, without separating these two important objectives, TUSIAD contends for the implementation of political and economic reforms posed by the EU conditionality. Therefore, TUSIAD becomes a very important intermediary actor between state and the EU in terms of inducing a bottom-up process for encouraging democratic reforms in Turkey. Hence, it can be argued that TUSIAD, both at the attitudinal and behavioral levels in the manner that Linz and Stepan (1996) defines a consolidated democracy, is consolidated because business elites represented by them do not perceive any option out of democracy and do not support undemocratic choices

for resolution of the problems. In this regard, TUSIAD can be the engine for stimulating democratic consolidation in Turkey at the attitudinal and behavioral levels. In relation to this, TUSIAD can trigger and help to shape the positive consolidation objective of Turkey. In fact, this is very important for a country like Turkey who lacked the element of elite transformation in the form of elite settlement and elite convergence. Therefore, the lack of elite transformation at the political domain in Turkey necessitates the push for other prominent actors such as business elites to embark on a bottom-up process for positive consolidation which will put the focus on attitudinal patterns and internalization of democratic values at both elite and mass level. In this sense, the role business elites can play is very significant. Nevertheless, to what extent the business elites can be the driver of democratic consolidation is questionable. In this regard, Turkish case also illustrates challenges for business elites to be the driver of democratic consolidation process. First and foremost, in the Turkish case, the business community is not a case of homogeneity and this is a challenge for business community to act as a monolithic unit. Hence, sustaining harmonization of business community through deliberations is an important element for an actor-based approach of democratic consolidation to flourish. In this respect, the lack of deliberations and consultations within the business community prevents the further deepening of actor-based approach to democratic consolidation and the possible role that business elites can play. Regarding this, it can be put forward that an important policy outlook of the governments should be to institutionalize these deliberations at the state level, which will in turn contribute to the evolution of long-term prospect of Turkey regarding democratic consolidation in Turkey and the full membership process with the EU. However, this brings about

another limitation. Institutionalizating deliberations at the state-level necessitate elite unity that can open the path for confidence-building exercises. In this sense, an important lesson that can be derived from Spanish experience is the importance of confidence-building exercises as Moncloa Pact, which is a good example of an effective management of reformation process. By doing this, maintaining moderation and meeting the expectations of actors in economic domain was possible as the actors get incorporated to the policy-making process. As a corollary, all the actors believed that being a component of the reinstitutionalization in a manner of paving the way for reformation process is necessary since they can find a channel to get incorporated to the policy-making process. At this point, institutionalization of deliberations is very much important to maintain elite unity in the business community on the issues of political and economic reforms.

All in all, the multifaceted nature of democratic consolidation within the framework of state-elites-EU, reformation process arises as the mechanism through which role of big business can have an impact on democratic consolidation. Reformation process which brings in the actors from political and economic domains, integrates actors with the policy-making process in a manner of complying with the reforms that internal and external dimensions necessitate. Hence, it can be inferred that reformation process emerges only if there can be unity in political domain; because inclusion of business elites to the policy-making process can be most likely and sustainable if political domain paves the way for actors' interests and perceptions. As a corollary, elites will invest in the democratic settlement that is brought by reformation process which can bring about trustful democratic institutions. Hence; reformation process is particularly important to maintain democratic consolidation at

the attitudinal and behavioral levels because elites will not opt for a non-democratic solution to maximize their interests. Last but not least, reformation process will pave the way for designing a positive consolidation by maintaining moderation and consensus on the policies designed since a significant degree for a consolidated democracy at attitudinal and behavioral levels can be realizable. On the other hand, it is this process that will strengthen the conditionality of the EU anchor. While reformation process will lead to a new settlement in terms of bringing in an actor-based approach, it will also foster the bottom-up process of democratic consolidation. In fact, it will be this process that will push for the support of EU membership and probably may accelerate the process of accession negotiations in Turkey. In this sense, the perceptions of business elites to consolidate democracy is critical since they can influence the way that policy outcomes occur only if political domain allow for elites to represent their perceptions. Hence, the formation of a distinctive political class or elite cartel, where and when its members can reach an agreement upon a set of rules, is an element of growing significance for consolidation (Schmitter and Santiso, 1998: 75). Therefore, it would be a reductionist argument to say that business elites are not a major actor. This argument undermines the multifaceted nature of democratic consolidation. In fact, since consolidationalists argue that democratic consolidation can happen through bottom-up with civil society (Mousseau, 2006: 97), arguing that business' role in democratic consolidation is irrelevant to democratic consolidation will also disregard the impact of actors in civil society with regards to democratic consolidation. Nevertheless, active business nature in Turkey does not directly contributes to an immediate consolidation. A major obstacle to the role of business elites is that in Turkish case, if elite unity in democratic consolidation would

take place, the business' active role could turn into an actual influence. If elite unity - in a manner of maintaining confidence-building exercises as in the case of Spain- could take place in Turkey, then actual impact of TUSIAD would be much more vocal.

In general, Turkish case, in comparison to Spain's democratic consolidation trajectory, puts forward that role and impact of business elites in democratic consolidation is correlated to the political domain. If there is elite unity in political domain as in the experience of Spain, then business elites are satisfied with the objective of democratic consolidation. However, in the experience of Turkey, the lack of elite unity is an obstacle for business elites because disunity in political domain affects business elites' incorporation to the policy-making processes continuously. Obviously, reinstitutionalization in Turkey influenced political domain to realize an elite transformation toward unity. This has also affected the business elites in a manner of consolidating democracy to overcome political instabilities. This explains why TUSIAD gives emphasis on democratic standards and the EU full membership prospect.

Finally, since consolidation is a continuous process in Turkey, it would not be fair to argue that the fact that democracy has not consolidated yet despite the active nature of business is an unsuccessful story for business. Yet, to change this misperception, political domain has to involve business elites to policy-making processes. At this point reformation process comes into the picture. Hence, as a policy recommendation, governments have to include business groups and encourage business' continuous contributions. In this sense, given the fragmented nature of business community, interactions within business domain should be stimulated in a

manner of contributing to the policy-making processes. This will lead to confidence-building exercises as was in the case of Spain. As a corollary, perceptions of business will be carried to the policy-making mechanisms. While reformation process will attribute democratic consolidation a bottom-up process in terms of integrating business elites to policy-making mechanisms, it also can lead to strengthen the EU full membership prospect if business strongly brings this issue to the policy-making process.

CHAPTER 6

CONCLUSION

This study attempted to approach to the role of business elites in democratic consolidation in a comparative perspective with Spain and Turkey. Following questions guided this study: First, at the theoretical level, how can democratic consolidation be defined and whether actors have a role in consolidating democracy. Second, how Spain has realized her democratic transition and consolidation and whether elites played a role in both processes were the key issues. Third, why Turkey lagged behind in terms of democratic consolidation even though she had completed her transition earlier than Spain did? Last, how Spain has consolidated despite the passive nature of her business community whereas Turkey has not consolidated yet even with the active nature of business? Does that necessarily undermine the impact of business elites?

The main argument deduced from the comparison of Spain and Turkey is that the role of business envisages active or passive nature and the main reason for this divergence can be found in the elite transformation at the political domain. Whereas

Spain had an elite settlement that transformed previously diversified political elites from disunity to unity, political domain in Turkey has had a fragmented structure which enabled neither an elite settlement nor an elite convergence. Regarding this, business elites in Spain did not have to drive the democratic consolidation process since robust elite unity was able to embark on confidence-building exercises such as Moncloa Pacts that included perceptions of pertinent actors. In fact, as a corollary of these confidence-building exercises, democracy was perceived by the pertinent actors, and so by the business community, as the most conducive environment. In this sense, it can be argued that business elites want democracy since it regulates the state-business relations mutually as regards to business elites' interests and perceptions.

The lack of robust elite unity in Turkey at the political domain engendered a different trajectory of democratic consolidation. While in Spain business community did not really push for democratic consolidation; yet they approved the democratic outlook from the beginning of the transition process. In contrast, in Turkey, due to the absence of elite unity at the political domain, TUSIAD has found a room to push for democratic consolidation. The main motives of this attitude were to bring political stability and democratic credentials as well as to challenge the dominance of state in relation to business. The latter point is particularly important for business elites to invest their interests and reflect their perceptions and in the end, influence policy agenda.

Turkey's democratization trajectory has tackled with three reinstitutionalizations in 1960s, 1970s and 1980s and each process has brought its own dynamics. This structure also affected TUSIAD and prompted the organization to go beyond economic rationales for bringing political stability. Hence, with the

outlook of democratic standards and EU full membership prospect, TUSIAD contributes to the overall democratic consolidation process within the three-dimensional framework of state-elites-EU. In this sense, TUSIAD in the Turkish context plays an intermediary role between the inner dynamics of the state and the outer dynamic with the EU anchor. In fact, it has been perceived that TUSIAD's role in the democratic consolidation process is not isolated from the domestic reforms that Turkey should fulfill and the conditionality that Turkey should comply with for a full EU membership. For instance, at the internal level; as TUSIAD encourages Turkey's international competitiveness, the organization also warns the political will and offer policy solutions if problems occur and as a corollary this process encapsulates monitoring the EU process by contributing through policy recommendations and presenting Turkey at the European public opinion (Turk, 2009: 112). Hence, role played by TUSIAD is significant to grasp to what extent business elites play a role in the democratic consolidation process. In this sense, following findings deduced from the comparison of Spain and Turkey.

TUSIAD in Turkey compared to the passive role of business elites in Spain provides the following arguments: First, as a commonality in Turkey and Spain, business elites strive for challenging the state-business relations on the favor of the latter. Business elites in Spain were given the access to the policy-making by the beginning of the transition process. Business elites, represented by the CEOE, were incorporated to the reformation process through reflecting their perceptions and interests. Reformation process refers to the processes wherein actors from political and economic domains come together and integrate with the policy-making process in a manner of complying with the reforms that internal and external dimensions

necessitate. Regarding this, as the CEOE was integrated to the policy-making process, the dominance of state in relation to business had changed on behalf of the latter. As a corollary, a functional state has emerged in a manner of resettling interests and reorganizing the access of elites. Consequently, while reformation process refers to a process of interest-building between economic and political society at the elite level, it has also attached the actors to the democratic consolidation process which allow them to define the rules of the game. The difference between business elites in Spain and Turkey comes at this point: As reformation process in Spain had been the process that was managed by the political unity without necessitating business elites' pressure, in Turkey, business elites and specifically TUSIAD, has pushed forward for getting incorporated to the policy-making process. Hence, as a second argument, in Turkey, reformation process had lacked the objective of pursuing policies that will pave the way for democratic consolidation at the attitudinal and behavioral levels as defined by Linz and Stepan (1996). To reiterate, a consolidated democracy is defined at the constitutional level, meaning that governmental and nongovernmental forces throughout the state become subjected to the resolution of conflict within the specific laws, procedures, and institutions authorized by the new democratic process at the behavioral level, meaning that there was no crucial national, social, political, economic or institutional actors try to achieve their purposes through establishing a nondemocratic regime or turning to violence, and at the attitudinal level, meaning that a robust majority of public opinion embraces the belief that democratic procedures and institutions are the most suitable way to govern collective life in a society (Linz and Stepan, 1996: 6). In this regard, while Turkey's reinstitutionalizations has begun with constitutional regulations, maintaining consolidation at the attitudinal and

behavioral levels were respectively unsuccessful because democracy had been challenged by the military interventions in 1960, 1970 and 1980. Despite this characteristic, TUSIAD embraced the overriding idea that democratic procedures and institutions prevail. With this stance, the organization has been contributing to the consolidation process from the attitudinal and behavioral levels due to the strong commitment to consolidation process.

Within this delineation, the EU membership prospect deserves attention. Unlike Spain's EU membership, Turkey has faced with a challenging process. While Spain had a consolidated democracy as she applied for EU membership in 1980s and become a member in 1986, Turkey has experienced three reinstitutionalizations until applying for membership in 1987. When an official candidate status was given to Turkey at 1999 Helsinki Summit, an intense period of political reforms commenced during 2000s but currently, relations with the EU seems so calm. During this process, it is seen that the conditionality of the EU anchor has been instrumental to stimulate political and economic reforms. Turkey's full membership prospect has a different dynamic since intense package of reforms have been applied to Turkey to fulfill Copenahagen Criteria. Due to this nature of EU membership prospect, TUSIAD's commitment to EU has taken the shape as encouraging reforms at the domestic level which in turn will accelerate Turkey's membership process.

In this regard, TUSIAD, as a voluntarily based civil society organization, contributes to the bottom-up process for democratic consolidation. With the support given to the EU membership and raising the democratic standard in Turkey, TUSIAD demonstrates that an actor-based approach of democratic consolidation is favorable for the consolidation process. Nevertheless, even though TUSIAD, as a representative

of business elites, can fuel the consolidation process, there are limits to its role in democratic consolidation. As the findings from the comparison of Spain and Turkey illustrate, one main advantage of Spain has been the powerful elite unity acknowledging the overriding task of democratization. In Turkey, the lack of elite unity in political domain compelled business elites to be more active with regard to challenge the dominance of state and contribute to the policy-making process by reflecting their perceptions and interests. Yet, the lack of elite unity in political domain impedes the emergence of positive consolidation which places more emphasis on attitudinal patterns and involves the inculcation of democratic values at both elite and mass level (Pridham: 1995: 168-169). In this regard, elite unity at political domain in Spain paved the way for positive consolidation while the lack of elite unity in Turkey introduces negative consolidation since the reinstiutionalizations emerged after military coups aimed only at diminishing the challenges to democratization. Nevertheless, business elites' role, and specifically TUSIAD's role in Turkey, is significant since its active nature contributes to the positive consolidation by emphasizing the supremacy of democratic standards and the idea that democracy should be the only game.

All in all, this study attempted to build upon democratic consolidation by emphasizing the role of business elites with the findings derived from Spain and Turkey. As a multifaceted approach has been designed by state-elites-EU framework, it has been highlighted that role of business elites can be either active as in the Turkish context or passive as in the Spanish context. The favorable environment that has been constructed by the robust elite unity in political domain and the smooth integration with the EU has been complimentary to guarantee the consolidated

democracy in Spain. In a considerably different way, the lack of elite unity across the wide range of political spectrum and the volatile nature of EU membership process in Turkey urged business elites to start a bottom-up process for consolidating democratic standards and the EU membership. However, the efforts of TUSIAD can have an important effect only if an elite unity at the political domain occurs in a manner of embarking on reformation process. In fact, it will be this process that can help to the construction of a positive consolidation. Through reformation process, the attitudinal and behavioral levels, as described by Linz and Stepan (1996) will be developed since the objective will be to engender confidence-building exercises. As a corollary, non-democratic options will not be supported and the idea that democratic institutions is the most suitable way to govern will overcome. While the EU anchor will be instrumental in terms of urging the domestic actors to commence a bottom up process, it will actually be the domestic actors who will drive the consolidation process. In this sense, role played by business elites, such as TUSIAD, cannot be underestimated.

Finally, even though an attempt has been made to explain different trajectories of democratic consolidation and role of business elites in a comparative perspective, certain points cannot be highlighted. Despite these findings from comparative cases of Spain and Turkey which are based on secondary sources, the interviews with business elites would have revealed why business elites in Turkey would insist on democratic consolidation. By doing so, how business elites perceive democracy can be highlighted. Regarding this as the main limitation of this thesis, for further research, the following suggestions will be made.

The findings from this study can pave the way for analyzing the fragmented nature of business community. In this sense, while the lack of elite unity in political

domain has been criticized, the fragmented nature of business community could not be highlighted. Therefore, this study can pave the way for an intra-business community comparison which can assess the role of various business associations in the democratic consolidation process. Another research suggestion will be regarding the political domain and their relation to the business domain. In this sense, whether there is a shift in the state-business relation can be more visible. Hence, the linkage between political and economic societies and its relation to democratic consolidation process can be underscored. Last but not least, another research suggestion can be whether Europeanization without EU membership can be likely or not. In fact, in this study it has been highlighted that the EU anchor has an indirect impact to stimulate domestic actors; however a counter-argument can be made regarding the efficiency of the EU anchor. In this sense, on the basis of Eurosceptics, pro-EU coalition and anti-EU coalition, business elites' perception towards the EU membership and its contribution to the democratic consolidation process in Turkey can be underlined. Finally, it will also be interesting to apply the explanatory framework through the causal mechanism to other cases to see if same patterns are present across cases. In that regard, Central and Eastern European Countries such as Poland or Hungary will be good test cases to see the relevance of the same tendencies in different countries.

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