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DIFFERENTIATION AND CAPITAL ACCUMULATION:
CASE STUDIES OF THE CARPET AND METAL
INDUSTRIES IN KAYSERİ (TURKEY)

by

S. SENCER AYATA

Thesis Submitted for the
Degree of Doctor of Philosophy

University of Kent
Department of Sociology and
Social Anthropology

Canterbury 1982

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ABSTRACT

A study of two industries based on field work carried out in Kayseri [Turkey]. In the carpet and metal industries diverse forms of production coexist: artisanal production, the putting-out system, capitalist manufacture, factory production and various hybrid forms. These forms are examined with special reference to technological organisation, production relations and capital accumulation. Special emphasis is given to the analysis of the relationships between the different forms of production which exist in each industry.

Recent research on urbanisation in the Third World indicates the significance of differentiation in the non-capitalist sector of the urban economy. A fundamental argument is this that an adequate understanding of the employment situation in the urban areas requires the construction of theoretical frameworks which take into account the analysis of differentiation within the capitalist sector. An attempt is made to examine industrial growth in Turkey from this perspective.

The dualist approaches which see the 'informal sector' as an autonomous one are criticised on the basis of the assertions of the BSA Development Group (petty commodity approach). The data on the carpet and metal industries indicate the dependence of small scale and labour-intensive industries on capitalist factory production. However, the cases of the carpet and metal industries also show that this dependence may not decisively block capital accumulation within the informal sector. Contrary to the assumption held by the BSA Development Group approach, it is argued that accumulation can take place despite dependence.

To my Father

S.A.

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INTRODUCTION

This study is based on field work carried out in Kayseri [see Appendix A]. When I went to the field for the first time I had no clear cut research project but only various questions in mind: what happens to artisanal industries during periods of rapid economic change; what is the impact of mechanisation on small scale production; does an indigenous capitalist class really exist and do the interests of this class collide with the interests of the big industrial bourgeoisie? Although such issues were widely discussed in the political and intellectual circles in Turkey, first hand information was provided by only a few empirical studies [Kıray: 1972]. In the mid 1970's however, a younger generation of sociologists and economists began to show an interest in studying Turkey's 'informal sector' and by the end of the decade considerable knowledge was accumulated in this field. [Velzen: 1977, Bademli: 1977]. In studying Kayseri's carpet and metal industries I had a similar purpose in mind; to record social change at the micro level.

Before I went to the field I studied the literature on such areas as entrepreneurship, small industries and the informal sector in the Third World [see Ch. 2]. Although these did help me significantly in formulating questions and building hypotheses, more important questions occurred to me during the course of the field work itself. For instance in order to understand the mechanisms of capital accumulation and class formation in Kayseri's industries one had to go beyond such static and narrowly defined concepts as small industry, entrepreneurship or unemployment. The different types and systems of industrial production which existed in Kayseri were closely intertwined; this meant that the various systems of production had to be

studied not only in themselves but also in their relationships with other forms of production and systems of exchange. Thus it was in the course of the field work itself that I decided to study a branch of industry as a whole rather than isolating a certain category e.g. the artisans, or an aspect out of it.

This in turn introduced a certain complexity into the field work itself and into the later phases of this study. Production relations and forms in both the metal and the carpet industries were extremely diverse. Hence, in these two industries different forms of production coexisted; artisanal or small commodity production, the putting-out system, capitalist manufacture and factory production. The artisans also differed among themselves; independent small commodity producers, dependent artisans and wage earning outworkers. The industrial capitalists were also diverse; the putting-out manufacturers, the owners of small workshops, the owners of small and large-scale labour intensive industries and the factory owners. Finally, I came across different types of merchants; the buyers-up, the retailers, the wholesalers and the import and export merchants.

Thus, my empirical data on Kayseri's metal and carpet industries led me to study diverse forms of capitalist and non-capitalist production in industry. As such the scope of this study is not limited to a study of small scale enterprises and their relationships with the capitalist mode of production. On the other hand, neither is it a study of the informal sector: also included in it are formally registered enterprises with an organised work force. Thus, neither the petty commodity production approach which takes as its unit of analysis the petty commodity sector, nor the informalist approach which studies the unorganised sector, could provide me with an adequate con-

ceptual and theoretical framework to analyse the multitude of production forms and relations which exist in the metal and carpet industries.

For the analysis of capitalist manufacture that is, what I call the labour-intensive level, I had to draw on the works of early Marxists [Marx: 1976, Lenin: 1974]. Current literature on early capitalist forms' is extremely poor in the case of the putting-out system. Hence, I made significant use of the concepts developed by the economic historians who studied the early modern Western European industries [Chapters 5, 5, 6 and 7].

As I pointed out earlier I examine the different forms of production which exist in the metal and carpet industries both in themselves and in their relationships with other forms of production. In analysing the enterprise itself I look at such features as social and occupational origins of the entrepreneurs, the organisation of management, technical organisation, the employer-employee relationships and relations with the merchants. The analysis of the relationships between different forms of production focuses on exchange relationships; the analysis of the commodity, labour and money markets. I attempt to relate all these aspects to capital accumulation; which industries and what type of entrepreneurs can accumulate capital: what factors block and what factors prompt capital accumulation in the carpet and metal industries; what are the implications of capital accumulation in these two industries in terms of capitalist development in Turkey.

Chapter 2

SMALL SCALE ENTERPRISES : A CRITICAL SUMMARY OF CONCEPTS AND THEORIES

The import of cheap manufactured goods from the developed capitalist countries had ruinous effects on traditional handicraft industries in many parts of Asia, Africa and Latin America. The capitalist threat to household and artisanal industries through cheap imports became world wide in the 19th Century. In the next Century however, the artisanal industries began to come increasingly under the threat of indigenous capitalist industries, though the scale and effects of this competition varied from one region to another. The decline of small scale industrial production due to the advent of modern large scale industry had aroused vigorous debate among both academics and administrators. Some thought that the complete elimination of the artisanat was not only unavoidable but also desirable whereas others thought that something had to be done to prevent the rapid downfall of traditional industry for the sake of humanitarian ideals such as reducing misery and poverty.

A plea for the declining artisan came from Mahatma Gandhi who believed not only that there were humanitarian grounds for defending the impoverished artisan against the evils of capitalism but also that a prosperous artisanat could enhance economic development. Gandhi emphasized the virtues of traditional technology, self employment and self-sufficient villages against the evils of competition and colonialism which in his opinion had disastrous effects on the traditional community's well being. His 'Swadeshi' involved an economic programme for protecting traditional industry through such policies as minimising mechanisation, restraining the growth of large industry, promoting decentralisation and active support for village handicrafts. (Rao:1967, pp.32-35) As Myrdal argues, Gandhi went so far as to

condemn not only wage labour but also urban crafts to show his sympathy for rural industry and villages. (Myrdal:1968) Through these policies Gandhi also aimed at increasing output and employment on the one hand and, reducing poverty and unemployment arising from excessive pressure on land on the other. (Joshi:1963)

In Gandhi's thinking full-employment and rapid productivity increase are incompatible objectives. This assumption lead him to give priority in his thinking to those measures which would attack the problem of rural unemployment. Those who took the opposite view, the one that dominated much of the intellectual discussion and debate in the 1950s and 1960s, criticised the Gandhian approach on the grounds that rapid economic growth achieved through capital intensive industrialisation was the only viable solution for raising the standard of living among the masses. In fact the rightness or wrongness of these policies, one which gives priority to employment and another which advocates rapid economic growth regardless of its human consequences, cannot be evaluated on a priori grounds. If Gandhi was to be criticised for something this was his miscalculation of the existing possibilities that were really open to policy makers in India at the turn of the Century. The successful implementation of the basic principles of Swadeshi required such policies as withdrawal of India from the world economy and the suppression of capitalist growth in the country; policies which were very difficult to carry out, given the nature of class structure and political relationships which prevailed in India at that time.

Gandhism, with its stress on employment as the main development objective, had little influence on subsequent writers who dealt with the subject. Even those inspired by his teaching showed minimal interest in developing rural crafts. Rather, they defended urban artisans and small scale capitalists, formulating policies to modernise artisanal production and increase the output of traditional industry. Hence, the significance of Gandhi's

Swadeshi laid primarily in its initiation of a new interest in small scale industrial production.

This influence could be felt in the 1950s when the subject was discussed around the question of 'cottage industry', industries which remain outside the main orbit of capitalism or those that are isolated from the national and international market. The Gandhian solution of slowing down the pace of mechanization was unacceptable for many; thus the problem was taken as one of integrating traditional industries into the mainstream of events. (Lewis:1972, Hoselitz:1971, Bottomley:1965) It was suggested that some resources should be diverted to cottage industry in order to prevent extremes of poverty; cottage industry could contribute to national productivity; it could be helpful in promoting decentralisation, minimising regional disparities, preventing slums and the growth of an uprooted population concentrated in the towns, creating jobs for women, increasing incomes and the aggregate demand, reducing transport costs through production for narrow markets, reducing overhead costs, earning foreign exchange through exporting articles of craftsmanship, making more efficient use of local raw materials, conserving traditional arts and skills, and creating a manpower base for large scale industries. (Herman:1955, Bottomley:1965, Dhamija:1975) These authors also emphasized what they called the social aspect of the cottage industry question; the avoidance of political unrest through amelioration of poverty and unemployment in the urban areas. That is, income generated in the cottage industry was assumed to act as a safety valve against social disruption created by rural unemployment, migration to towns, and mechanisation.

A CRITIQUE OF THE COTTAGE INDUSTRY VIEW

This modified version of Gandhism with its dual emphasis on economic growth and elimination of poverty soon aroused wide criticism. To mention only one, Spengler argued that the contribution of cottage industry to output increase is negligible. The author proceeds with the Ricardian assumption that growth derives only from increases in net product and this from increases in profits and rents. Since cottage industry creates neither profits nor rents it cannot contribute to net product and therefore it cannot generate economic growth. According to Spengler, the survival of cottage industry depends on Government protection. But this makes it difficult to know whether these industries are efficient. In other words, one has to know whether the inputs used by cottage industry have more efficient alternative uses. Thus Spengler concludes that Government expenditure which goes to revitalisation of cottage industry is sheer waste of resources. Instead, he advocates infra-structural investments that will contribute to national product and increase employment. (Spengler:1956)

Similar views became quite popular among the aid donor organisations and national administrators in the late 1950s. Cottage industry, it was argued, was inefficient due to obsolete techniques, useless or inadequate skills of its work force, and the ignorance and inaptitude of the traditional craftsmen in running their enterprises. These ideas marked a big turn in the orientation of many policy makers and administrators. As I indicated, the Gandhian principle of giving priority to social considerations, even at the expense of halting mechanisation, was firmly rejected. This second view meant the denial of any efforts to found an economic rationale for Government support of traditional industry. But they also made a significant reservation; although the traditional industries themselves were of no use, a select group among the traditional craftsmen could be guided and encouraged

to adapt modern managerial techniques and modern technology to erect new kinds of small industries.

THE 'KEY FACTOR' IN ECONOMIC GROWTH

Schumpeter attempted to criticise equilibrium theories of economic progress to show that the ultimate expansion of economic conduct was to be found in non-economic factors and these were brought into play through the actions of individuals operating in the market. (Greenfield & Strickon: 1981, p.468) Therefore he laid great stress on entrepreneurship in his approach. According to Schumpeter entrepreneurship is a state of mind which reveals itself in taking business decisions; a particular mentality essential to innovation or bringing together and setting to work new combinations which would cause a major leap in the particular branch of industry and economy. (Schumpeter:1961) In the 1950s McClelland and Lerner attempted to study entrepreneurship in some Third World Countries. Their main conclusion is that transition to modernity can only come with the emergence of an ample supply of select individuals who believe that change is possible. Thus, in their opinion economic development largely depends on activating these 'agents of change'. (Lerner: 1958, McClelland:1964) This message had a very lasting influence on many academics and national administrators who seemed convinced that revitalising and modernising small industries could be effected through educating and training small entrepreneurs in management techniques. Once the entrepreneurial talents in the society were unleashed, it was assumed that economic growth was to follow immediately.

In so far as the academic side of the argument was concerned, some sociologists set themselves the task of identifying the social context of entrepreneurship. Hagen, who was dissatisfied with the psychological reductionism in McClelland's analysis, attempted to trace the social context of the 'achievement motive'. He emphasized the role played by socialisation;

dramatic changes in personality result from the suppression of previously prestigious social groups. (Hagen:1961) Kasdan focused his attention on the agrarian economy to trace those mechanisms involved in the recruitment of entrepreneurs among peasants: the economy of rural Basque gave rise to a kind of land tenure and inheritance system and this in turn forced younger sons in each family to seek means of livelihood outside their local village community. (Kasdan:1964)

Some sociologists, on the other hand, tried to trace factors which inhibit the easy coming of necessary personality changes, factors that create resistance to change or block the way for talented individuals. Often, tradition itself was seen as the arch enemy of the 'agents of change', the entrepreneurs; the traditional society is only capable of upbringing unsophisticated minds which cannot grasp the complexity of modern society, its life and its institutions. This lack of sophistication and ignorance was argued to be the major barrier to African entrepreneurship. (Morris:1968) Minkes suggested the immediate removal of traditional institutions and cultures and Papanek thought that this could be quickened through Government intervention. (Minkes:1952 , Papanek:1964) There were others however, who stressed the positive contributions of tradition in releasing potential entrepreneurial supplies; nepotism in the recruitment of managers and administrators, paternalism and benevolent providers, conservatism in family life which purports solidarity in business administration. (Khalaf, Shwayri: 1967) Few others on the other hand, focused exclusively on small scale entrepreneurs to elucidate on their family wealth, skill backgrounds, business knowledge and expertise, personal contacts with influential people. (Berna:1958, McCrory:1955, Stepanek & Prien:1950) These authors also investigated the occupational backgrounds of entrepreneurs; were they recruited among artisans, peasants, workers, or the high school or the

university educated? Despite significant differences among its proponents, the conception of continuous move towards modernity is intrinsic to all versions of entrepreneurial theory of development. Since this was taken for granted, neither the ultimate destiny of development, that is, modernity, nor the pattern of development were seen as problematical. What really mattered was the pace of growth; how to effect the creation of an ample supply of entrepreneurs and how to speed up transition to modernity. Thus, the question became largely one of creating the right atmosphere in which entrepreneurs could spring really fast. One such cradle, many thought, could be the small industry.

DEFINING SMALL INDUSTRY

The particular emphasis that these sociological studies laid on the entrepreneur as the prime mover of modernisation found wide acceptance among various international organisations and national administrators that formulated policies for promoting small industry. But, the latter had to confront a more difficult question; what types of small industry could effectively act as the breeding ground for the embryonic entrepreneurs? Indeed, small industries differed as to size of their work force, their particular locations in the market economy, their management systems, the quality and quantity of their output, and their typical systems of labour utilisation, and production organisation. There was in fact one immediate answer which was almost universally agreed on; not traditional or cottage but 'modern small industry'. But, where exactly was one to draw the line between the two? Since modern small industry was to receive active Government support it mattered a lot which industries were to benefit from it and which were to be excluded.

In the last two decades books, journals, and special reports on small industry mushroomed in many Third World Countries. Those who

contributed to these publications were mainly bureaucrats in ^{international} organisations and national administrators. I shall refer to this current as the 'administrative approach': not only because administrators were so numerous among its proponents but also that the kind of debates and discussions involved had direct bearing on policy formulation and implementation.

One can distinguish two major variants of the administrative approach. On the one hand there were those who define modernity in a limited and strict way; they exclude almost all small industry except 'modern small factories'. (Staley & Morse:1965, Davenport:1967, OECD:1967) Those who can be grouped together in the second variant adopt a more broad definition as to subsume diverse forms under the general category of modern small industry. I will first discuss the second variant. (Minkes:1952, Rao:1967, Herman:1955)

Here however it is not possible to see a common set of criteria accepted and used by various authors. On the contrary, different authors attributed different features to what was to be modern small industry. In principle, the size criteria was rejected almost unanimously but it is not difficult to notice that many policy oriented reports on small industry took work force size and size of capital as fundamental yardsticks in distinguishing between enterprises. Some implicitly rejected the dichotomy of self employed craftsmen and small enterprises which use wage labour; the self employed radio repairer could be seen as a modern industrialist because the kinds of products that he deals with are modern. Due to backwardness of his techniques and skill the hand loom weaver can be seen as a traditional craftsman but if his products are exported he should be included among modern entrepreneurs; because at that point he becomes integrated into the international economy. On the other hand, modernity could equally derive from contact with modern institutions. Alternatively, what makes

an industry modern is the kind of inputs it uses, factory produced raw materials, machines ie. the self employed cobbler using electric sewing machines. (Shetty:1963) It was also indicated that the distinguishing feature of modern industry is its use of wage labour. In addition to these, various authors emphasize adaptation or improvement; industries which can be modernised, at least partially, through measures that vary from educating the entrepreneur in market affairs to encouraging the enterprise to use factory produced inputs.

The involvement with definitions of modernity often reflect the disputes among administrators who individually or in groups attempt to influence decision making in their own ways, as well as the clashes of interest between various sections of artisans and small industrialists.

Although they tended to see traditional industries as obsolete and largely non-contributory, the proponents of this view tried to justify Government support for modern small industry on the following grounds: one particular advantage of modern small industry is claimed to be its labour intensiveness; this is seen as a way of saving capital in countries where capital is a scarce resource. It is also emphasized that modern small industry saves foreign exchange ie. export of handicraft products, import substitution. On the other hand, some put forward its advantage in increasing aggregate demand. (Herman:1957) This aspect was pointed out much earlier by Aubrey and Lewis; the survival and growth of all kinds of industry, whether large or small, depends on the growth of the internal market but where standardised mass demand has not developed, small industries can reduce costs of production and thereby gain some competitive advantage. (Aubrey:1951, Lewis:1972) Some authors following Myrdal, stressed the useful role played by the spread effects of small industry; once a certain technical base develops, the small industry can rapidly build on it and

diversify. (Myrdal:1968) Backward and forward linkages with large scale industry was also emphasized: it was regarded as essential for increasing complementarity and promoting industrial diversification.

MODERN SMALL INDUSTRY AS 'MODERN SMALL FACTORY'

Staley and Morse attempted to synthesize these views and assumptions pointing out their weaknesses and strengths and attempting to develop a new outlook towards small industry. The basic principles of their approach dominate much ^{of the} thinking in international organisations and administrations at the national level in Third World Countries. (Staley & Morse:1965)

Three concepts occupy a key role in their analysis, accelerated growth, entrepreneurship and modernisation. According to the authors the starting point in designating modern small industry is distinguishing between factories and non-factories. In terms of the size of the work force, Staley and Morse saw those as small factories which employ between ten and 99 workers. The fundamental feature which distinguishes small factories however is twofold; specialisation of tasks on the shop floor and the presence of an owner-manager who normally does not participate in the productive activity.

According to the authors the artisanal workshop is the typical unit of production in the traditional society. But this institution which precludes any division of labour and technological change is obsolete, and therefore it must be replaced by the modern small factory; otherwise its protection will block modernisation. As for the artisan himself, the prospects may be bright if he can adopt modern production and management methods. The authors also point out that there is a form which can be seen as transitional between the artisanal workshop and the small factory; the dispersed factory or the putting-out system. Here, the division of labour is rudimentary; the central workshop divides work among homeworkers and artisanal workshops. Moreover, the putting-out system forms a link between the traditional and modern poles of the transitional economy. Although it

facilitates complementarity in industry, provides supplementary incomes for the work force and reduces overhead costs, the putting-out system is unprogressive, exploitative, and subject to many abuses.

Although they themselves do not use these terms, Staley and Morse in fact try to designate capitalist from non-capitalist enterprises. In their conception of modern enterprise, there is no reference to machinery. If they were to take this dimension into account then neither the putting-out system nor those small industries which do not employ machines could have been adequately shown as capitalist (modern) enterprises. Thus, in their view, the modern enterprise is one which has a capitalist owner and a small number of wage labourers. This rather narrow conception of the modern sector sharply contrasts with the views that I summarised earlier; the latter conceptualised modernity as integration into the market economy. But for Staley and Morse, non-capitalist enterprises have no place in the modern economy, even those that have links with the capitalist sector.

The authors recommend to policy makers such measures as maximisation of efficiency, productivity, and economic growth only to neglect some others such as employment, reduction of poverty or avoidance of social disruption. Staley and Morse argue that it is misleading to justify Government support for small industry on the grounds that these industries are labour intensive; on the one hand many small factories are capital intensive and on the other, the relevant criteria in giving priority to some small industries over others should be a choice of products and techniques that would guarantee maximum efficiency rather than employment per se. Policies that aim at maximisation of employment may even contradict the aim of rapid modernisation (Staley & Morse:pp.275-301); this will only help to make obsolete techniques survive, costs of production high and consumers buy expensive products. The long term and fundamental objective

of accelerated growth should not be sacrificed for the sake of short-term employment considerations.

According to Staley and Morse, the modern small factory is not a transitional form. Far from that, it is indispensable to the modern economy; not when it is protected but only in so far as it can be given a competitive base. In view of their evidence on the U.S. economy, the authors argue that small factories grow in numbers and diversify with the advent of industrialisation. This competitive strength derives from three major factors. In the first place there are what the authors call the 'locational influences'; the raw material supplies may be too diverse and dispersed i.e. milk, or that markets may be too small, or that the transport costs may be too high. Process influences derive from the nature of production and technology; simple assembly ^{and} separable manufacturing processes, prompt production in smaller units. Finally, there are market mixing influences; industries that specialise in differentiated products with low scale economies or industries serving small total markets. However, as the authors themselves admit these influences have full strength only in developed capitalist countries. In other words, the diversification of small factories presupposes the existence of a wide industrial base with networks of subcontracting links between various industries, high effective demand and an already established and diversified product range. None of these features are typical of backward capitalist countries. The kind of thinking involved here is both tautological and simplistic: once the transitional economies become modern, they will have a diversified small industry sector. On the other hand, the authors' view that subcontracting relations in industry develop mainly between small and large but predominantly between capital intensive plants is suggestive in understanding the reasons for the scarce development of subcontracting links

between large and small industries in Third World Countries (Watanabe:1971). However, it should also be pointed out that Staley and Morse underestimated the extent of different kinds of linkages that exist between capitalist and non-capitalist, modern and traditional enterprises ie backward and forward linkages.

According to Staley and Morse, there are three types of Government approach to small industry; the protective approach, the passive approach and the developmental approach. The protective one prevents competition through reserving quotas, markets and excise taxes for small industry. The passive one amounts to mere negligence, that is, doing nothing for it. The authors argue that both approaches may have damaging effects on the 'modernising economies'. There is the 'developmental' one; the creation of economically viable enterprises which would enhance the growth of total national product.

The major principle in the developmental approach is selectivity in promotion; Government assistance should be reserved for the efficient industries alone. Nevertheless, this assistance should always avoid costly subsidies and aid. At this point, the authors claim that finance is not the only problem that small industries face, it is not even one of the important ones. On the other hand they argue that it is not a wise thing to spend any poor country's scarce resources and capital on small industry. Instead, the authors come up with a 'cheap solution', one which is implicit in the entrepreneurial theory of development.

According to Staley and Morse small industries should be modernised through 'rationalisation'. The latter implies the development of individual initiative and managerial ability; educate the entrepreneur and let him take care of the rest. Thus, Government assistance should include neither aid nor laying down marketing facilities, but information about

markets and banks. Although the large firms can have easy access to such information the small entrepreneurs cannot, and therefore this gap should be filled by advisory research and training for which the Government should assume major responsibility. Such assistance aside the success of small industry should depend entirely on its own competitive strength in the market economy.

SOCIOLOGICAL STUDIES OF DUALISM IN INDUSTRY

Emphasis on economic dualism, whether between industry and agriculture or within industry itself, has been a longstanding assumption elaborated and used by many economists and sociologists. In such approaches there is always a reference to the traditional versus modern dichotomy. The major shortcoming of dualistic frameworks is their negligence of interdependencies, linkages, and the relations of domination and subordination that exist between the distinct spheres of the economy. Here I will summarise two sociological accounts of dualism, both related to urban industry.

THE BAZAAR ECONOMY IN MODJOKUTO

Geertz's study of the firm and bazaar economies in the Javanese town of Modjokuto is one classic example of the application of modernisation theory in sociological research with its emphasis on dualism and traditional versus modern dichotomy. (Geertz:1963) According to Geertz the bazaar has certain features which make it distinct as a way of life from the world of modern business firms; the absence of a fixed price system in selling, bargaining between the customers and the retailers in deciding on prices; the sellers make little attempt to build stable clienteles; trading in easily transportable consumer goods. The bazaar economy is one of credit links; the wholesalers advance goods to the circuit traders who normally operate their businesses with someone else's capital. Credit

provides security for the circuit traders and keeps the bazaar economy going. But, these traders' vision of business is not one of linear progression, rather they tend to spread risks and profits and see business as one of cycles where periods of prosperity follow bankruptcies and vice versa. The trade in the bazaar is not with 'advanced products', on the contrary, the bazaar traders prefer buying and selling cheap and low quality goods.

There are some other important features of the bazaar economy. For instance, ease of entry leads to overcrowding and excessive competition, labour is used very intensively and little effort is made to increase productivity. The bazaar traders lack organisational abilities. In the bazaar, specialised occupations are rare. Both factors explain the absence of impersonally defined social and business institutions. The bazaar economy, the household industry and labour intensive small scale agriculture have all these features in common. For instance, the household industry is labour intensive, loosely organised, non-dynamic, seasonal, unspecialised, non-professional, riskless and difficult to capitalise.

Although Geertz sees 'organisation' as the key factor in 'modernisation', he is not clear in stating what he means by these terms. For instance, a retailing shop in Modjokuto is modern for the following reasons; it has a store, it adapts to revolutions in urban tastes ie. selling tennis rackets, soccer balls, 'scarves and table cloths decorated with pictures of President Sokarno' (Geertz:1963, p.57), it sells shoes produced by a large company. In other contexts, he mentions other typical aspects of modernity; permanent location, a full business day, fixed prices, aggressive search for customers, 'modern customers', display of goods in the window, selling expensive products and tasty internal decoration.

According to Geertz there are intermediate forms apart from the purely traditional and modern enterprises. The putting-out system is one of them. Here, Geertz argues, contractors in the building industry who arrange work for several gangs are a representative of the rational business organiser moving towards the modern firm economy. Otherwise, the two economies are separate. Their coexistence is a threat to the well being of each other. Thus Geertz maintains that although the bazaar economy provides employment for many people, it hinders the development of the firm economy. The entrepreneurs must launch a struggle against the bazaar since modernisation requires the effective elimination of the traditional sector.

Geertz however, overlooks so many cases in his own data which clearly indicate that the modern firms do not operate independently of the bazaar economy and that they benefit significantly from it. Food, for which the 'modern businessman' and their employees are customers, is produced by the traditional small cultivators and marketed through the circuit traders. The bazaar economy in Modjokuto also plays a crucial role in capital formation; all the three modern enterprises that Geertz mentions had accumulated wealth in the traditional sector. The small scale Modjokuto industries must be marketing their wares through pedlars and bazaar wholesalers. These cases and indeed many others seem to contradict Geertz who claims that the bazaar is inimical to economic growth.

Geertz is also incoherent and often self contradictory as to the kind of criteria which he adheres to in distinguishing what is modern from what is traditional. He indicates profit orientation as a trait of modern business behaviour. But, his bazaar wholesalers do accumulate considerable amounts of capital. According to Geertz, the modern firm must be investing in capital equipment, labour power and systemized

production. However, he cannot show these in the case of the 'modern retailer' who is not doing any of these. Again, Geertz's portrait of the retailer draws attention to aspects such as using a bookkeeper, selling factory produced goods, trading in expensive products, and selling goods to rich customers. Another modern enterprise, the small sugar cane factory, has almost the reverse features; using cane produced by the labour intensive economy of traditional peasants as raw materials, buying these from the bazaar wholesalers, producing cheap substitutes for the expensive 'Dutch sugar', and marketing the produce through the bazaar traders. Although Geertz emphasises specialisation and division of labour as typical features of firm economy, one can hardly notice these aspects in so far as his three examples of 'modernity' are concerned. As to concentration in a single type of activity, another criterion of modernity for Geertz, it is possible to argue that there is minute specialisation among the bazaar traders each of whom sells only one or few types of product.

I do not think that Geertz is successful in indentifying the differences between the two economies; differences in internal decorations of the shops or the type of window displays used by the traders in the two different contexts, can at best be described as superficial differences. I observed on many occasions that the offices of wholesalers are poorly decorated and lack window displays. In terms of organisational differences Geertz also mentions contact with modern organisations as a sign of modernity. But bazaar dealers such as pedlars, hawkers and petty traders in many parts of the Third World sell products which they buy from factories.

Instead of studying the relationships between the different sectors of the economy in Modjokuto, Geertz attempted to isolate a few cases which

he thought had some touch of modernity. But, his data could have been used to highlight the interdependencies and the combined growth dynamics of the two economies. Therefore the major shortcoming of his analysis is his overemphasis on dualisms and dichotomies; a view of events and structures as isolated and unrelated entities. Moreover, Geertz was unable to develop coherent and consistent criteria for analysing what he saw as different in the two contexts. Other dualistic approaches compare large scale commercial or industrial enterprises or Government bureaucracies with the enterprises of artisans, shopkeepers and petty servicemen. In such cases it is easier to magnify the differences. Geertz, on the other hand compares the shopkeeper with the pedlar, or the larger artisanal workshop with the smaller one. His aim is to trace the very seeds of 'modernity' among well-to-do shopkeepers and artisans. But as it emerges clearly from his own evidence, these modern firms were neither completely isolated from the bazaar dealers nor very different from them. Geertz attempted to overshadow the overwhelming dependencies between the two economies and their similarities.

THE PEASANT SYSTEM OF PRODUCTION

McGee's analysis of the urban labour force and urban employment in the Third World is too dualistic in its emphasis. (McGee:1973, McGee :1971) McGee distinguishes not between two economies as Geertz does but between two systems of production. The first of these is the 'peasant system of production' which McGee identifies with family organised enterprises whose preoccupation 'is not simply profit but the most effective use of the labour of its members'. (Roberts:1978) Here, unlike that in the capitalist system of production, the major commitment of the entrepreneur is the effective utilisation of the family labour supply.

This system is not specific to any particular sector of the economy;

it can be found in both rural and urban areas and in services and trade as well as in industry and agriculture. Drawing on Santos's concept of a lower circuit of the economy, McGee lists some of the basic features of the peasant system of production; labour intensiveness, scarcity of capital, irregular hours of work, credits obtained through personal and non-institutional sources, negotiable prices for the products, and no access to Government aid and protection.

McGee indicates that actual people may participate in both circuits of the urban economy, the lower as well as the upper, at the same time ie. the street hawker might have a job in a factory. Nevertheless, those attached to the peasant system of production in the urban areas, the urban peasants, form a distinct social class. If one sees the work force attached to the capitalist system of production as the proletariat, those in the lower circuit should be seen as the protoproletariat. On the other hand, McGee states that 'urban peasants' are different from 'rural peasants', who are employed in agriculture. What differs here is not the system of production itself but locality ie. urban and rural.

In Hong Kong cities, McGee argues, there is a juxtaposition of the peasant and capitalist systems of production. But, the protoproletariat will disappear as the capitalist system extends. In fact, McGee conceives the relationship between the two, which in his opinion are mutually exclusive systems, as a zero sum relation. On the one hand, he argues that the protoproletariat expands but on the other he maintains that the capitalist system is the winning side; a contradiction that recurs throughout his work.

The protoproletariat consists of several distinct groups: an industrial reserve army for the organised wage sector, the seasonally unemployed labour force, and its permanent members. McGee also sees a

difference between those employed in industry and those in services with regard to their relationship with the capitalist system of production. Indeed this is an observation which many authors tend to overlook. Thus large scale factory production accounts for the major portion of industrial production within the colony (Hong Kong), but this penetration by the capitalist system of production has been much less discernable in the distributive sectors of the city's economy, particularly in retailing. (McGee: 1973, p.305)

McGee's analysis can be criticised on various grounds. In the first place, he does not recognise the fundamental relationship that exists between the growth of small scale enterprises and the changes in the capitalist sector. Secondly, the concept of the peasant system of production is much too broad; it subsumes diverse activities and forms of production. For instance, McGee even fails to distinguish between peasant production oriented to family needs and peasant production for market. Thirdly, the concept peasant system of production is itself ambiguous. There are non-capitalist enterprises which employ non-family labourers whereas many artisans employ neither family labour nor any hired workers. That is use of family labour is not one of the primary defining features of non-capitalist enterprises. Fourthly, McGee reserves no place in his discussion for the analysis of the possibilities of accumulation within the lower circuit itself. Despite these, his work requires merit for its clarity and precision in indicating the kinds of levels and units of analysis involved in dealing with different aspects of the employment and poverty problem; the peasant system of production and the individual enterprise, the lower circuit of the economy and the wider economy of the peasant system of production, the protoproletariat and social class analysis. In other words, he recognised clearly that each of these levels may have certain features which are not immediately deducible from others.

THE INFORMAL SECTOR

The term 'informal sector' is used by many authors who studied small scale enterprises in the urban areas of the Third World.' As a generic term it is used to cover or lump together essentially diverse forms of economic activity; legal as well as illegal enterprises, petty traders as well as petty producers, registered as well as non-registered enterprises. Therefore, one can hardly see any set of coherent criteria in designating the boundaries of the so-called informal sector. Tentatively, it is possible to say that 'informality' as various authors used the term, refers to that kind of economic activity which remains outside the sphere of large scale and bureaucratically organised enterprises and institutions.

The 'informalist approach' originated and became popular in the 1970s. First, it marks a shift of emphasis from accelerated growth to the employment problem. Secondly, the approach is dualistic in its emphasis; although some recognise the significance of the flow of goods and labour power between the informal sector and the other spheres of the economy, many proponents of this approach have tended to see the sector as an isolated and autonomous one. Thirdly, many authors saw in the informal sector a capacity for growth which could result in the alleviation of unemployment and poverty in Third World Cities.

In this section, I discuss in detail the original formulation of the concept by Keith Hart and one of the ILO Country Studies (the so-called Kenya Report) which is indeed the classic example of this view.

INFORMAL INCOME OPPORTUNITIES:KEITH HART

According to Hart formal employment is permanent and regular and formal opportunity structure exists where labour power is organised and receives fixed rewards and where work is rationalised. (Hart:1973) But

in Ghana access to formal opportunity structure is limited; in Accra the large scale private enterprises and the public sector together can employ only half of the existing labour force. This means that the other half earn incomes in the informal economy which for Hart is mainly non-formal income yielding opportunities. The distinction between formal and informal employment is based on another distinction, that between wage-employment and self-employment. Although Hart admits that there is wage employment within the informal economy i.e. apprentices, casual workers, he nevertheless maintains that the informal economy is one of self-employment.

Informal activities can be found in all the major sectors and branches of the economy and some are illegal i.e. usury, smuggling. According to Hart, differentiation within the informal economy is important, especially in trade and services; carriers, retailers, middlemen and wholesalers all take different positions in the chain of distribution. Thus, there are differences in income, wealth, status and life styles among the occupants of the sector. However, Hart does not see in this any evolutionary trend towards polarisation; for patronage relations and familial ethnic obligations act as centripetal forces in effecting an equitable income distribution. Moreover, he argues that the egalitarian philosophy of the peoples which is mediated through kinship and ethnic groups is a major obstacle to capital accumulation in the informal economy. Negligence of the study of polarisation in incomes and its implications for capital accumulation stands as a major weakness in Hart's analysis.

Hart's conception of informal economy pertains to particular roles and activities rather than households, social classes, or other social groups. "An important consideration is the degree of regularity (one might say of professionalism) with which the individual is engaged in informal activities. Only in the case of regular involvement can we talk of

'informal employment' as distinct from casual income flows of an occasional nature.¹¹ (Hart:1973,p.69) At this point Hart compares the full time hawker with the casual dealer. The latter may earn in a matter of a few hours an amount which the full time hawker earns in several weeks. Here, the measure of informality is the amount of cash earned through informal opportunities. Regularity of involvement can be measured according to time input too. Thus the scope of the informal economy is expressed in terms of both the total cash flow and the total time input.

According to Hart low wages in the formal economy leads to duplication of jobs. The formal sector employees participate in the informal economy. I think neither of the possibilities are in fact as important as Hart thought. If half of the urban population is already employed outside the formal opportunity structure, how many of those in it can in fact duplicate jobs? The second possibility, involvement of the wage and salaried work force in the informal economy, requires more serious consideration. How likely is it that a full-time wage worker can carry regular obligation as a street hawker ie. this requires a sixteen or even eighteen hour day. A similar objection can be raised in terms of the cash flow criterion; if the wage worker can earn an amount equal to or even more than his wage income which he derives from minimal involvement in the informal economy, what is it that keeps him from shifting his job to an informal one on a permanent basis? If this was really so, a considerable section of the lowest paid employees in the formal economy who according to Hart must be earning twice or three times the minimum wage, should then be seen not as the lowest paid, but the aristocracy of labour.

Hart could have pointed to two things to substantiate his argument. Firstly, that the informal income opportunities provide modest subsidiary

incomes for a limited section of the wage and salaried workers; but through minimal rather than regular participation in the informal economy. Hart takes the second view, that of regular participation, arguing that the informal sector (part-time as well as full-time) offers potentially much higher returns than wage employment of the kind available to the urban proletariat. (Hart:1973,p.73) If so then Hart has to explain why large sections of the labour force in the informal sector do not replace their existing jobs with those in the informal economy, since this shift would bring rises in their living standards. He should also explain why poverty is so widespread in the informal sector, a fact which Hart himself admits bluntly. Recent research in many Third World countries suggests that low per capita incomes among the poor leads households to diversify their sources of income and employment ie. the father works as a low paid Government employee, the daughter does embroidery work for merchants and the son works as an apprentice in a small enterprise. For Hart who saw multiple employment from the point of view of the individual, this kind of explanation had little appeal.

It is possible to notice a similar ambiguity in relation to Hart's analysis of Ghanaian class structure. The jobless who seek refuge in the informal economy, the low paid organised wage workers, and possibly those people professionalised in the informal activities form the 'sub-proletariat' of Ghanaian slums. But it is not clear whether he thinks that the low paid organised work force is part of the proletariat or that of the sub-proletariat; sometimes he seems to be saying that they belong to either one of them whereas one also gets the impression that this category belongs to both classes at the same time. On the other hand, people like unregistered wholesaling merchants or usurers are also located within the informal economy. Does this mean that they are also the members of the sub-

proletariat? Such confusions seem to stem from a fundamental inconsistency in Hart's basic theoretical framework. He attempts to explain forms of production in terms of 'typical' informal roles and activities and class relations from the point of view of the individuals. Thus, his formulation suffers from a confusion of various levels of analysis; and indiscriminate use of the same conceptual tools in dealing with essentially different questions and problems. As I tried to indicate, multiple employment can be studied from the point of view of the household, and similarly a social class analysis is more fruitful in analysing that section of Ghanaian labour force which remains outside the formal economy.

Hart takes the informal sector as a unit of analysis only to emphasize its autonomous growth capacity and its relationships with other sectors in the economy. He argues, "the possibility that the informal economy, with its emphasis on tertiary activities, may be developing at a rate faster than other sectors of the national economy, and thus taking up some of the slack created by inadequate rates of growth in the well documented modern sector, cannot be dismissed on a priori grounds." (Hart:1973,p.89) On the other hand, he speaks of not only a flow of labour between the formal and the informal sectors but also a flow of goods. Nevertheless, detailed accounts of the nature of these linkages is missing in his work.

The significance of Hart's work should be sought in its criticism of a view, one which was shared by many economists and sociologists in the 1950s and 1960s, which focused on an image of the informal sector as one of underemployment and unproductive activities, ie. the economy of the shoe shine boys. He attacked this view on several fronts. The informal economy meets some of the essential needs of the urban population and it contributes to the national product. Secondly, unemployment in the informal economy is largely an assumption about productivity levels. That

is, underemployment implies that the sector had on the whole low productivity. Against this Hart argued that the low productivity assumption requires empirical verification and that the low productivity argument only helps to hide the fact that the people in the informal economy do work very hard. Thirdly, he suggested that the problem should be viewed as one of incomes rather than disguised unemployment. The people who participate in the informal economy do work hard and for most of their time. The low levels of income tell nothing about unemployment, disguised unemployment or under-employment. Hart's arguments helped to raise major doubts in the minds of many sociologists and economists who questioned the validity and accuracy of these concepts in describing and analysing poverty.

THE KENYA REPORT

One of the ILO's country studies, the Kenya Report, has had deep influence on later research in the 1970s in administrative and academic circles. The main emphasis in the Report is a fundamental contradiction identified as between the aim of rapid economic growth which is based on excessive reliance on foreign capital, import substitution policies and capital intensive technology on the one hand and the aim of amelioration of poverty and the improvement of employment conditions in Kenya on the other. That is, the growth of Geertz's firm economy, McGee's capitalist system of production and Staley and Morse's modern industry has resulted in the eyes of those who prepared the Report, in the deterioration of the employment structure in Kenya. Despite the high rate of economic growth, the size of the work force outside the modern sector has increased in the country between 1963 and 1970. (ILO:1972)

But, the major significance of the Kenya Report lies in its identification of the employment problem in non-conventional terms; we identify the main problem as one of employment rather than unemployment. By this

we mean that in addition to people who are not earning incomes at all, there is another group of people whom we call "working poor". (ILO:1972,p.8) Since unemployment benefits do not exist in Kenya the 'unemployed' must be doing some kind of work in order to eke out a living. In fact, these people work hard and even longer hours than the wage workers in large scale industries but they cannot earn a reasonable minimum income. Hence, the primary focus of policy should be shifted from the unemployed to the working poor; urban unemployment is around 10% but the working poor consists of 25% of rural and 48% of the active urban populations in Kenya. (ILO: 1972).

The working poor are employed in the informal sector. The latter refers to particular kinds of activities or ways of doing things; ease of entry, reliance on indigenous resources, family ownership of enterprises, small scale of operation, labour intensive and adapted technology, skills acquired outside the formal school system and unregulated and competitive markets. As I indicated earlier, Hart's main unit of analysis is the individual who takes part in various kinds of economic activity whereas for the Report this is the informal sector. The sector is examined in its relation to other sectors of Kenyan economy; the authors assess its development potentials and capabilities. The kind of perspective adopted in the Report neglects the study of both the typical informal sector enterprises as well as the social class aspect of the working poor.

According to the Kenya Report the informal sector has a large capacity to absorb labour. But, as to the growth potentials of the sector in terms of production the Report is ambiguous. Undoubtedly, there are numerous passages and sections where the authors describe the sector as dynamic, active and contributory to economic growth and those who comment on it criticise it for its ungrounded optimism as to the growth capacity

of the informal sector. (Leys:1975, Moser:1977, Bieman:1976) However, the Report describes past Government policy in Kenya towards the informal sector as one of inaction, restriction and even harassment. The authors argue that if this continues the sector will not be able to develop successfully. (ILO:1972,p.505) Even if development takes place, the growth of the informal sector can only be involutory; stagnation in output will lead to the distribution of the slowly growing income among the rapidly growing population. The difficulty begins at this point because the Kenya Report gives no information as to the past trends in productivity changes in the informal sector. In fact, there is frequent reference to the poverty level of incomes and the reader is given the impression that it was not as successful in expanding its output as it was in increasing the size of its labour force. If this is so, on what grounds does the Report arrive at its basic conclusion that the informal sector generates economic growth? Did the sector create any investible surplus in the past and if it did, how was this used? I think no satisfactory answers are given to these questions. Therefore, its basic proposition that the informal sector is a dynamic one, remains unproved.

The Kenya Report advocated an economic model for Kenya, 'redistribution from growth', to substitute the previous import substitution model. In this, the informal sector is expected to play a key role. The successful implementation of the model also involved, according to the authors of the Report, a transfer of surplus from the high income groups to the working poor in a way as to create funds for labour intensive investments in rural and urban areas. The new programme would aim at the abolition of poverty in Kenya whilst sustaining economic growth. The Kenya Report is criticised for its optimism, neglect of serious consideration of political and economic power relationships in the country and its under-

estimation of certain adverse effects of the dominant capitalist mode of production on informal sector capabilities. (Leys:1975, Moser:1977) What I have tried to stress however is that the Report itself is also sceptical about the independent growth possibilities of the informal sector. The authors mention repeatedly that without Government support of some kind, the sector had little chance of playing a dynamic role in economic development. It is made quite clear in the book that this depends on major and radical changes in Government policy. This according to Moser is something which cannot be effected unless the political power of the economically dominant groups is undermined. It is very difficult for the informal sector to play a leading role in economic development and to this extent those who criticised the Report were undoubtedly right. But, as I will try to show later on, the 'informal sector' does play an important role in enhancing capital accumulation, not only through a transfer of surplus to the dominant capital intensive industry sector but also through contributing to capital accumulation in the hands of medium scale entrepreneurs who mainly emerge out of the ranks of artisans, the manufacturers who put out work to outworkers in the 'informal' economy, and various types of merchants and usurers. In other words, the Report was not optimistic as to the possibilities of enriching the working poor unless of course something quite dramatic happened. But due to its dichotomic conception of the urban economy, it could not explain the source of this dynamism.

The Kenya Report explicitly rejected the traditional versus modern dichotomy as a model for explaining the structure of Kenyan economy; since both the formal and the informal sectors are the products of urbanisation, they should be regarded as modern. Unlike McGee and Geertz, it is maintained in the Report that the expansion of the formal sector will not necessarily lead to the destruction of the informal one. Finally, as

to the linkages between the two sectors, the Report lays great stress on what the informal sector exports to the formal one. However, on the basis of some evidence from the Report itself, one can say that in Kenya the informal sector's imports are considerable; marketing the products of large scale enterprises, buying raw materials and equipment from the formal sector, and repairing and maintaining goods produced by Kenyan or foreign firms ie. cars, bicycles, radios. On the other hand, it is argued in the Report that subcontracting relations between the two sectors are largely absent in the Kenyan case; but since it is seen as one of the prerequisites of balanced growth, it is suggested that subcontracting ties need to be promoted and strengthened.

The major weakness of the Report is its conceptualisation of the informal sector as an undifferentiated and homogenous one. As is often argued employment conditions, work conditions, incomes and future prospects for development differ significantly among the various people whom the Report included among the participants of the informal economy ie. traders, artisans, servicemen. Moreover there are significant differences between the occupants of any of these branches of the informal economy as to the size of their enterprises, the form of labour utilisation ie. family and wage labour, output, relations with the Government and the formal private sector and prospects for capital accumulation. Various statements in the Report itself seem to support this argument; Kenyan firms employing less than five workers and those employing between 5 and 10 workers are losing ground against medium sized firms. (ILO:1972,p.178) Similarly, the informal boss who sells his products through commissioning several dozens of street hawkers cannot be placed on the same footing as their employees. As the BSA Development Group was able to show the informal sector consisted of essentially diverse employment situations,

many of which are subordinated to capitalist production.

MARGINALISATION

The marginalist approach originated in Latin America as a response to growing problems of income distribution and employment in the urban areas. Many social scientists from different disciplines have attempted to study the ways in which large masses of urban population were excluded from the benefits of economic growth ie. inadequate housing and education, low incomes, exclusion from urban services. Here, I take only one of the main proponents of a major variant of the marginalisation approach, Quijino, whose work, unlike those of the majority of marginalists, is directly related to the study of structural and historical mechanisms which gave rise to the growth of small scale industrial production in many Third World countries. (Quijino:1974)

Quijino elucidates on the relationship between the segmentation of the labour force and the mechanisms of capital accumulation in Latin American countries. His point of departure is the 'hegemonic level' in the economy, that is, the sphere of capital intensive monopolistic industries. The kind of technology which these enterprises use is not the product of indigenous labour, knowledge and resources. Capital accumulation and economic growth in Latin American countries spring mainly from imported technology; those who get hold of it can claim absolute control over basic resources ie. credit, raw material supplies, and control of middle and high income markets. Due to this high productivity, the imported technology also enables the monopolistic enterprises to pay higher wages and salaries to their employees but this gives rise to concentration of incomes in this sector.

According to Quijino although the high technology-monopoly level can generate some economic growth, the benefits of this growth can spread neither to other levels of the economy ie. the labour intensive-competitive

sector, nor to the whole population. On the one hand, the monopoly level gains a hegemonic position by producing the majority of a country's wealth but on the other hand this takes place at the expense of other sectors; in their relations with the hegemonic level they become subordinated and depressed. Moreover, the increase in output often takes place at the expense of a reduction of the demand for labour in the hegemonic level itself.

In Latin American economies there is also what Quijino calls the competitive level of textile, shoemaking, metal, food processing industries. However, due to economic and political control exercised by the hegemonic level, these industries lose their autonomy in generating growth and accumulating capital. The outcome is the revival of semi-manufacturing and artisanry only as antecedent sectors with little access to basic resources and no internal growth dynamics of their own. These industries in the 'marginal pole of the economy' are excluded from the high and middle income markets, they operate with backward technologies and they can generate only very low incomes for their workers. But, this new level is not a survival of the past; whereas the traditional industries had collapsed in Latin America during the colonial period, this new artisanry grew in the past few decades as the monopoly level established its hegemony in these economies. Thus, far from being immune from the events that take place in the hegemonic level, the very existence of the marginal pole stems from it.

One of Quijino's fundamental propositions is the coexistence of capitalist and non-capitalist forms of production. Unlike the BSA Development Group, which tended to neglect the analysis, or even the existence of the competitive level, Quijino came up with a threefold division of the levels of production in the urban economy; the monopo-

listic level, the competitive level and the artisanal level. As I shall argue in the case of the structure of Turkish industry, the competitive level plays a significant role and its existence has important implications for capital accumulation among small scale industries.

The second part of Quijino's analysis deals with the effects of these changes on the labour market. Because of the frequent technological innovations and the rapid increases in the productivity of labour, the monopolistic enterprises are forced not only to displace some of their work force but also to recruit their workers among a small section of the labour force with appropriate training and cultural backgrounds. The competitive or the intermediate level which produces goods for the risky and uncertain low income markets operate with low profits and are subject to frequent fluctuations in the market, factors which lead to their contraction and depression. Therefore these industries cannot provide a viable solution for the employment problem and they cannot absorb the people who have no access to jobs in the monopoly level. The latter seek refuge only in the marginal pole of the economy which becomes the focal point of attraction for manpower.

According to Marx a 'reserve army of labour' is essential for capitalism; that section of the work force needed by the industry during periods of business expansion and made redundant when business contracts. (Marx: 1967) Engels in his study of the English working class in the 19th Century, shows that any boom in the economy leads to the absorption of the majority, if not all of the urban unemployed by the manufacturing industry. (Engels:1845) But, according to Quijino, even when business expands, those in the marginal pole have no chances of finding jobs in the monopoly sector. In other words, their unemployment is not temporary but permanent since the monopoly level requires very few newcomers and

provides jobs only for those people with the right qualifications. Therefore this labour force is largely superfluous for the high technology capitalist sector. For Marx, the reserve army had another significant role to play, promoting capital accumulation; as the size of the reserve army grows, the workers compete among themselves for the available jobs and this helps the capitalists to hold the wage increase demands of those already in employment and make them work harder by threatening them with their jobs. Quijino rejects both possibilities in so far as Latin American capitalism is concerned. In the first place, the pace of productivity increase is set by the new technology independently of its work force. Secondly, due to qualitative and quantitative limitations for the demand for labour in the monopoly level, the work force employed in this sector gains some autonomy and bargaining power. Thus, demands for higher wages are met within certain limits despite the existence of a vast unemployed and marginally employed work force. This leads Quijino to conclude that the work force in the marginal pole remains outside the main orbit of the economy and always exists as an excluded one, that is, from the point of view of the monopoly level.

Quijino sees the labour force in the marginal sectors as a subclass within the proletariat; the artisanat, traders and petty servicemen whose activities generate low incomes and low profits curb the possibilities of capital accumulation among the members of these groups. This permanent and irreversible aspect of Latin American social formations is a malaise of the monopoly level which reserves all benefits of growth to itself and exploits all other levels in order to accelerate its own pace of capital accumulation. But Quijino does not make clear how this exploitation actually takes place; only in one context he mentions that the monopoly sector has decisive control over the distribution of financial

resources and this in his opinion ends up in a transfer of surplus from the subordinate to the dominant sector.

Roberts points to another version of marginalisation theory, the findings and arguments of which sharply contradict Quijino's ideas.

(Roberts:1978) A group of sociologists and economists around the Brazilian Research Institute (CEBRAP) attacked the heart of Quijino's thesis by trying to disprove the idea that the marginalised labour force is a growing and unavoidable aspect of Latin American economies. This view emphasises that capitalist growth is uneven and slow but it does have an internal dynamic and it is capable of expanding productive forces. Employment in industry did increase and in many cases it was faster than that in other sectors; the service sector did grow fast but the rate of growth was highest in the social services sector; there is little evidence to support the argument that large scale industry displaces workers continuously.

(Roberts:1978,p.166)

The CEBRAP view also stressed that the excluded mass is essential for capitalist development. Small workshops and outworkers receive contract work from large scale industry and since these have access to cheap labour and are able to produce with lower costs, they help the larger industries to lower their costs of production. The inflated services sector is also a cheap supply of labour from which large scale industry benefits significantly; this labour intensive sector takes part in distributing, transporting, maintaining and repairing the products of larger industries. Hence, capital intensive industries invest less in circulation and distribution; in this way they can reserve scarce capital for production and purchase of new technologies. Although their share is not a very big one, the marginalised mass is a large market for the products of large scale industry. Thus, in view of such linkages, it is difficult to say that

marginality is a state of exclusion.

THE SUBORDINATION OF PETTY COMMODITY PRODUCTION

The critique of the informalist approach came from a group of sociologists gathered in the BSA Development Group. Before discussing the differences between the two approaches, I will comment briefly on their similarities. The urban poor, the informalists argued, are neither strictly unemployed nor idle; although they do work hard, they hardly make a living. The informalists referred to that section of the urban population who had no access to jobs in the large privately owned firms or Government institutions as the working poor and the sector which provides employment for them as the informal sector. The BSA Development Group was also interested in studying the same group and similar activities. They referred to this group as petty commodity producers, or simply as casual poor. The sphere in which this section of the population is employed is that of petty commodity production. Originally, the term petty (small) commodity production was used to designate small scale industrial and agricultural enterprises which produced goods for the market without employing wage workers at all or only in very small numbers. (Lenin:1977) Its more recent usage has however a broad coverage; petty servicemen, petty traders, small enterprises in transport, outworkers in industry, independent or dependent artisans and small capitalists. (Scott:1978, Moser:1977) Thus, both the informalists and the BSA approach set themselves the task of studying those masses in the Third World Cities who do not have stable jobs.

The BSA Development Group is particularly interested in studying forms of labour utilisation, casual work, job insecurity and the causes of poverty. In their view, the informalists produced evidence to describe the main features of the informal sector but have not gone far in providing adequate explanations for the recent explosion in informal jobs and activities. Nevertheless, the BSA approach took for granted the subject

matter as laid down by the informalists; they did not show any interest in drawing the boundaries of the petty commodity sphere in statistical terms or macro level comparative analysis of petty commodity sectors in different countries in terms of the size of its work force and output. This rather uncritical acceptance of the empirical findings of the informalists on the part of the BSA approach reflects an assumption common to both views and one which both took as their points of departure; in the Third World the capital intensive large scale industry proved unsuccessful in creating sufficient jobs. Rapid economic growth in itself is no guarantee for alleviation of the employment problem and elimination of poverty. Hence, not taking into account the considerable differences among the Third World countries as well as the significant differences between different lines of production ie. petrochemical industries, textile industry and those between different types of economic activity, ie. services, trade, industry, both views arrived at the conclusion that there is a universal persistence and expansion of small scale enterprises.

Lastly, it should be mentioned that both approaches identified only two major, and indeed not any other sectors in the urban economy; the informal and formal sectors in the case of the informalists and the sphere of capital intensive industries and petty commodity production in the case of the BSA approach. That is, neither have unlike Quijino, shown any interest in the study of intermediate levels. Although, the BSA Group emphasised the existence of a continuum of economic activities and employment situations in the urban economy, their conception of differentiation did not exceed the boundaries of the petty commodity sphere itself.

The BSA Development Group attempted to develop a Marxist critique of the informalist approach. The various authors involved rejected unanimously any notion of a dual economy in the case of contemporary

Third World economies. As Gerry himself admits there are major dissimilarities between the two sectors of the urban economy. (Gerry:1979(a)p.231) However, the petty commodity sphere does not exist independently; through a complex network of exchange relationships ie. backward and forward linkages, unequal exchange, discriminatory subcontracting and monopolist practices, it is subordinated to a capitalist mode of production (Gerry: 1979[æ], Le Brun & Gerry:1975) This dependence is interpreted in various ways. First there are indirect benefits which accrue to the capitalist sector. The petty commodity sphere has a wage subsidizing role; cheap goods produced by this sector are consumed by the workers in capitalist firms and because of this the capitalist sector can lower its costs of production. Similarly, the very existence of large masses of people not employed by the capitalist sector itself, the reserve army of labour, helps the latter to limit the wage increases in the capitalist enterprises. Thirdly, the petty commodity sphere provides some family members, other than those employed in the capitalist sector, with additional earnings.

However, capitalist domination of the small commodity sector may assume more direct forms. First, the petty commodity sphere is exploited through various exchanges that take place between it and the capitalist mode of production; these involve a transfer of surplus from the non-capitalist to the capitalist enterprises. What is involved here is 'unequal exchange'; goods are sold to the capitalist sector below their values whilst the small producers buy the products of capitalist industry above their values. (Moser:1977,p.51) In the case of buying above value, one can mention the backward linkages with the large scale industry ie. the non-capitalist sector buys tools, machines and raw materials. (Middleton:1979, Gerry:1979(a))

This has two important ramifications in terms of our earlier discussion of dualistic approaches; the petty commodity sector is a vast market for the goods produced by capital intensive large scale industries and the non-capitalist enterprises, (traditional industry) are 'adopting' new techniques thus becoming an integral part of the 'modern economy'.

The exploitation of the non-capitalist sector takes place in production too. According to Gerry the typical example is subcontracting. In this case, large firms farm out work to petty commodity producers. It is argued that subcontracting helps the large industry to cheapen its costs of production; on the one hand, it can reduce investments in machinery, when markets contract and on the other it gives the large firms the possibility of taking advantage of cheap labour reserves in the petty commodity sphere. (Scott:1978) Since 1972 this type of capitalist penetration, which can be specifically located in production, may involve advancing raw materials and tools to the petty commodity producers and buying their produce in advance, Gerry suggests that these petty producers should be seen as 'disguised wage labourers'. (Gerry:1979(b))

To sum up, the BSA approach emphasises that petty producers are subordinated to capitalism, though in various ways and degrees, and because of this it is not possible to speak of dualism in the urban economy. The relationship between the two sectors is not benign; the petty commodity sphere is exploited by capitalism and the value transferred from this sphere to the latter is a principal means of capital accumulation in the capitalist sector and this effects the subordinate part only adversely.

Another significant feature of the BSA approach is its emphasis on differentiation in the urban economy. The informalists conceived of the informalist sector as undifferentiated and homogenous. (Moser:1977,p.43) According to the informalists, labour utilisation in the urban economy

took either one of the two main forms, self-employment or wage employment. This dichotomic formulation is criticised by Scott who attempted to draw attention to diverse forms of employment which inserted themselves between these two. She found in Lima (Peru) that a large section of the labour force described as self-employed by the censuses and other official statistics are in fact either dependent artisans or outworkers employed by commercial and industrial firms; Scott depicted a grey area which in her opinion came increasingly under the control of a capitalist mode of production; its occupants were not truly self-employed but they were also different to the wage labourers of the formal sector. These dependent artisans may have some autonomy in some respects but not in others i.e. owning implements but working with raw materials advanced by merchants, owning means of production but no bargaining power in marketing. In other words, Scott refers to the subordinated but not truly or fully proletarianised artisans; they have control in some aspects of production but not in all. (Scott:1978) Scott's rejection of dualism in the urban economy, inspired subsequent writers who attempted to study in great detail the 'grey area' delineated by her.

Differentiation in urban economy is a theme further developed by Bromley & Gerry who focused mainly on the different forms or types of labour utilisation. Two terms of pivotal importance in their analysis are 'casual labour' and 'disguised wage labour'.

A succinct definition of casual labour is given by Jones in his study of industry and labour in 19th Century London.

The resulting short-term difference between the minimum and maximum number employed was equivalent to the size of the casual labour force in a given industry. (Jones:1971, .53)

Here, casualness implies seasonality of production as well as unpredictability in demand for the products of industries employing casual

workers. Jones points out that casual labour is a point in a continuous spectrum of degrees of underemployment: as such this form is common to both small and large scale industries. Bromley and Gerry use the term in a much broader way so as to lump together essentially diverse forms of employment;

..any way of making a living which lacks a moderate degree of security of income and employment. Casual work includes intermittent sale of labour power (short-term wage work), disguised wage labour, dependent work, true self-employment and direct wage work. (Bromley & Gerry:1979,p.5)

All other kinds of employment that remain outside stable wage work i.e. employment in Government or large scale private industries, are considered as wage work. Gerry stresses that what has been known as 'self-employment' is a status which can be attributed to a very tiny section of the work force. The truly self-employed apart, employment in the informal sector includes disguised wage workers. In this case 'a firm or a group of firms regularly and directly appropriates part of the product of a person's work without that person legally being an employee of the firm or group of firms'. (Bromley & Gerry:1979 p.6) Here, the means of production usually belongs to the capitalist firm but the artisans work in their homes and receive piece wages. In dependent work however, the artisan depends on larger enterprises for credit, the rental of means of production, raw materials, monopolistic or oligopolistic outlet for his production. Both the dependent artisan and the disguised wage labourer lack the autonomy which the independent artisan has in marketing and in production organisation. In the case of short term wage work, capitalist relations are more pronounced; the means of production are capitalised; the labourers work on the employer's premises at specific times indicated by a formal or informal contract of employment. Yet, there are no

guarantees for continuity of employment and legal protection of the work force.

Gerry contrasts casual work with stable wage work; in the case of the latter risks are low and loss of jobs is normally compensated by social provisions. Also, incomes are considerably higher among stable wage workers. In this sense, the concept, casual work, is specifically designed for the analysis of poverty. According to the author, job instability and low income jobs are on the increase in the Third World Countries, a trend which he calls destabilisation. As I indicated earlier, the concept of casual work, in this generic sense is not very different from Hart's and the Kenya Report's conceptions of the informal sector. Unlike the latter however, Gerry, underlines the internal differentiation of the casual work force and the exploitation of these workers by capitalism. Similarly, Moser emphasises the diversity that exists within the 'informal' sector pointing out the following forms of employment; wage and salaried labourers for small scale operators, self employed owners, unpaid family labourers, casual workers in wage sector employment and quasi wage-earning journeymen, retail distribution agents, and outworkers. (Moser:1977)

The author however, does not elaborate on these forms. Middleton, on the other hand, argues that a sharp distinction should be made between the artisans and petty commodity producers. Adopting Lenin's definition of artisan, the small scale producer who buys raw materials in the market and produces goods according to orders from individual customers, Middleton compares artisans with small commodity producers who depend on the market not only in providing their means of production but also in marketing their produce. Middleton's conclusion that artisanry, not the petty commodity production, is the most widespread form of production in Third World cities remains highly controversial. (Middleton:1979)

What is common to all these works however is their recognition of a distinct sphere of petty commodity production. The neo-Marxists in their analysis take the sphere as a whole, indicate its internal differentiation, and finally attribute some common features to what has been disaggregated. This presupposes a two sector model of the urban economy; the capitalist mode of production on the one hand and the petty commodity production sphere on the other. Although Scott begins her analysis with the different forms of production that she found in her study, she concludes that the multitude of activities have in common the smallness of their scale. (Scott: 1978,p.14) Similarly, Gerry initially identifies three major stratas within the petty bourgeoisie; the lumpen-capitalists, the truly self-employed, and the disguised wage labourers. (Gerry:n.d. , p.43) But, he comments also that all these operate within the sphere of petty commodity production. Regardless of its internal differentiation and dependence, the BSA approach typically re-unites the diverse activities and different types of producers and entrepreneurs, as do the informalists.

A third major feature of this approach is its emphasis on the broader social and economic context, 'underdeveloped' or 'peripheral' capitalism, in which the petty commodity sphere operates. The peripheral economy is dependent on foreign capital and its commanding heights are controlled by it. The industry produces mainly for either the foreign markets or local high and middle income groups, or both. Because of the smallness of the market and high capital intensity in industry, the latter can provide jobs only for small fractions of the total labour force. Due to similar constraints, the large scale enterprises invest only in those areas where the market is sufficiently large and profits are considerably high. However, since such spheres are limited and since there is an abundance of the labour force which has no access to jobs in the capitalist sector, there remains

considerable room for petty commodity production to survive and expand.

The petty commodity sphere is not a survival of the past. On the contrary, it is a product of the recent capital intensive industrialisation in many Third World countries. The kind of skills involved in small scale production and the tools and raw materials used are obtained through the capitalist sector. The petty commodity sphere fills a gap in the market by producing goods for the consumption of low income groups, that section of the market which is neglected by capital intensive industries. But these factors effectively undermine the autonomous growth capacity of the petty commodity sphere.

Capitalism may take over any stronghold of petty commodity production in so far as investment in that particular area becomes profitable. To establish itself in any high profit branch of industry, the capitalist enterprise wipes out hundreds and even thousands of artisanal workshops. Thus destructiveness is one of its essential dimensions. However, the nature of peripheral capitalism is such that it encourages the proliferation of petty commodity production in other areas and branches of industry. To use the terminology which Gerry borrows from Luxemburg, the impact of capitalist mode of production on petty commodity sphere involves both dissolution and conservation. (Gerry, 1976, Luxemburg:1968)

The neo-Marxists are unanimous in asserting that persistence of the petty commodity sphere is an essential feature of underdeveloped capitalism. The simultaneous growth of the capitalist and petty commodity spheres in many Third World countries is by no means accidental. One major reason is that the non-capitalist sphere contributes significantly to capital accumulation in the dominant sectors of the economy. Scott provides other explanations. In the first place, petty commodity production is stimulated by the highly skewed income distributions that prevail in many underdeveloped countries; the demand for repairs and cheap low quality goods is particularly high among the poor, and this demand is met by small

scale enterprises competing among themselves in risky and uncertain markets where profits are extremely low. (Scott:1978,p.16) Due to factors such as absence of trade unions and social provisions and longer hours of work, labour is relatively cheap in the petty commodity sector. Therefore large capitalist firms that subcontract work to smaller ones can effectively avoid investments in machinery and buildings. Subcontracting in turn has the effect of proliferating petty commodity production. Finally, Scott argues that the petty commodity producers may continue to work despite decreasing returns for their labour in order to provide subsistence incomes, not available to them in other sectors of the economy. (Scott:1978)

Since the sector lacks autonomous growth capacity, its persistence is no guarantee for the transformation of petty commodity producers into small and large capitalists. According to Gerry this is a negligible trend; the upward mobility of small producers is decisively blocked by the monopolistic structure of the industry. On the other hand, factors such as ease of entry, overcrowding and competition among small producers themselves all help to reduce profit margins and savings in the petty commodity sphere. Scott lists other reasons; vulnerability in raw material markets, little control in price determination, backward technology, inadequate skills. (Scott:1978) To these Gerry adds the inability of the small producers to establish personal contacts with influential people, which helps one to gain access to credit, so vital for capital formation. (Gerry:1978,pp.143-149)

According to Gerry, although proletarianisation is the stronger trend, it too proceeds slowly. He argues that rapid proletarianisation requires either an enormous increase in the labour absorptive capacity of the capitalist industry or the emergence of an indigenous capitalist class out of the ranks of the petty producers. But since large scale industry grows

on capital intensive lines it cannot promote massive proletarianisation. On the other hand, it is difficult to expect a rapid growth of indigenous labour intensive industries in view of the various constraints that block capital accumulation in the petty commodity sphere. Thus, class differentiation is slow in developing; a class of indigenous capitalists and an industrial proletariat of considerable size are largely absent in the Third World countries. The result is the marginalisation of large sections of the labour force which are forced to take jobs with minimal security and low remuneration.

Only a few of the neo-Marxists showing interest in studying petty commodity production attempted to relate their economic views and research findings to class analysis. In his recent work on small industries Kennedy stresses the emergent class differences between the employers and employees. (Kennedy:1979) Gerry also elaborates on this question. He admits that the lumpen-capitalists, the small employers within the petty commodity sphere, are not the same as the disguised wage labourers, who in his opinion lean more towards the proletariat due to the fact that they receive piece wages and are denied access to various means of production. But, Gerry also points out that, let alone the truly self-employed, the disguised wage labourers too are not fully expropriated and they have some control over the productive activity itself. Thus, he argues that the three stratas within the petty commodity sphere have more in common than their differences; they share similar fates in that their upward mobility is blocked by the capitalist mode of production; they are part of a wider system of exploitation and due to this the only reward for their hard work is survival. These similarities and differences which Gerry identifies within the sector lead him to conclude that the petty producers have both proletarian and bourgeois features. Following Wright, he maintains

that where class locations are contradictory, that is, objectively speaking, political and ideological elements play a more important role in shaping class identifications. Although he finds it difficult to attribute definite class locations for the mass of small producers taken as a whole, he nevertheless holds the view that they are the victims of exploitation and inequality. (Gerry:n.d, ,p.57)

My overall comments on these views will come in the Conclusion Chapter. However, many of the points raised in this discussion will be taken up in the subsequent chapters too. The following one, Chapter 3, attempts to compare these approaches against the background of economic growth, urbanisation and small scale enterprises in Turkey.

Chapter 3.
ECONOMIC AND INDUSTRIAL CHANGE
IN TURKEY

The aim of this chapter is to provide some background information about agrarian and industrial change in Turkey in the past three decades, and the implications of these changes in terms of capital accumulation in industry, urban and rural employment problems, and the study of small scale industrial production.

ECONOMIC GROWTH AND THE WORKFORCE

The growth of GNP in Turkey was 6.2% per annum on average between the years 1950 and 1978. It was particularly high for the six years after 1970 when the same figure reached 7.4%. Due to population growth which varied between 2% and 2.9% in the three decades after the Second World War, the increase in per capita GNP was much slower than this, on average 4.3% per annum between 1963 and 1976. (Hale: 1981, pp. 75, 108, 129, 132). In the same period the contribution of industry to output has increased in relative as well as in absolute terms, from 16% in 1963 to 24% in 1975, and that of services from 46% to 52% in the respective years. These changes took place against a background of sustained growth in agriculture. In terms of employment however, agriculture continues to be the leading sector employing 61% of the work force as late as 1975. In the same year the share of industry was 13% and that of services, which includes construction, was equal to one quarter of the total active population (15-65)(Kepenek: 1977,p.6).

AGRICULTURE

(i) Population and Growth: Agriculture employs the majority of the country's workforce but its contribution to GNP fell sharply from 37.9% in 1960 to 21.4% in 1977. However, in the same period both the population employed in agriculture and the agricultural output have

increased. (FFYDP:n.d., p.166). The sector grew in terms of output at a rate of 3% per annum on average between 1960 and 1978; this increase outstripped the rate of population growth which dropped gradually from its peak of 2.9% in the 1950's. On the other hand, the share of agriculture in Turkey's export earnings were never below 50% in the post-war period. (SIS:1975).

(ii) Subsistence Production: On many small and medium farms, production for market coexists with production oriented to the consumption needs of the households. Only one quarter of the nearly 1.5 million households which produce cash crops had abandoned their subsistence cultivation altogether (Ürün Raporları: n.d.). On the other hand nearly two thirds of the families which rely heavily on grain cultivation either do not sell their produce at all or sell in very small quantities; the two and a half million families who own one fifth of the total sown acreage (Varlier: 1978 (a), p.23). Some studies mention a flow of goods from this subsistence sector to some sections of the urban labour force. This indicates the continuity of the links of these people with land and their families. (Karpas: 1973). Nevertheless, the incorporation of the vast majority of agricultural production into the market economy as well as the growth of wage work especially among the small scale grain cultivators had been particularly rapid in the post World War II years.

(iii) The Diversification of Agriculture: The demand from the international market, the growth of town population and industry's demand for raw materials resulted in the widening of the crop range in Turkish agriculture. The area under non-grain cultivation increased by 45% between 1950 and 1975 and at the end of this period non grains constituted 67% of the total agricultural production in value terms (Varlier: 1978, (a), p.133). These included oil seeds, legumes, fruits and vegetables, cotton, tobacco, hazelnuts, peanuts, sugar beet, rice, olives, wool, dairy products, sesames, poppies.

One immediate outcome of increased diversification is the commercialisation of agriculture on an unprecedented scale. This results in the spread of exchange links of the rural areas not only with the national but also with the world market. The majority of these crops ie. cotton, tobacco, sugar beet, are of little use for the producing households unless exchanged for cash. Including grain, some two thirds of the total output in agriculture is marketed; one half of this is either used by industry or is exported and the other half is for the immediate consumption needs of the urban and the rural population. (Varlier:1978(a)13)

These cash crops are produced by the small scale as well as large capitalist farmers; the former are more widespread in tobacco, tea and hazelnuts and the latter in cotton and grain. It should be noted that nearly three quarters of the industrial crops' producers are very small farmers.

The shift to non-grain cash crop production brings increased returns per unit of land eg. tobacco yield is two and a half times higher than wheat, as well as increased demand for labour eg. the labour time required for producing one ton of grain is estimated as 101 hours whereas this is as high as 134 hours for oil seeds and 342 hours for industrial crops. (Varlier:1978(a)129). Labour intensity and even distribution of work throughout each year are factors that help to keep nearly 1.5 million families employed in industrial crop producing sectors.

(iv) Agricultural Production: The growth in agricultural production is partly due to the extension of the area under cultivation which has doubled in the last three decades. (Özgür:1972,p.135). Although some increase in land productivity did take place in almost all major crops, this was slow; one possible explanation is that large portions of land recently brought under cultivation had soil of extremely poor quality and because of this the increase in productivity in some regions was restricted with lower or even declining averages in the

recently colonised lands. Nevertheless, the impact of mechanisation on labour productivity in agriculture is easier to assess; in 1973 one half of the agricultural enterprises used tractors, against a much lower figure of only 10% in 1950; exactly three quarters of the sown acreage was ploughed and sown by tractors in 1975. On the other hand, there has been considerable intensification of land use mainly in the past ten years; nearly two thirds of agricultural enterprises used fertilisers and chemicals whilst 43% of Turkey's sown acreage was fertilised in 1978. (FFYDP:n.d.,p.236). It can be observed that the major increases in land productivity began to be felt only in this period.(Varlier:1978(a) 140).

(v) The Commercialisation of Agriculture: The agricultural sector was able to meet two basic requirements expected of it by policy makers and planners; providing food for that section of the labour force employed in agriculture itself and the growing urban population on the one hand and the raw material demands of various industries on the other. Other than a few exceptional years, the import of agricultural goods was negligible in the past twenty five years. For instance, in 1976 agricultural goods made only 1.5% of Turkey's import bill whereas the export of agricultural goods accounted for 50% of the total exports. (FFYDP:n.d,p.44) Thus, the sector also played a crucial role in earning foreign exchange which is mainly used in importing raw materials and machinery for industry's needs.

However, agriculture becomes increasingly dependent on manufactured goods, whether domestically produced or imported. In the first place, effecting significant changes in output can be realised mainly through improving the techniques of cultivation which in turn necessitates greater use of tractors, combine harvesters, saw drills, motor pumps, fertilisers, chemicals, insecticides, better seeds and fuel. That is, the sector has to buy goods produced, distributed and where necessary,

repaired by urban industry and services. On the one hand, agriculture emerges as a vast market for the products of industry but on the other, the sector is becoming increasingly dependent on imports for some of its major inputs. Often, the majority of these inputs are met both through domestic production as well as through imports eg. tractors, fertilisers, better seeds, chemicals, motor pumps. Import dependence is highest in the cases of combine harvesters and fuel and lowest in repairs but it should also be noted that despite its rapid expansion domestic production of fertilisers could not keep up with the much faster rising demand thus making fertilisers among one of Turkey's major import items. In fact these recent changes in the techniques of cultivation led to the decline of some traditional rural craftsmen such as horse-shoe makers, masons, blacksmiths, and millers in the rural areas.

Secondly, the increasing monetization in the rural areas creates a demand for consumption goods produced by town industries. In the village monographs written not more than thirty years ago, what appear as the villagers' purchases from the shops in the towns are a few items such as tobacco, kerosene, salt and sugar. In the 1970's the situation was markedly different for, such consumer goods extended in range to include ready-made clothes, radios, soap and detergents, margarine, alcoholic and non-alcoholic drinks, furniture, tea, gas cookers, kitchen utensils and even TV sets and cement and iron for building houses. (Varlier:1978(b),p.18).

(vi) Capitalist Agriculture and Tenant Farming: The distribution of land among the agricultural households is extremely unequal in many parts of Turkey; *nearly* a quarter of the families own less than ten decares of land and taken as a whole this group owns only two and a half percent of the arable land whereas nearly 5% of those who own over 200 decares also own 40% of the sown acreage. (Varlier:1978(a),p.15). Due to regional differences in productivity and crop types, these figures tell us little about the nature of large landownership. In arid lands, a hundred decares may not suffice to support a family's most basic needs, but owning the

same amount in irrigated industrial crop growing areas can be considered as indicative of capitalist farming.

The majority of the large holdings, and especially the very large ones, are in Eastern and South Eastern Anatolia; here land is controlled by either tribal leaders or by the landlords who use large numbers of landless peasants as share croppers. (Beşikçi:1970,pp.45-55). In her study of Keban villages, Silier found that traditional large scale landlordism was undergoing rapid decline. From the late 1950's onwards, large landowners began to settle in towns, selling their holdings to peasants. This led to the emergence of Kulak type peasants buying land from the previous owners and extending their areas of cultivation. The breakdown of large ownership was also marked by the increasing commercialisation of agriculture in the region. Meanwhile, the landless peasants also acquired some land and because of this the numbers of landless peasants had dropped. (Silier:1976,pp.43-50).

There has been an increase in the amount of land owned by families owning more than five hundred decares. The main reason for this is the extension of the area of cultivation made possible by the introduction of tractors; the majority of the lands brought under cultivation in the past four decades were appropriated by large landowners. (Özgür:1972).

Although kulak type peasants and capitalist farms are by no means rare in grain cultivation, the latter is more typical of industrial crop growing. Capitalist farms produce the majority of output in legumes, vegetable and fruit growing and industrial crops. Secondly, capitalist farming is more widespread in the Coastal regions. The surveys carried out at national level do not reveal that concentration of land is particularly rapid in the Coastal non-grain cultivating areas. Nevertheless, Varlier points out that both the large landowners and the rich

peasants made considerable gains in the 1950-70 period. (Varlier:1978(a)p.25).

As I indicated earlier where the productivity of the land is high, those families owning more than 200 decares often use sophisticated equipment, employ wage workers and accumulate capital; for instance, those families owning anything between 100 and 200 decares consist of only 8.5% of the total number of families on the coasts but own one fifth of the land in these regions. (Varlier:1978(a)).

In the grain producing regions, the growth of tenant farming is of particular importance. The rich peasants who own tractors rent land from the poor peasants; payment is in the form of a fixed proportion of the produce or the cash income raised from the rented land. This enables the rich peasant to make full use of his tractor and extend his area of cultivation (Kandiyoti:1976,p.209). In this way, some families even double their area of cultivation while the poor peasants who rent out their plots take on wage work outside their own village. (Güçbilmez:1972 p.112). Yasa found that the villagers who had no tractors in their own village hire them from other villages and that tractor owners form companies in order to plough lands over a fairly wide area. However, land market is not vigorous in these villages where even permanent wage workers are reluctant to sell their small plots and the rich peasants are unwilling to buy (Yasa:1969,pp.144-148). This picture contrasts sharply with that in some Mediterranean villages where high yield crops eg. cotton, effect rapid increases in the value of land (Hinderink & Kiray: 1970,p.209). Here cash obtained through selling land stimulates the small holders whilst the capitalist farmers become eager to buy land since recouping of initial investment outlay is fairly quick.

It is argued that mechanisation leads to a decline of share cropping and an increase in tenant farming. Thus 82% of the lands owned by the small proprietors are rented to larger enterprises. These holdings consist of

7.3% of the cultivated area in Turkey (Varlier:1978(a)p.15). However, detailed studies are needed to understand the exact nature of tenant farming. For example, it is not always made clear whether tenants carry out all the major sub-processes involved eg. ploughing, sowing or only a few of them so that the parties divide the work among themselves.

(vii) The Poor Peasants and the Rural Landless: More than two thirds (70%) of all agricultural enterprises own less than 50 decares of land. It is also indicated that between 1950 and 1975 the acreage sown by these families did increase but this was much below the 70% population increase in that group of families owning less than fifty decares of land. The result was a decline in average landholding size within this group, from 25 decares in 1950 to only 19 in 1975 (Varlier:1978(a)pp.12,15,23). The Village Inventory Studies on the other hand put the numbers of families owning less than 25 decares and that of the rural landless at around 2.5 million. (Özgür:1972,pp.27-30).

Almost one half of the families in agriculture practice monoculture of grain though recent evidence indicates that there are some signs of diversification in the traditional monoculture areas, eg. growing onions, potatoes, tomatoes and fruits. Those petty grain producers owning less than 50 decares each constitute one third of the total number of farmers in Turkey. The use of fertilisers and chemicals on these small plots is very limited, the quality of the land they cultivate is relatively poor, and irrigation is virtually non-existent except for rainfall. If they do not supplement their incomes from land, it is very doubtful whether the majority of these small scale farmers can survive at all.

In the case of industrial crops and in vegetable farming those families owning between twenty and fifty decares of land cannot be regarded as poor peasants; productivity and the yields per unit of land are considerably higher than in the case of grain cultivation. I figured

that poor peasants who grow industrial crops make up some 6 or 7% of the total agricultural enterprises in Turkey. Thus, it is possible to conclude that four out of every ten families in agriculture, including those in grain as well as non grain cultivating areas, cannot depend solely on agriculture for their existence. Their numbers can be put somewhere in the area of 1.5 million. On the other hand various sources put the numbers of landless families at anything between one half of a million or one million. Taken together, these two groups amount to some 2.5 to 3 million and for this section of the labour force selling labour power is a sheer necessity.

(viii) The Rural Semi-proletariat: In 1950, nearly 18% of the population lived in towns with ten thousand inhabitants or more but this ratio had risen to 45% in 1977. According to the FFYDP, by the year 1980, the population will be divided equally between the urban and the rural areas (FFYDP, p.176). The results of the 1970 census shows that 60% of the town dwellers were born in provinces other than the one in which they were living. That is, geographical mobility of the population and rural urban migration had been particularly high after the Second World War. This was a result of various factors; rapid population growth in the rural areas, mechanisation in agriculture and above all the fragmentation of the small holdings. Also important in this context is the wide income and productivity differences between agriculture and industry and the urban and rural areas; for instance incomes are five times higher in industry than agriculture. (Kazgan:1973).

But this rapid rural-urban migration reflects only one side of the employment problem in Turkey. The number of wage dependent families is far larger than the totality of those employed in urban industry and services. According to 1975 Census results wage earners consisted of one third of the active population in Turkey, or some five million people.

In 1977, the surplus population in agriculture during the harvesting months (July and August) was estimated to be around 740,000 but this figure is as high as 3.6 million or nearly 40% of the active population in agriculture, in March and April when the agricultural activity slows down. (İktisadi Rapor:1978). Regional differences apart, idle months account for one half of the year among the agricultural population. No doubt the rapid mechanisation which took place in recent years had a significant role in increasing under-employment in agriculture. Supplementary incomes for this surplus population are essential because not only do they have these idle months but also for anything between one and two million rural families income from agriculture does not suffice to meet the basic necessities. The majority of these families with plenty of 'free-time' and low yield small plots are the grain cultivating poor peasants or the rural landless.

The Village Inventory Studies carried out in the mid-1960's put the figure for the rural landless at around 1-2 million families and indicate that the vast majority of them are agricultural workers. (Tütengil: 1975, p.135). The results of another major survey reveal that more than one half of the households included in the sample reported that agricultural income on its own was not enough to provide their basic subsistence needs. In more than two thirds of the villages visited, there were temporary migrants or seasonal migrants or one family out of every five had at least one member who took on wage work outside the village. Finally, the authors conclude that including those in foreign countries there are nearly one million people living away from their homes trying to contribute to family subsistence. (Yurt/et al: 1971 p.35,52,57). One can expect this number to be much higher in the late 1970's. Hale summarizes the findings of the major survey as follows; 'An earlier survey, conducted in 1963, calculated that 9.1% of families in agriculture

did not own land; this proportion increased to 17.5% in 1968 and 22% in 1973' (Hale:1981,p.190).

Some village studies provide more detailed accounts of the employment situation in the rural areas. In a village in Erzurum where grain cultivation and animal husbandry are the major agricultural practices, more than one third of the families are landless and the majority of them are agricultural labourers (Aksöz:1964). Yasa calculates that two thirds of the total village income in Hasanoglan, a village near the capital, Ankara, derives from non-agricultural sources and nearly one half of the village households have wage or salary employed people in them (Yasa:1969,p.127). In two villages in the same region, it is reported that the majority of the labour force became permanent wage workers in a nearby factory. (Güçbilmez:1972,p.82). Kiray mentions that mechanisation turned the majority of the previous share croppers into casual labourers for whom jobs in their home village were extremely limited. On the other hand, Stirling notes that the seasonal workers in Sakaltutan (Kiray;1970) increased rapidly in numbers between 1950 and 1971 (Stirling:1972). As early as 1953 Erdentuğ found that in a village in Eastern Anatolia only one tenth of the village population were agriculturalists whereas wage work was the main source of livelihood for the rest. (Erdentuğ;1953). Another study points out that in a quarter of Turkey's villages more than half of the labour force take on wage work and in another quarter of these villages one out of every four households has at least one member taking on wage work. (Frey,1965).

The majority of this rurally based wage earning work force find jobs in either foreign countries or in domestic casual trades. The number of Turkish workers in foreign countries is estimated to be somewhere in the area of 2 million and the majority of them have families living in the villages. The recent upsurge in migration to Middle Eastern

Countries is largely temporary due to the fact that the workers' contracts are terminated as soon as the Turkish construction firms finish their projects. Unlike the case of migration to European Countries, these workers find jobs only in the building industry and none take their wives or children with them.

The second field of employment for the rural landless and the poor peasants is seasonal wage work in agriculture. The work force in the grain cultivating regions moves in hundreds of thousands to work on the capitalist farms in the Coastal Provinces. Thirdly, the building industry provides jobs for some 650,000 skilled and unskilled workers, the majority of whom are recruited among the Central Anatolian and the Black Sea villagers. Fourthly, it is possible to mention the carpet industry with its almost exclusively female work force of half a million. Finally, there are the seasonal trades; in the cases of railway and road construction and forestry works the labour force is organised and protected but in seasonal trades in rural areas eg. bricket making, mining, social provisions and job security are largely absent.

It emerges clearly in the light of this evidence that marginalisation or destabilisation of the work force in Turkey is not a problem specific to urban areas. Much of the literature which I discussed in Chapter 2 tended to ignore the study of that section of the labour force which did not sever its links with the rural population and agricultural production completely. As I shall elaborate in the subsequent chapters this rural link is a fundamental element in the analysis of the marginalised work force in the urban areas.

INDUSTRY

The average annual growth of industrial production (10.5%) between 1963 and 1976 was higher than that in the other two sectors. Despite the rapid growth of capital intensive industries in this period, employment

in industry increased at an average rate of 4.3% per year. On the one hand, this marks a rapid increase in productivity and on the other a gap between industry's capacity to enhance output and create employment. Nevertheless, it cannot be said that industry has none or very little labour absorbing capacity, since this growth in industrial employment derives mainly from the growth of capital intensive and the medium sized labour intensive industries. In the same period the relative share of small industry in terms of employment fell from 52.5% in 1963 to 43% in 1975 whilst the contribution of small industry to value added in industry was as low as 10% in the latter year. (Hale:1981,p.201).

In Turkey's first major industrialisation attempt in the 1930's a fairly wide base of import substituting industries eg. sugar, textiles, tobacco, flour mills, cement, was laid through the initiative of the State which founded the majority of the large scale enterprises. What some Turkish economists described as a 'structural change' took place in the post World War II years. The investments were increasingly diverted to intermediate and capital goods industries so that by 1975 the consumer goods sector accounted for 40% of the industrial output as against 68% in 1950. On the other hand, the highest growth rates were achieved in steel, paper, tyres, fertilisers, glass, motor vehicles, and tractor producing industries. But, those industries which started from a fairly developed base in the 1950's also grew fast; the average annual growth between 1962 and 1978 was 6.3% in sugar, 4.7% in tobacco, 7.6% in cotton yarn, 5.9% in cotton textiles, 6.3% in wool textiles and 12.5% in cement production. (Hale:1981,pp.191-193).

In Turkey the State owns a considerable number of large scale industries which account for some one third of industrial output and employment in the late 1970's. Apart from the State Monopolies' production of cigarettes and some alcoholic drinks the State Economic Enter-

prises are dominant in basic metal, paper, textiles, wood products, chemicals and rubber industries and have a virtual monopoly in the production of sugar. In the past two decades, the growth of the private sector outpaced the growth of the public one and the relative significance of the latter began to decline gradually.

Finally, it should be noted that unlike its first phase in the 1930's, post-War industrialisation brought increasing dependence on foreign countries for providing the industry's raw material and machinery needs. Although direct foreign capital investments in Turkey are extremely low compared with say some Latin American Countries, first, it is concentrated in those industries with most sophisticated technologies and secondly the majority of the recently founded capital intensive enterprises are import dependent import substituting industries whose import bill has increased rapidly over the years.

THE LABOUR FORCE IN THE SERVICES AND IN INDUSTRY

Only 27.7% of Turkey's workforce is wage or salary employed. (Hale: 1981,p.214). But, here, the reference is to insured workers alone. The figures for the employers and the self-employed on the one hand, and the unpaid family labourers on the other are 26.4% and 45.2% respectively. The majority of the self-employed and the unpaid family labourers are in the agricultural sector and as I argued earlier the poor peasants, by far the largest section of the 'self-employed' have wage workers in them who take jobs in unorganised and casual trades or in foreign countries. In industry and in services some of those who appear as self-employed in the official statistics are wage labourers too. Although it is almost impossible to give exact figures, the size of the wage dependent families is larger than this 27.7%.

The number of workers that belong to Trade Unions is indicated as something between three and three and a half million, or approximately one fifth of the total and one half of the non-agricultural work force.

(Hale:1981,217). But these figures are highly controversial for I was told on various occasions that the competing Trade Unions inflate the numbers of their members. More cautious observers put the figure at around two million and this equals the number of insured wage workers for it is very unlikely that any Trade Union member would remain non-insured. The Government employees, nearly 1.2 million people have a distinct insurance organisation of their own and are not allowed to register in any Trade Union. Finally, nearly one million self-employed people in the urban areas ie. artisans, traders, doctors, are insured by the recently founded Bağ-Kur. All in all, the insured work force equals 71% of the 390 000 non-agricultural and only 29% of the total work force.(İktisadi Rapor:1978,pp.52-71). It is possible to say that inadequate access to social provisions is a feature of the rural population much more than it is of the urban work force although the problem is of immense significance in the case of the non-insured urban labourers too.

Industry, including the wage workers, the apprentices, the self-employed and the family labourers employs nearly two million people.(İktisadi Rapor:1978,p.53). For the services this figure is much higher but employment in this sector cannot be identified at the outset with informal employment. Of the total 4.1 million people (almost twice as many as those in industry and one half of those in agriculture), 1-2 million are Government employees and a further 200,000 are employed by the banks and the insurance companies. On the other hand, not all the 711,000 people in the transport sector are employed in the petty enterprises; the majority are employed by the State in railways and road maintenance, the Municipalities and large scale transport companies. In the case of the 650,000 people in the construction industry the main form of employment is wage work for large capitalist companies.

STATE AND SMALL INDUSTRY

To use Staley and Morse's term the office in the Turkish Ministry of Industry that deals with small industry affairs has adopted the 'developmental approach'. However, its rationalisation programme which includes publications, conferences, teaching and training courses and advisory services for educating entrepreneurs have remained largely limited to 'pilot projects' applied only in several towns. Nevertheless, there are three areas in which Government intervention is crucial; credit distribution, the construction of small industry quarters, and labour relations.

(i) Credit; The Turkish Law recognises three types of manufacturing enterprises. The first of these is 'industry'; this includes enterprises that make use of motive power and employ more than five workers as well as those that do not make use of motive power but employ more than ten workers. These can register at the Chamber of Industry or, alternatively, at the Chamber of Commerce in those towns where the former is non-existent. The law does not specify the size of work force in artisanal workshops but the artisan is defined as the owner worker who does manual work himself and whose income yields no more than what is necessary for the subsistence needs of his family. (Act No.507). Registration in the Small Traders and Craftsmen Association (STCA) is compulsory for all artisans. There is however no specific legislation in the case of 'handicrafts'. In the First Five Year Development Plan (FFDYP) the handicraft owner is designated as any person who produces luxury goods of artistic quality with his own labour and with the help of his apprentices. (FFDYP:1962).

Luxury goods producers such as wood carvers, jewellers, touristic copperware makers are often allowed to register in the STCA (Kılıkış:1975). Otherwise, whether they produce luxury goods or not, the majority of small scale producers who use their homes as a work place have no definite

legal status and lack organisations both at the local as well as the national levels. This in turn means denial of Government aid and assistance to 'handicrafts' apart from a few training courses organised by the Ministry of Village Affairs.

Registration with the Chamber of Industry may bring two kinds of advantage for industrialists. The trading certificate issued by the Chamber enables its holder to receive loans from commercial banks with no need for mortgages against real estate and to claim long-term low interest credit supplied by the Industrial Development Bank (IDB) and Industrial Investment Bank (IIB). (MPM: 1973). Nevertheless, small capitalist enterprises, mainly those employing between five and thirty workers, are often denied access to these loans; the IDB and the IIB set minimum drawing amounts too high for any small capitalist enterprise to afford.

The People Bank also supplies credit on easy terms by reserving some two thirds of its funds for financing small scale investments. The artisans and the small traders have to become members of the Small Traders Guarantee Cooperative in order to benefit from these loans. The distribution policy adopted by the People Bank gives rise to competition and rivalry among the different kinds of small business represented in the STGC. Those who benefit are usually the well-to-do merchants and small industrialists who register in the STGC in order to gain access to cheap credit denied to them by the other banks. Moreover the long-term credits of the People Bank are reserved for 'modern small industry' and the amount actually made available is extremely small.

Thus, the small capitalist industries have two options; to register with the Chamber of Industry to gain access to abundant but short term and high interest credit provided by the commercial banks or to register in the STGC to get hold of meagre but cheap credit supplied by the People Bank. At one end the interests of the small capitalists collide with

those of the large industrialists and at the other with those of the artisans. This is an area where Government legislation is criticised for its ambiguity. Gürbüz calls for the less prosperous members of the STGC to defend their interests against the intrusions by the non-artisinal enterprises claiming that the latter are made partners to what essentially belong to the artisans. (Gürbüz:1973(b)). Others argue that the existing funds of the People Bank should be diverted mainly to 'modern' small industries even if this leads to the elimination of the traditional artisans. (Uras:1973). Modern small industry should be given tax exemptions and should be allowed to have dual registrations, both with the Chamber of Industry and with the STGC. (Kalkış:1975) These policies imply the following; give artisans no significant access to credit; financial aid to small capitalists should be kept to a minimum, and reserve the scarce capital almost exclusively for large scale industry.

In 1972, one fifth of the total industrial production in Turkey came from manufacturing enterprises employing less than ten workers, but in that year People Bank credits amounted to only 2.9% of the total credit supply in Turkey. However, one third of this small amount was in the form of commercial credit which was used by merchants and large industrialists, and one half of the remainder was reserved for small scale traders. (Kalkış:1975) It should also be noted that the number of those STGC members who applied for loans was 228,728. Thus, not more than 7% of the nearly 600,000 small industrialists, artisans and small traders were able to borrow money from the People Bank. (Erdoganlar:1966,p.115). A survey sponsored by the State Planning Organisation (SPO: 1971) found that registration in STGC did not help significantly in providing credit either for financing initial investments or in financing running costs; only one in ten small enterprises in Bursa obtained credit through the STGC and of those some 57% had below the average loan advanced by the Bank. (SPO: 1971).

(ii) Small Industry Quarters; Between the early 1960's and 1972, credit worth 280 million TL(₺ 25 million) were advanced by the Government for the construction of small industry quarters. In twenty one towns 4103 workshops were built and a further 36 were under construction in 1972 (SPO:1971 .). The small industrialists and the artisans had to form cooperatives to buy land. The Municipalities were held responsible for building the infra-structure and the Government credit was used for construction expenses. One of the Government's main objectives was to ease the financial burdens of small enterprises through making them owners of their work premises so as to promote the investments of small scale producers in machinery, stocks and labour. The Government however, fell short of its initial target and only a tiny fraction of artisans actually became workshop owners. Despite regulations that limited membership in the cooperatives to small entrepreneurs who practice their trades, many workshops were bought by rentiers and speculators in return for small amounts paid to the actual cooperative members. The main reason was that loans could meet only a small portion of the costs that accrued to the small entrepreneurs. Thus in many of these quarters the artisans and small industrialists continue to pay high rents to people who have no interest in industry.

Nevertheless, as I observed in Kayseri, the small industry quarters do contribute significantly to the expansion of small capitalist enterprises; physical proximity to other enterprises in the same line of production leads to exchange of ideas and cooperation among the workshops; reduction in transport and communication costs; the possibility of even daily provision of raw materials from merchants in the same quarter; easy access to individual customers and marketing companies who can find large numbers of producers concentrated in a relatively small area; the availability of various services eg. restaurants, shops, banks, within fairly short

distances. Although small industries in similar trades always tend to concentrate spontaneously even where such quarters are non-existent, these small industry quarters were planned and therefore they were better equipped with facilities such as proper drainage, roads, water, electricity and communication networks.

(iii) Legislation on Labour; An adequate understanding of the legal framework which incorporates labour relations in manufacturing industry is of crucial importance in understanding work conditions, incomes and the economic status of that section of the work force in what is called the 'unorganised', 'unprotected', 'marginalised' or 'destabilised' sectors of the Turkish economy. The legislation on labour relations has three major elements; the types of legally defined manufacturing enterprises, direct legislation on labour, and the clauses in various acts which define the status of labour in different work situations.

Of the various related acts, the one which has direct bearing on work conditions and remuneration of wage workers is the Labour Law; this limits the working day to a maximum of eight hours; prescribes that the workers should have regular pay during vacations and week-ends; restricts the employment of women and children in night shifts; defines overtime and indicates how overtime is to be paid. More significantly, the Law prescribes strict adherence to the minimum wage and redundancy payment regulations.

Whether the Labour Law is implemented in its depth and breadth depends largely on the organisation of the work force itself. I observed during my field work that Trade Union pressure and careful inspection at the shop floor by the Workers' Representatives did force the employers to comply with the requirements of the Labour Law. But the employers always tended to evade the regulations in those small and some medium sized enterprises where the workers did not belong to any Trade Union.

On the other hand the Labour Law itself excludes various kinds of people who in fact do manual work for an employer; family labour, agricultural workers, wage workers employed by artisans, apprentices and short-term seasonal workers. In the case of artisans the upper limit for employing wage workers is three and the Labour Law does not apply for seasonal workers.

The Social Insurance Law is also successfully implemented where the work force is organised. Since Union membership is voluntary as prescribed in the Trade Unions and Collective Bargaining Law, those employers operating with less than thirty or twenty workers often attempt to prevent the unionisation of their employees in order to evade collective bargaining and insurance expenses. The Law excludes family labour, the self-employed, agricultural workers and domestic servants, but for the rest insurance is held compulsory. The reluctance of the small industrialists to conform to the requirements of the Law can be explained by the fact that they want to avoid insurance expenses which amount to one fifth of the worker's wage. The worker himself is supposed to pay an amount which is equal to 12% of his wage. The non-insured workers have no access to social provisions such as insurance against sickness, accidents, and death and are not entitled to old age pensions. On the other hand, small capitalist enterprises, those employing between five and thirty wage workers, do insure some of their employees for without at least five or ten insured workers the enterprise will not be entitled to register with the Chamber of Industry. To summarise, there is no collective bargaining and strict implementation of the Labour Law and social provisions appeal to only a very limited section of the work force in the small industry quarters.

A separate Act defines the status and work conditions of apprentices. According to the Apprenticeship Law they must be insured, but they get

neither redundancy payments nor old age pensions. Employing workers as apprentices brings the employers some unique legal advantages. Since apprentices are regarded as 'students' by the Law the minimum wage set for them is one third of the minimum wage set for adult workers. This encourages small capitalists to employ young boys as 'apprentices'; they are not usually properly educated and trained and as I observed on many occasions they carry out detailed tasks which in no way help them to acquire the basic skills of their trades. In addition, the employer is held responsible for paying only 2% of the apprentice's wage as insurance. It would not be very wrong to say that, given the virtual absence of any Government inspection, the Apprenticeship Law is a legal cover for the exploitation of cheap child labour.

In many small capitalist enterprises the composition of the work force is as follows; three legally employed and insured workers, three insured apprentices, three to five illegally employed young boys, several seasonal workers, family labourers who are trained as supervisors and managers, and the owner who himself does manual work and supervision. The seemingly 'artisanal workshop' has in fact a work force of some twenty hands; only in the case of the three wage workers would the owners bother paying the Government set minimum wage. If technical and market conditions are favourable cheap labour enables the small capitalist to transform his business into a larger one in a relatively short period of time.

Bademli found in Gaziantep and Eskişehir small industry quarters that one half of the workers in these small enterprises are employed without any legal contract and only the skilled workers were legally employed. (Bademli:1977,p.196). On the other hand, Velzen observed in Kayseri that 'workers are practically everywhere paid below minimum wage standards although in some cases this means excess profits whereas in

others it helps survival at the margins of existence'. (Velzen:1977,p.124).

According to the Small Traders and Craftsmen Law, the artisan is any person who practices his experience, specialisation and knowledge in services or in industry; he may or he may not have a definite work place and he may or he may not be employing others. The artisans who register themselves in the STCA are entitled to insure themselves in the recently founded BAĞ_KUR, which serves all the self-employed people in Turkey.

But what happens in the case of dependent artisans or outworkers not registered in the STCA? The Debts Law regards their case as one of a service contract; the person who makes the order promises to pay a definite amount in return for the work done by the party who accepts the order, and the two parties specify the product in advance. This may be contrasted with the 'wage contract'; here, the employer buys the labour power of his employee; laws and regulations which prescribe the conditions of use of this labour power apart, the employer can use the employee for a variety of needs and purposes. Although the wage contract imposes certain obligations on the employer, the person who makes the order in the service contract can claim total non-responsibility in case of work accidents or certain legal rights of the person who works for him as an employee. The Turkish Law does not treat all sections of the work force alike. Leaving aside the differences that exist between the organised sections of the working-class, apprentices, wage workers, small capitalists, artisans, seasonal workers and family labour, each have distinct legal status, ^{being} subject to rights and obligations of different kinds. The 'informal sector' in Turkey is largely an unprivileged one in that successive Governments have attempted to reserve the bulk of the country's financial resources for large scale industry. This seems to support Week's argument that the informal sector is not protected by the State. Nevertheless, what actually compensates for this is the ineffective imple-

mentation of social legislation coupled with loopholes in the law which endows some small entrepreneurs with an abundant supply of cheap labour, not available to enterprises whose work force belong to Trade Unions. To see how this happens one has to regard the informal sector as a highly differentiated one.

THE ARTISINAL AND THE LABOUR INTENSIVE

CAPITALIST ENTERPRISES IN TURKEY

(i) The Period before the Second World War: Until the 19th Century Ottoman industry was basically limited to artisinal workshops producing goods for the town population and for the demand from the ruling institution itself. The only exceptions were the State owned mines and various Court subsidized industries. (Akdağ:1974,pp.207-220) The majority of the artisinal industries were concentrated in textiles, leather, pottery, metal and among these silk weaving, carpet making and the production of armaments were of particular importance. The town industries were organised in guilds. This indicates that these artisinal industries were separated from agriculture and that the majority of the artisans were commodity producers. Also important in this context was an accumulation of knowledge and skills which marked a relatively advanced stage of technical development in the 16th and 17th Centuries. However, it is difficult to assess whether this heritage played any role in facilitating later industrialisation attempts.

What effected a major discontinuity was the import of European textiles in large quantities beginning with the late 18th Century, which hit domestic artisinal production particularly hard. Cotton, silk and leather tanning industries almost vanished from towns such as Bursa and Istanbul, whilst raw cotton and raw silk became major export goods. On the other hand, shoemaking, bakeries, tailors and small scale metal goods producers remained intact. (Sarç:1966) The first comprehensive survey of

industry was carried out in 1927 and this survey showed that apart from the few State owned large scale enterprises, there were 63,185 artisinal workshops which operated mainly in the traditional lines of production; nearly one half in textiles, in the woollen and the waist making industries. (Çavdar:1973,p.168)

Although artisinal enterprises did increase from 1927 to 1950, the dramatic upsurge in their numbers happened in the post World War II years.

Work Force	Years	Number of Enterprises	Years	Rate of Increase	Annual %
-----	1927	63185	1927-1950	21%	0.9%
-----	1950	79713	1950-1963	49%	3%
354,021	1963	157759	1963-1970	7%	1%
324,908	1970	170,123			

Sources (1970 Sanayi, Sayimi, Altikardes, 1973)

As can be seen from the table the increase in the numbers of enterprises has continued between 1963 and 1970 but at a decelerating rate.

These figures should not blur the fact that the majority of traditional artisans had disappeared in the course of four decades from 1930 to 1970. Partly this can be attributed to changes within those sectors where small scale enterprises were particularly abundant ie. smiths, spinners, weavers, pottery makers, cart makers. These industries underwent a rapid decline whilst others ie. welders, knitters, stockingers, radio repairers, aluminium kitchenware producers have risen in number. On the other hand, industries in entirely new fields became overwhelming ie. motor vehicle repairers, bicycle repairers, small printing workshops, small scale tool and machine makers.

Although the increase in the work force has slowed down between 1963 and 1970, the figures for output indicate an increase of 4.7% per annum on average between 1963 and 1968 and 6.1% between 1968 and 1973. (Koparal: 1978,p.109, Kılıkış:1975,p.180). The obvious implication is productivity increase within the small industry sector. Here, however it is possible

to distinguish between two types of enterprises; artisanal industry and small scale capitalist industry. Tentatively, I assume that artisanal enterprises employ less than five and small capitalist enterprises employ between five and ten workers. The small capitalist enterprises employing more than five wage workers are only a tiny fraction of the 170,123 registered small industries, not more than five per cent of the total, but they employ nearly one third of the wage workers in the small industry sector and they are responsible for one fifth of its total output. An average small capitalist enterprise uses five times more power than an average artisanal workshop. (SIS: 1970). . .) As I observed, in such industries as textiles, woodworking and metal working small capitalist workshops use fairly sophisticated machines ie. band saws, sewing machines, printing machines, turning lathes, powered lathes, knitting frames. These machines enable the small capitalist to compete effectively with labour intensive industries of larger size and their chances of capital accumulation are not at all negligible. Finally, some 8% of the small scale industries, artisanal as well as capitalist ones, use more than 10HP to run their machines while 3% use between 20 and 49HP. In view of the fact that in many Third World Countries today and until very recently in Turkey, 10HP is regarded as the lowest limit in defining large scale industry, it may not be correct to see these as petty commodity producers striving to earn subsistence incomes for their families. Moreover, as I have argued, the numbers of wage workers are more than what the employers declare.

In relation to the sectoral distribution of small scale industries in Turkey, it would be an oversimplification to say that small enterprises are common to all lines of production. Official statistics classify them into twenty main branches. Ten of these account for 95% of all small enterprises; shoemaking and ready-wear accounts for one third of the total and it is followed in order of significance by metal working, food,

woodworking, weaving, vehicle repairs, leather and furniture. In industries like petrochemicals, chemicals, machine production, paper, rubber, electrical equipment, drinks and ceramics, the contribution of small industry to output is of limited significance and also their relative shares in terms of work force are fairly small.

We can also designate an 'intermediate competitive level' in Turkish industry; that section of 'large industry' which employs between ten and one hundred workers. Of course, some enterprises in this group can be highly capital intensive but it is also true that enterprises of low and medium capital intensity are widespread among those that employ more than one hundred workers. The first observation one can make about this intermediate level is that its strongholds overlap with those of small industry. Secondly, the numbers of enterprises in the '10-49' group have gone up from 2145 in 1963 to 3362 in 1970. The increase in the '50-99' group is also noteworthy; here the increase was from 313 to 583 in the same period. (Arıkan:1977,p.25) In 1968 industries employing between five and fifty workers accounted for 31% of the total output in industry and employed 36% of the total work force in industry (M.P.M. :1973,p.12). The figures indicate that neither the small capitalist nor the intermediate levels are stagnating. On the contrary the recent dynamism in the production of cheap consumer goods can be attributed to the achievements of these levels.

Thus one can safely conclude that differentiation within the capitalist sector is of major significance with small capitalist workshops, labour intensive medium sized capitalist industries and capital intensive large scale industry. Moreover, as I argue later on, capitalist domestic industry is also of considerable significance.

INPUTS AND DEPENDENCE ON LARGE SCALE INDUSTRY

The increase in imports and domestic production of intermediate and investment goods have important effects on the nature of the relationships that develop between non-capitalist industry and small capitalist enterprises on the one hand and the large scale capital intensive industries on the other. Although the main consumers of these intermediate goods are also large scale capital intensive industries, the vast majority of artisanal and small scale capitalist industries depend on large scale intermediate goods producing industries for their raw materials and implements; their demand contributes significantly to the growth of the intermediate goods industry sector in Turkey.

Artisanal and small scale capitalist enterprises have strong backward linkages with either State or privately owned industries in the following areas; meat (slaughtering houses), flour, sugar, and margarine and butter in food industry; cloth and yarn in textiles; forestry products in woodworking industry; basic metals ie. steel, aluminium, various kinds of wrought iron in metalworking; paper in printing and bookbinding; leather or its synthetic substitutes in shoemaking, and chemical products in a wide range of industries. Although the capital intensive industries dominate the production of intermediate goods ie. sugar, margarine, yarn, basic metals, the competitive labour intensive industries also play a substantial role, ie. hide processing, cloth, flour, forestry products, and mineral extraction. Another pattern is discernable in the case of domestically produced intermediate goods; capitalist farming ie. cotton, grain, and small commodity production in agriculture ie. wool, grain, sugar beet, sunflower, and labour intensive extractive industries produce the basic materials processed mainly by the large scale capitalist enterprises which are in turn used as raw materials by either large capitalist enterprises or artisanal and small capitalist workshops.

Firstly, this means that unlike small scale industrial production, small scale production in agriculture has strong forward linkages with large scale industry and secondly, the interdependence between various forms of capitalist and non-capitalist production is not a strictly urban phenomenon; also incorporated in these relations are the diverse forms of production which prevail in agriculture. This agrarian link is often ignored by the neo-Marxists.

Less than one third of the artisinal workshops in Turkey produce intermediate goods. These are mainly limited to the following areas; automobile repairing, foundries, welding, brick-making, woodworking and weaving. The demand for these goods comes basically from the building industry. Otherwise, small scale intermediate goods producers sell their products to labour intensive small and medium sized capitalist enterprises. That is, the forward linkages of artisinal production with large scale capital intensive industry as well as subcontracting relations between the two is almost negligible.

THE MARKET FOR THE SMALL ENTERPRISES

In the last three decades in Turkey, the increase in population, the rise in per capita incomes and the growth of towns have been particularly rapid. Qualitative changes such as the emergence of a wage and salary employed work force dependent on the market for providing basic needs, the increase in cash cropping in agriculture with a parallel decline in subsistence production of food, textiles and housing materials and the expansion of that section of industry which uses intermediate and investment goods as inputs were of unique significance in expanding the home market. One can also mention the export of industrial goods though this remained fairly small. Finally, the Government investments in infrastructure, hospitals, and schools stimulated industrial production considerably. Of course, the benefits that accrued to small scale

industrial production were not of the same order in each of these areas.

The marginalists as well as the BSA Development Group emphasize that the output of small industry usually consists of low quality and cheap goods consumed by the poor or the employees in the capitalist sector. In what follows I will elaborate on some of the major branches of industry to show that ~~the~~ this argument is invalid in the Turkish case. The evidence I use in this section comes from the SPO Survey. One of the most dynamic areas in small scale production has been the repairs branch; nearly one fifth of the artisanal industries belong to this group. The growth of repair industries was largely a response to increases in the domestic production of TV sets, radios, fridges, washing machines and above all motor vehicles as well as in imports in the case of cars and tractors. As Mandel observes the growth of similar industries in Western capitalist countries preceded the capitalist penetration of the labour intensive enterprises in services, repairs, and distribution which grew around them and until very recently small scale enterprises remained predominant in these spheres. (Mandel:1972) In Turkey so far, the challenge from capitalist enterprises (to small repairing workshops) is at best a distant possibility.

In the case of TV sets, radios and fridges the market is not limited to high and middle income groups alone ie. the annual output in TV sets which is at around half a million each year, is enough evidence to indicate that their consumption is not limited to the high and middle income groups in the country. But, this also means that the petty enterprises in this field are serving all sections of the population except the very poor who cannot afford to buy TV sets. However, this is not so in automobile repairs, by far the most vigorous sector in the repairs industry, for the nearly one hundred thousand domestically produced cars as well as the imported ones are sold mainly to high and middle income

groups. The small scale repairing workshops serve them, rather than the urban or rural poor or the work force employed in large scale industries. As to tractor repairs, the most prosperous trade especially in small towns, the demand originates from well-to-do peasants and capitalist farmers who can afford to buy tractors. There are also some small enterprises which produce spare parts for motor vehicles and durable consumption goods ie. foundries, turning workshops; in fact 16% of the artisans interviewed in the SPO Survey indicated that they combine repairing with component production. Almost all sections of the population and especially the high and middle income groups create demand for the work of repairers and spare parts producers.

Goods of artistic value or luxury goods produced by small scale enterprises are also oriented predominantly to high and middle income groups and to export. It is possible to mention in this context industries like woodcarving, tile making, silk weaving with traditional hand looms, embroidery and needlework, the production of decorated plates, knives, copper utensils and ceramics, meersham carving, silk carpet weaving for export.

According to the SPO Survey, more than one fifth of the small enterprises serve the building industry. Velzen points out that nearly two thirds of Kayseri woodworking industries produce doors and window frames for buildings. (Velzen:1977) Since this industry is dominated by contractors undertaking the construction of expensive apartments for a relatively small high income market, where product standardisation and mass production is as yet undeveloped, the small scale enterprises are particularly successful in meeting the demand for irregular orders. On the other hand, these small scale metal and woodworking enterprises also meet the demand arising from low income markets in the squatter housing areas of the Turkish towns. Again it is possible to conclude that artisinal and small capitalist

workshops serve all kinds of markets in so far as housing is concerned.

The textile industry is a highly differentiated one; the putting-out system in towel, carpet and blanket making, small scale capitalist enterprises in knitting, ready-wear, labour intensive capitalist enterprises in ready-wear, weaving and hosiery industries, and artisanal production ie. tailors. In other words, this is largely a sphere of capitalist industry although many small enterprises appear as self-employed in official statistics. The product range is extremely wide with fashion goods for high income market and export and the whole range of cheap and low quality ready-wear ie. nylon socks, suits, sweaters, duffle coats. The shifts in demand due to changes in consumer tastes and fashion as well as the smallness of the total market for each single product facilitate the growth of a labour intensive level with thousands of small and medium sized enterprises. These industries serve both the high and medium as well as the low income markets, although it would not be difficult to say that the poor are the main consumers of the textile industry in view of the vast size of the population in this section of the market. The typical petty commodity producer in the textile industry, the tailor, is undergoing a rapid transformation; while many sink due to competition from the intermediate level, others adopt new techniques to serve the tastes of high income groups. To give an example, nearly one quarter of the total number of enterprises in the South Anatolian town of Gaziantep were in the textile branch but only one fifth of them were tailors.

As to food industry, bread, the staple diet of the poor, is produced by either the Municipality or privately owned factories. The production of sugar, alcoholic drinks, margarine are also under the domain of large, though not always capital intensive, State or privately owned enterprises, as are other kinds of manufactured food ie. savoury sausage, beaten meat cured with garlic and spices (pastırma), canned food, macaroni, olive oil,

biscuits. The majority of bakeries and restaurants serve not the poor but middle and high income customers who have money to spend on food which they do not cook at home.

Finally, I will comment briefly on metal and woodworking industries that produce furniture and other household items. Once again, it is possible to argue that metallic chairs, tables, and wardrobes, spring mattresses and wooden furniture which are becoming typical consumption items in the low income markets are produced mainly by the labour intensive small and medium scale capitalist enterprises. (Velzen:1977. Bade'ali:1977)

The six industries that I considered, the building materials, repairs, textiles, food, metal and woodworking industries account for almost four fifths of all small scale enterprises covered by the SPO Survey. Of the remaining, the leather industry and hide processing are also oriented to middle income markets. The small scale printing houses and bookbinders work mainly for the orders of the Government and large scale organisations, and many traditional artisans (blacksmiths, coppersmiths, saddle makers, horse shoe makers, tinkers, bicycle repairers, wooden slipper makers) sell their wares in the low income market.

In the case of the Turkish economy, the argument that petty commodity producers manufacture goods which go mainly to the consumption of the poor cannot be validated. Secondly, it is difficult to say that their products are on the whole cheap and low quality substitutes for the products of large scale industries. The artisans who make expensive products seem to be as numerous as the ones that produce cheap substitutes. Thirdly, the production of cheap and low quality substitutes is carried out mainly by the capitalistically organised labour intensive industries, Quij no's competitive-intermediate level, ie. furniture, biscuit making, knitting, ready-wear.

If one takes into account the manufacturing industry alone, it is

not difficult to observe that the artisinal workshops are rapidly giving way to capitalist production. But, this is not so marked in repairs and services. Even when we take these three branches as a whole, the contribution of small scale production in terms of output accounts for only one tenth of total industrial production in Turkey. Moreover, at least one fifth of this amount is produced by small capitalist enterprises.

The neo-Marxists reject any notion of dualism in the urban economy. However, they are almost unanimous in identifying a basic dichotomy in terms of the division of the market between different kinds of industries. The capital intensive large scale industry produces expensive and high quality goods for either the consumption of the high and middle income groups in any Third World Country or for export, whilst the petty commodity producers produce cheap and inferior low quality substitutes consumed by the urban poor and/or the urban working class. In my opinion the insistence of the BSA Development Group on the validity of this dichotomy can be explained by the fact that they wanted to show that petty commodity production makes a wage subsidy to capitalist sector. In the case of the Turkish economy too it is hard to deny the validity of this argument at the outset but one should still ask how significant this wage subsidy really is. On the one hand not all artisinal or small scale production is for the workers in the organised sector. On the other, not all enterprises which appear as artisinal ones in official statistics are petty commodity producers, some are proletarian outworkers employed by capitalist entrepreneurs and some are in fact small capitalist enterprises. I would therefore put the proportion of cheap and low quality substitutes produced by the artisans which are consumed mainly by the urban working class and the urban poor somewhere in the area of three to five per cent of total industrial production in Turkey, given that small scale enterprises produce only one tenth of the country's total industrial production and

at least one half of this amount is consumed by the middle and high income groups.

Thus, my conclusions are the following: Firstly, the wage subsidy argument makes more sense in the case of repairs, distribution, trade and transport, but not so much in small scale manufacturing industry. Secondly, the wage subsidy from the agricultural small scale enterprises is far greater than that from the urban industry and services taken as a whole. Thirdly, a huge wage subsidy comes from the labour intensive capitalist sector of small and medium sized enterprises; the sector where unorganised workers are exploited by a class of 'indigenous capitalists' which received no emphasis by the BSA approach.

THE MERCHANTS AND THE SMALL SCALE PRODUCERS IN TURKEY

The intervention of merchants' capital in the transactions that take place between the small scale producers and the larger intermediary and investment goods producing industries is one inevitable outcome of the growing division of labour among industries and their increasing separation from each other, the dependence of small scale industries on large industry for supplying their inputs, and the very multitude and dispersal of small enterprises which makes it difficult for them to establish direct links with large scale industries whose marketing often takes the form of bulk sales in large quantities to limited numbers of large distribution agents. One of the conclusions reached by the National Productivity Center Conference on the problems of small scale industry is that 'the raw material producing companies, whether State or privately owned, sell their products in bulk, a necessary outcome of which is large scale purchases, by large scale companies and speculators, or financially strong companies with no interest in industrial production(MPM:1974,p.227). The results of the SPO Survey of artisans and petty traders show that no matter how significant the relationship between large and small industries, it is

always mediated by agents who interpose themselves between the two.

In the five towns included in the SPO Survey the vast majority of the artisans had no direct access to the producing companies; in four of these only less than fifteen per cent of the artisans bought their inputs direct from industrial enterprises. That this is not solely a matter of geographical separation is revealed by the fact that in Bursa, the heartland of Turkish industry, 83% of the artisans secured their raw material needs through intermediaries. The artisans rarely buy direct from importing companies and the sales organised by retail merchants are negligible. Instead, the immediate relationship is often between the artisans and the wholesalers. Thirdly, a multitude or a chain of intermediaries are involved; nearly one half of those interviewed mentioned that the product has changed several hands before reaching them. Even those artisans who acquired their raw materials from towns other than their own could not manage to evade the intermediaries.

Another important feature of the relationship that develops between the merchants and the artisans is the enormous scale of credit purchases; some two thirds of the enterprises covered by the Survey indicated that they normally do not pay their debts within a month and in some cases this period extended to six months and even to one year. The implication is quite obvious; the merchants play a significant role in financing artisanal production. But credit purchases mean something else too; the interest paid to the merchants varied between five and ten per cent for a delay in payment for a three months period.

Nevertheless, this situation cannot be interpreted as 'independent existence of merchants' capital' for the majority of the intermediaries involved distribute the products of large scale domestic industries.

It emerges clearly from the figures provided by the SPO Survey that the wholesalers are not too vigorous at the other end of the market.

Here, more than half of the artisans produce for orders and in this subcontracting occupies a negligible place ie. only 7% of the enterprises in Bursa had subcontracting links and this was the highest proportion when compared with the other four towns. What explains the predominance of production according to individual orders is primarily the high ratio of repairers and petty servicemen among the artisans interviewed. These commonly work for individual orders and the kind of work they do is of little use for anyone except the person who places the order. Also important however is the case of the building contractors who put out orders to artisans in woodworking and metal working industries. Finally, the tailors too work to individual orders.

I think it would be wrong to view this situation as a 'pre-commodity' stage where goods are produced for the small numbers of individuals who live in the same closed small community. In the first place, production for individual orders often reflects an already developed stage of division of labour among industries ie. the artisan producing doors and window frames for the building contractor. Secondly, although permanent relationships might develop between the individual customer and the artisan ie. the car repairer and the car owner, these are due to the nature of the products or services in demand. In my opinion this type of small scale production for individual orders also involves the production of commodities.

Before concluding, I must note one major limitation of the SPO Survey. The artisanal enterprises included in it were only those registered by formal organisations ie. the Municipality, the Chamber of Commerce, the STAA. As such the study excluded unregistered outworkers or those who used their houses as work place; to use Gerry's terms, it was a study of the 'truly self-employed' and the 'dependent petty commodity producers' rather than that of the disguised wage-labourers. The extent of involvement of 'all round agents' that is, agents who advance raw materials and

collect the finished wares, is undoubtedly more significant in the case of those unregistered artisans who use their homes as work place.

Finally it should be pointed out that the Survey excluded small capitalist enterprises too. As I shall try to elaborate in other sections, merchants are more likely to intervene where small scale production becomes oriented to wider markets and where the demand for their products is sufficiently large, features more common to putting-out system and small capitalist enterprises.

CONCLUSIONS

In Turkey, there is considerable differentiation within the capitalist sector itself. The informalist and the neo-Marxist views which provide us with two sector models of the urban economy has in this context very limited explanatory power. Although the neo-Marxists emphasize the differentiation within the petty commodity sphere, they either took for granted that the capitalist sector is one of large scale capital intensive industries or said little about the nature of capitalist domination at the different levels of the economy. Therefore Quijino's analysis with its stress on a threefold division of industrial structure in the Third World Countries is of greater significance in conceptualising the differentiation within the urban economy. Nevertheless, contrary to Quijino's findings in the case of Latin American Countries, the intermediate level of small and medium sized labour intensive enterprises in Turkey is a thriving one and there is little evidence to support the view that their decline is imminent. In the next section I will try to show that capitalist domestic industry is also a significant part of this competitive labour intensive level.

Secondly, I tried to indicate that the non-capital intensive level of the Turkish economy is an unprivileged and unprotected one in many respects ie. little access to financial resources, but here a primary

distinction should be held between the employers and the employees; although the employers lack some of the privileges granted to their larger counterparts, they have the unique advantage of making use of large reservoirs of cheap labour made available to them either because of inefficient implementation of various laws or directly because of the nature of the legislation itself.

Thirdly, the neo-Marxist contention that small scale industrial production is largely subordinated to capital intensive industries through their backward linkages is of major significance in the case of the Turkish economy. In view of the complex linkages between all types of capitalist and non-capitalist enterprises it is difficult to speak of dualism either in the Turkish industry or in the case of production in the rural and the urban areas. But, it should be stressed that there is sufficient evidence in the case of Turkey to reject the neo-Marxist as well as the informalist argument that there is a dualism in the market; the capital intensive sector produces many goods consumed by the urban and the rural population and the artisanal and labour intensive capitalist enterprises provide products for all sections of the population.

KAYSERİ

I carried out the study of the carpet and metal industries in Kayseri which is a Central Anatolian town of very ancient origin which existed as an important center for trade and industry under Hitite, Cappadocia Kingdom, Roman, Byzantium, Seljuks of Rum and Ottoman administrations. In the first years of the Republic the town had a population of nearly forty thousand which increased to 207,000 by 1975. Administratively, Turkey is divided into sixty-seven Provinces of which Kayseri is one; here however the reference is not solely to the town itself but to an administrative unit with a population of nearly 600,000 in 1975 and which includes nine small towns and 470 villages. (Kayseri İl Yıllığı: 1973) I will use Kayseri to refer to the largest town, the Province center, and Kayseri Province to refer to the much larger administrative unit.

The geography of the region is of particular importance for understanding the nature of the rural economy in the Province which of considerable significance in elucidating on the distribution of carpet looms in the villages. In the planes and the plateaus the altitude varies between 1000 and 1300 meters, water supplies are poor, and the climate is tough with hot and dry summers and cold and snowy winters. The rural population in these areas cultivate wheat, barley, fodder crops and recently sugar beet. There are also two major mountain chains in the South and North East of Kayseri and an extinct volcano around which stretches a range of mountains of high altitude. Nearly one third of the area in Kayseri Province is covered by the mountains at the feet of which exist grazing land which the hillside villager use for breeding livestock and vineyards. (Kayseri İl Yıllığı: 1973).

Only four percent of the sown acreage in the Province is reserved for non-cereals. Of the 85,000 rural families that live in Kayseri villages, some 60,000 or three quarters own less than one hundred decares on lands not more than one twentieth of which is irrigated. On the other hand, 2551 families which constitute a tiny fraction of the agriculturalist families in the village own nearly 30% of the sown acreage in the Province. (Kayseri Ziraat Odası). There is no information as to the nature of production relations in case of these large farms whereas the poor peasants, those owning less than 100 decares of land, supplement their incomes by taking on wage work. Also, rural urban migration was particularly high among the agricultural landless and the poor peasants the majority of whom settled in Kayseri, the three big cities, İstanbul, Ankara and İzmir, and the big city in the South, Adana.

Kayseri is above all a trade center not only for the Province population itself but also for the nearby Provinces in its hinterland as well as some Eastern Provinces. This involves retail trade and wholesale trade mainly in textile and metal goods and manufactured food. The number of shopkeepers, larger retail stores and wholesalers registered by Kayseri Chamber of Commerce are well over five thousand and to these one may add the unregistered hawkers whose numbers are difficult to know.

There has been little development in Kayseri in terms of diversification of industry; the vast majority of the enterprises are producing metal and textile goods and foodstuffs. Although only less than ten percent of the enterprises are in the textile branch, these employ more than one third of the 22,000 workers in industry whereas metal industries are more numerous with 220 enterprises which is equal^{to} 40% of the total number of enterprises registered by Chamber of Industry. (Kayseri Chamber of Industry).

Seven large scale industries, five textile mills, one sugar producing plant and one basic metal producing factory, employ one half of the total work force in Kayseri. In the past two decades the major expansion has been in the intermediate and small capitalist enterprises. Five of the seven large scale plants were founded before 1960.

The case of metal industry aside, subcontracting relations between industries in the different branches as well as linkages within each branch are almost non-existent. This indicates first that the majority of Kayseri industries obtain their raw materials from other regions or through import and secondly that Kayseri industries produce mainly consumer goods.

The artisanal workshops are numerous in metal, woodworking and repair industries but they are less significant or indeed of negligible importance in terms of employment. Here, however the whole picture would change if one takes into account the vast capitalist domestic industry with its more than 100,000 weavers spread throughout the Province.

The growth of building industry has been particularly rapid; new residential areas and a business center with multi-storey apartments have emerged in the course of two decades since 1960. Almost all commercial and state owned banks have branches, and some have more than one, in Kayseri. The town has sixty primary and twenty two secondary schools, eleven vocational schools, one polytechnic and a university. Kayseri is connected to largest cities by rail and there are very frequent bus services and a fairly developed freight transport thanks to the improvement of asphalt roads after 1950's. Finally, it should be mentioned that almost all branches of the Government have offices in Kayseri and one eighth of the town population is in the Civil Service. (Kayseri İl Yıllığı, 1973).

Chapter 4.

CAPITALIST DOMESTIC INDUSTRY

There are diverse forms of production in Kayseri carpet handicraft industry. Some families spin the wool from their sheep into carpet yarn and weave carpets which they themselves use. But their numbers are few and this type of industry is only of negligible importance. More numerous however are the independent producers who make use of family resources to produce rugs and carpets which they sell to small traders. Thirdly, one can mention those semi-dependent weavers who buy their raw materials from the yarn dealers and market their wares either through them or carpet merchants. But nearly three quarters of Kayseri carpet weavers are employed by carpet manufacturers who advance them raw materials and the necessary implements; the weavers, who are all women and young girls, are paid piece wages and have no control over the products of their labour. My study of the carpet handicraft industry is primarily a study of this putting-out form.

Capitalist domestic industry or putting-out system was of great significance in the past of the many present day developed capitalist countries. Referring to this system Dobb makes the following comment:

'The subordination of production to capital, and the appearance of this class relationship between capitalist and producer is to be regarded as the crucial watershed between the old mode of production (feudal) and the new (capitalist), even if the technical changes that we associate with the industrial revolution were needed both to complete the transition and to afford scope for the great increase in the productive power of human labour associated with it. Capitalist domestic industry, not only cleared the way for, but itself achieved, an appreciable change in the process of production.' (Dobb:1972,pp.143-144)

This argument has two distinct aspects. In the first place, it involves a theoretical conception of capitalist domestic industry as an initial stage in the subordination of direct producers by capital, ie. as an intermediary form between artisanal production on the one hand, and capitalist manufacture and factory production on the other. Unlike the latter two, however, the putting out system maintains a dispersed work force for which home is the work place. It differs from factory production also in that it establishes itself on handicraft techniques. On the other hand, it is also different from artisanal production; here, the independence of the direct producer is undermined by the capitalist who owns the means of production and to whom the direct producer sells his labour power.

The last aspect is a crucial one. The labourer under the putting-out system was not always 'free'. For instance, Klima notes that the linen producers in 17th Century Bohemia were under feudal bondage although they were paid piece wages by capitalist entrepreneurs. (Klima:1965) Moreover, the work force of capitalist domestic industry were often peasants who combined wage work with subsistence production on their small plots, the so called alliance of land and loom. (Heaton:1965) On the other hand, there are a multitude of cases where the work force of capitalist domestic industry came from proletarians with neither any legal bondage nor any property. ie. the unemployed town dwellers in 15th and 16th Century Suffolk (Unwin:1927), the outworkers in 13th and 14th Century Flanders textile industries (Wilson:1952), London silk weavers in the 19th Century (Thompson:1971) and the hammock makers in Brazil in the 1970's (Schmidt:1979).

Often, the status of the capitalist entrepreneur in the putting-out system was ambiguous. The 'kulaks' in Russia, the yeomen farmers in England, the prosperous peasants in 18th Century Germany, were social classes out of which sprang the rural entrepreneurs; they often combined capitalist entrepreneurship in industry and agriculture using wealth

from land to finance industrial undertakings (Otsuka:1969), (Lenin:1977), (Braun:1966), (Wadsworth:1931). Otherwise the putter-out was also a merchant involved in marketing wares other than those produced by his own employees; the big clothiers in England always had an interest in pure trade (Mann:1971). Finally the putter-out organised not only the domestic industry itself but also small capitalistically organised workshops where he employed wage workers on a full-time basis. This was most common in finishing, dyeing and fulling operations in the case of the textile industry (Moir:1971).

This last point implies that capitalist domestic industry is intertwined with diverse production methods and forms of production. In the first place, the putter-out might act as the binding link between enterprises which use distinct methods of production. Following the mechanisation of spinning in England in the early 19th Century, the capitalists who employed domestic weavers advanced them factory spun yarn. Secondly, the companies owned by the putting-out manufacturers had often different units of production and exchange in them; the dispersed production carried out in the houses of the direct producers, the centralised workshops and marketing departments whose activities were limited to buying and selling alone.

The putting-out system had its heyday in Western Europe between the 15th and 19th Centuries, the period of transition from feudalism to capitalism. But, empirically, it would be wrong to see this system as a purely transitional category. The putting-out type of industrial organisation was common to European societies before the Commercial Revolution and it can be found in some industries in advanced capitalist countries even today. Therefore, the analysis of the particular context in which this system operates is of primary significance; thus, this is what I attempt to do in the case of the carpet industry.

Pointing to the fact that in Europe prior to the Industrial Revolution secondary industries were mainly rural, Hoselitz emphasized that in the industrialisation of Third World Countries rural industry will not play any significant role. He based his argument on the fact that there is no deficiency of labour in the urban areas of these countries; if the putting-out revives, the labour supply in the urban areas will be plentiful. Indeed there has been a major de-industrialisation in the rural parts of these countries due to the decline of the handicraft industries. This makes it all the more difficult to explain the recent revival of the putting-out system in the carpet industry in Turkey and indeed in many other Middle Eastern, North African countries as well as in others such as India and China (UNCTAD/GATT:1969). The revival of the rural industry in this area of production can be explained by factors such as the low employment creating capacity of high technology industries, high unemployment or disguised unemployment, the poverty level of incomes among the urban and rural poor and the necessity of supplementing meagre incomes and the growth of a market economy which facilitates the demand for goods of artistic value and craftsmanship.

To understand the situation in detail in the case of the expansion of the Kayseri carpet industry, however, one should go beyond such general explanations. The main question I deal with is why has the capitalist domestic industry been so vigorous in the carpet industry. To elaborate on this question I shall use as a basic outline the framework developed by Coleman for analysing this system. According to the author some conditions are necessary for ^{the} development of the domestic system in industry (Coleman:1967, Coleman:1975) & the survival of this system. First, the instruments of production must be simple i.e. handicraft type, and cheap so that they can be acquired or rented easily. Secondly, the skills should be readily learnable; training should not be too long and formal

apprenticeship should not be essential for entry. If this industry is based on customary arts and techniques with which the population is familiar, its development will be particularly rapid.

Thirdly, the product must be fairly standard so that minute supervision of production will not be necessary. Fourthly, the raw materials should not be of great value. For instance advancing gold to direct producers would bear great risks on the part of the putter-out. Fifthly, the nature of production should be such that work is easily divisible, ie. separable manufacturing processes as in textiles and metal industries.

Coleman points to three other crucial aspects. On the one hand, the demand for the particular good in question should be large enough to stimulate investments. Also there must be the requisite enterprise which plays a significant role in linking direct producers with the market and reorganising production ie. dividing work among households, delivering raw materials and collecting the finished wares. As Coleman argues, and as I shall try to demonstrate in the case of the carpet industry, the increase in production in domestic industry is often paralleled by the growth in the number of intermediaries. Finally, but the most important of all, there must be a 'responsive labour supply', a group of under-employed and poor peasants or an urban or rural semi-proleteriat eager to supplement incomes. I will use Coleman's ideas as a framework in explaining the causes of the recent expansion in Kayseri carpet industry.

CARPET INDUSTRY IN TURKEY : A HISTORICAL BACKGROUND

Carpets are used for covering floors. In its modern use of the term 'carpet' refers to a patterned fabric woven with raised surface tufts. This tufted surface distinguishes carpets from both felt and tapestry. Carpets are woven either on power looms or by simple handicraft techniques; I shall use 'handicrafts' or sometimes 'carpet industry' to refer to handweaving and 'factory' to refer to production with power looms.

My concern with factory production which has developed rapidly in the 1970's in both Kayseri and Turkey, is limited to the effects of power loom weaving on handicraft production.

Carpet weaving is a trade known to Anatolian people for a very long time. Since the early years of the Ottoman Empire carpets of Persian design were produced on looms subsidized by the State to be used in mosques and official buildings. The European demand for Oriental carpets began to increase especially in the 16th Century; English and Venetian ships carried Turkish carpets east to Europe via Marseilles, Venice and Spalato ports (Braudel:1972,pp.220,287,612-615). On the other hand carpets and tapestry were also produced in many parts of Anatolia by households for their own consumption. Until 1950's production for household needs remained as the dominant form. For the first time in the late 19th Century and only in certain parts of Anatolia did commercial production begin to supercede independent household production.

A recent study by an economic historian presents detailed evidence on capitalist penetration of the carpet handicraft industry in the late 19th Century Ottoman Empire. (Kurmuş:1974). The author explains how in a matter of a few decades between 1880 and 1920 the British Oriental Carpets Manufacturers' Company (BOCMC) established a wide commercial and industrial network in Western Anatolia with large scale weaving workshops, a vast domestic industry, and yarn producing factories. By 1913 the Company was able to undermine its major rivals to become the only carpet producing and exporting firm in the country. In that year the BOCMC had seventeen large scale workshops in which it operated 8165 looms and employed 25,257 workers. In the course of thirty years from 1893 to 1913 the British Company increased its output from 155,000 to 1,087,000 square metres and it exported the majority of this amount. (Kurmuş:1974).

The BOCMC also relied heavily on outworkers. The village headmen

used to collect their wares and deliver them to the Company's local representatives or subcontractors. In 1913 although large workshop production was dominant the contribution of the domestic industry to the Company's total output was as high as 42%. Kurmus however does not point out something which one can easily read from his data. He refers to these workshops as weaving or carpet factories but in my opinion they were capitalist manufactories founded exclusively on handicraft techniques; the figure Kurmus gives for the number of weavers employed in the Company's workshops, 25,251, as against the figure for the looms they operated, 8165, gives us an average of three weavers per loom and this average figure is almost universal in carpet handicraft industry. In other words, the BOCMC took no steps in revolutionising weaving technology as Kurmus seems to argue. Nevertheless, it did mechanise yarn production. Here, the Company had invested in three spinning mills the combined output of which accounted for 80% of factory produced yarn in Turkey. (Kurmuş:1974, p.125). As Kurmuş stresses, its control over the raw material supplies helped the Company significantly in eliminating its competitors.

In the period between 1920 and 1950 Turkey's carpet exports had declined considerably. Two factors seem to have played a major role. First, it was the decline of the BOCMC and its disappearance in the mid-1930's. The second reason was the change in the international carpet trade routes; between the inter-war years London and then Hamburg emerged as the centres for wholesale carpet trade. Previously, Istanbul used to be the centre for such large scale commerce and this stimulated Turkey's carpet production and export considerably at that time.

For the period 1920-1950, it is possible to estimate carpet production through inferences from wool and carpet yarn production. The coarse and thick wool from many parts of Anatolia ~~is~~ inadequate for cloth making, but excellent for making carpet yarn. Between 1923 and 1935 wool

production in Turkey was on average 20,000 tons per annum. Eşberk comments that in 1928 some 2500 tons were used for textiles and 9000 tons for carpet yarn. (Eşberk:1939,p.16). Another 6000 tons were used by the wool producers themselves; Eşberk thinks that the majority of this amount was also spun into carpets. He uses these figures to estimate carpet production; his conclusion that some 1 million square metres of carpets and tapestry were made in 1928. (Eşberk:1939,p.16) We might suppose that the majority of this was production for household use although a significant amount must have been sold by the direct producers in the weekly town markets.

The carpets exported in this period were of two kinds. The high level of exports until 1930 was mainly due to antique trade, collecting and exporting old carpets of artistic value. On the other hand, a capitalistically organised sector, though less vigorous than in the days of the British Company, produced carpets for either export or the home market. Until the early 1950's this sector relied on imported yarn due to the fact that the spinning factories founded by the British Company either closed down or were used for purposes other than carpet yarn making. The decline in exports reached its nadir in the years of the Second World War where at one point the export of carpets actually ceased.

I have compiled TABLE I from a number of different sources. It shows the tendency towards expansion in output quite clearly. The main weaving areas are the Central Anatolian and some Aegean Provinces. It should be mentioned, however, that no independent survey of the carpet handicraft industry was ever done and the figures in Table I are estimates.

TABLE I
CARPET PRODUCTION IN TURKEY

YEARS	LOOMS	OUTPUT (M ²)
1955	40,433	1,015,632
1956	46,323	1,120,065
1957	51,878	1,269,456
1958	57,515	1,466,792
1965	-	1,871,000
1970	80,000	2,400,000
1975	138,000	4,003,425

1) Figures for 1955, 1956, 1957, 1958 include only 13 Provinces out of the total 67.

Sources: 1) Union of Turkish Chambers: 1959.

2) SPO: 1976.

3) Özgirgin: 1972.



Commercial production in the carpet industry began to increase in the post World War II years. One reason was the increase in exports. In value terms, the export of carpets always remained below 10% of total carpet production in Turkey. Nevertheless, this sector played an enormous role in initiating and expanding capitalist relations of production in the industry. The putting-out system is the norm where handicraft products are oriented to export.

Nevertheless, it was mainly the domestic demand for woollen carpets which effected a fourfold increase in output between 1955 and 1975. (Table I) In this period, the type of yarn used in making such carpets began to be produced by the State Economic Enterprises and some indigenous capitalist firms and the urgency for import of carpet yarn was removed altogether. The putting-out system took firm hold in this sector too.

The expansion of the domestic market for carpets was mainly due to population increase and rising per capita incomes. Rapid urbanisation and the post World War II boom in the building industry were of particular significance. Concrete houses and modern office buildings raised the demand for floor coverings. But, equally important was the late coming of carpet factories; mechanised production was largely absent in Turkey until 1970 and this benefited its handicraft counterpart.

Another set of changes which stimulated the carpet industry was initiated by the State. The development of the road network between the villages as well as between the villages and the major towns has promoted the production for the market; a developed road network is essential to the dispersed putting-out system. Secondly, some SEE's pioneered in producing machine spun carpet yarn. The Government also encouraged the breeding of certain kinds of sheep ie. Merinos, that yield high quality wool which is so crucial in making fine carpets.

But the major contribution by the State was in other fields. First, the Government introduced tax cuts on exports to promote the export of manufactured goods; this helped the Turkish merchants to lower their prices in the international market and thus effected a boom in carpet exports in the past five years. Secondly the State does not implement the Labour Law in the case of the carpet weavers and it did not legislate specifically for the outworker. Thus the merchants and the manufacturers were left to exploit freely a cheap labour supply. Finally, the carpet manufacturing enterprises evade taxation almost completely, a result of the lack of control.

THE HISTORY OF THE KAYSERI CARPET INDUSTRY

Carpet making in Kayseri dates back at least a millenium. Making carpets of the type which is most widespread nowadays, however, is of more recent origin. This new carpet was introduced to Kayseri by the subsidiaries of the British Company towards the end of the 19th Century. The kind of yarn used in making the ^{new} type of carpet was imported from Britain until the BOCMC began to produce it in factories which it founded in the Ottoman Empire. It is for this reason that those carpets produced with imported yarn came to be known as Manchester carpets. The name indicates the origin of the wool with which they were woven.

Since its very early days in the late 19th Century, the production of Manchester carpets was identified with two things; production either for export or for a market wider than the local one and capitalist relations of production either in the form of a putting-out system or handicraft based but capitalistically organised workshops. For a long time until World War II years, Manchester carpets were produced almost exclusively for export and except for a brief period at the beginning of the Century when large workshops were introduced by the BOCMC, their production was organised by putting-out manufacturers. In both cases, however, the handicraft basis of the industry was retained.

Designed for foreign tastes, Manchester was a Turco-Iranian hybrid different from regional carpets not only in its designs and patterns but also in the techniques involved in its production. Although carpet and rug making was known to many people in Kayseri villages, those who took Manchester weaving had to be trained by the specialists. On the other hand, capitalist relations hardly penetrated the other carpet industry, that of making regional carpets; no attempts were made in this direction until the early 1970's. Unlike the Manchester weavers who became the employees of carpet manufacturers, the direct producers of the regional carpets have managed to maintain their independence for a long time. This was due mainly to two factors; the regional carpets are made with local wool which many households provide from their own flocks and until very recently they were produced either for household needs or for the local market.

My primary focus in the field work was on the Manchester type; the forms of industrial organisation that develop in the production and marketing of Manchester carpets. Although both spheres have always coexisted in the area, the growth of the capitalist domestic industry had narrowed the scope for independent household production; as the output of Manchester carpets increased in the past ninety years, that of the regional carpets has either stagnated or declined. It is this aspect that I now turn to. I distinguish three periods which differ from each other in relation to the dominant forms of labour utilisation, the nature of capitalist relations of production and the networks which develop in exchange and the geographical location of the carpet industry.

(i) The Inter-War Years; A local historian, 'Özdoğan', estimates that at the beginning of the Century there were 3500 looms used in making Manchester carpets. By 1930 the number of looms in the Kayseri Province had increased to 7500; in that year the industry produced 11,000 small

carpets, ie. less than four square metres in area, for export. (Özdoğan:1948, p.131). The industry relied heavily on the town population in recruiting its labour force; the capitalist domestic industry did not penetrate even the nearby villages until the mid-1930's. Between the years 1928 and 1945 twenty-four carpet manufacturers registered themselves in the Kayseri Chamber of Commerce. The 7500 looms were not divided equally between these manufacturers. One of them, the Hasağalar Company, owned some 3000 looms. Many of these enterprises have managed to survive to the present day but in 1977 almost all were engaged in wholesale trade.

The entrepreneurs in the carpet industry whom I interviewed commonly refer to this period as 'the age of the big manufacturers'. Throughout this period yarn was imported from foreign countries. The big manufacturers employed each a multitude of middlemen; skilled labourers who supervise production and help the big manufacturer to distribute raw materials to the weavers and collect the finished products. Such activities and personnel were indispensable because carpet making was a dispersed industry for which the work place was the house of the weaver.

In marketing, the relationship between Kayseri manufacturers and Istanbul export merchants used to be a direct one. In the Closed Bazaar, which in this period was the forum for both the exchanges between the merchants themselves as well as the retail trade, there were also carpet wholesalers and retailers but they were not involved in buying and selling Manchester carpets; either they dealt with the antique trade, collecting and selling old carpets, or they bought and sold regional carpets. If it is true that the putting-out system and its labour force were confined to the geographical boundaries of the town and the very few nearby villages, then it can be suggested that the independent producers in the rural areas were more numerous than the wage earning town weavers. This must be so because the vast majority of the population lived in the villages at that

time and carpet weaving was among the routine winter preoccupations of the village women. On the other hand, it is very difficult to know how their produce was divided as to production for household consumption and production for the market.

(ii) From the Second World War to Early 1970's: Kayseri's Chamber of Commerce estimated that in 1975, there were anything between forty and fifty thousand looms in Kayseri Province. Compared with the 7500 looms which existed in 1935, this figure indicates an increase in the production of Manchester carpets and a parallel decline in regional carpet production.

In 1977, there were nearly 500 carpet manufacturers in Kayseri. I have interviewed forty of them and found that they owned some seventy looms on average. On the basis of this it is possible to conclude that the registered enterprises alone own some 35,000 to 40,000 looms. In addition there are what I call 'the semi-dependent' producers who also produce Manchester carpets. Three weavers per loom is a universally accepted ratio. Thus, we can estimate the size of the Manchester weaving work force in Kayseri. I would put this figure somewhere in the area of 120,000 weavers; this is equal to nearly one half of the total female population in the Province. I say the total rather than the usual active population because in the carpet industry the majority of the work force is between seven and thirty five years of age. (Kayseri News: 3/3/1975, SPD:1976).

The growth of capitalist production in the rural areas should be seen as a result of some wider changes which took place in the post World War II years. The rural population became increasingly wage dependent; many families migrated to towns whereas some of those who stayed in the villages combined small scale cultivation on the family plots with jobs in the seasonal trades. Thus, the putting-out manufacturers began to

recruit their employees mainly in the villages.

On the other hand, the organisation of the capitalist domestic industry had undergone dramatic changes. Not only had the manufacturers increased in number but also there was considerable decentralisation of ownership in the industry. The small manufacturing enterprises ie. (those operating with less than 75 looms) became predominant in that they now employ more weavers and produce more than the larger ones.

A change of equal significance which took place in the 1950's was the growth of either State or privately owned carpet yarn producing factories. Although some big manufacturers buy their raw materials from these enterprises directly, others and especially the small ones provide yarn through the Kayseri yarn dealers. The availability and abundance of yarn acted as a major stimulus in the expansion of the handicraft industry. Another factor which played a very similar role was the expansion of the demand from both the national and the international markets.

(iii) The 1970's: When I studied the carpet industry in 1977, I noticed that some significant changes were taking place. In the first place, there was an upsurge in the numbers of semi-dependent weavers; former wage earners in the carpet handicraft industry who severed their relations with the manufacturers installing looms of their own into their houses, buying yarn on credit from the yarn dealers and selling their products either through the yarn dealers or the merchants. Another significant change in the composition of the work force was the emergence of what many carpet manufacturers called the 'dependable workers'; those households dependent solely on wage income and whose female members weave carpets ten or eleven months each year ie. the majority of the wage earning weavers take on carpet making only in winter and spring. Thirdly, decentralisation of ownership in the industry has gained a new momentum in the 1970's with the emergence of village manufacturers; those unregis-

tered entrepreneurs in the rural areas who operate with a very small number of looms ie. usually between ten and fifteen. Finally, the production of regional carpets revived in some parts of the Province as a result of the increase in international demand for 'authentic village carpets'. Although, capitalist domestic industry is by no means typical in this sphere, I observed that some merchants were becoming increasingly active in marketing the wares of the direct producers.

Such changes may have significant long term implications. Bearing this in mind, it is still possible to say that the typical form of production in the carpet industry is capitalist domestic industry. The following three chapters discuss industrial organisation in the carpet industry in detail, with a primary emphasis on the wage earning weavers and the putting-out manufacturers. The discussion of the semi-dependent weavers and the production of the regional carpets will be attempted in the later sections.

Chapter 5.

THE ORGANISATION OF PRODUCTION AND THE DIRECT PRODUCER

The operations involved in carpet making can be divided into three; the production of the basic raw materials ie. silk, cotton, wool, the production of yarn and finally carpet weaving. A single unit of production such as the family may carry out all these three stages, or alternatively, the work may be divided among different units of production, or enterprises. If the single family as the only unit of production, undertakes all the different aspects of work, the division of labour and commodity exchange between specialised units of production will not exist. Providing wool from the household's own resources, spinning it into carpet yarn and weaving the home produced yarn into carpets, (independent household production), does exist in Kayseri Province but it is rare.

Where the level of development is such that different crafts specialise in particular aspects of production the division of labour becomes the basis on which commodity exchange develops. (1) In the carpet industry in Turkey, the division of labour among different trades has developed considerably in the past few decades and this has culminated in the growth of capitalist relations of production and the decline of independent household industries. The interior Aegean provinces, the South and a few provinces in North West Anatolia meet the bulk of the demand for wool and cotton, the basic raw materials of the carpet handicraft industry. Not more than three decades ago spinning wool used to be the main household industry in many parts of Turkey. The rapid mechanisation of this industry commercialised wool production and wiped out the handicraft industry.

These developments had important repercussions for the carpet industry. Since the carpet weaving families spend no time on spinning

and other related operations, the time the direct producers devote to weaving has increased as a result. In other words, the household finds it more profitable to concentrate their efforts on weaving alone and provide the necessary inputs through the market. This trend is being consolidated in Turkey as a whole; households are trying to maintain output whilst spending less time on yarn production and more on weaving. On the other hand, the implication is that the household becomes dependent on those firms producing yarn and those merchants who market the produce of these firms.

The Technical Organisation of Work in Weaving: It is the last of these phases, weaving, that I now turn to examine the nature of work organisation. To begin with, the Manchester carpets are cut-piled. In tapestry weaving which involves a different technique than making cut-piled carpets, the weft threads are wound upon wooden needles and are threaded around and between the warp, leaving not a tufted but a flat surface. In the case of cut-piled carpets the foundation is a warp usually made up of cotton threads. The number of threads is regulated by both the breadth of the carpet and the fitness to be given to its pile. Warp yarns are wound on top and bottom beams, which are supported by upright pillars around which yarns are stretched vertically. Lengths of wool, usually two or three inches, or any other material are then knotted on to each of the warp threads so that two ends of the tuft-pile of yarn project in front. Across the width of the warp and above the range of tufts a weft thread is run in; another row of tufts is then knotted and above this another weft thread is run in across, and so on. The weft is forced down by hitting with a heavy comb whose teeth stay in between the warp threads to make the woven part compact; the warp, the weft and the tufts thus interlock. Finally, the projecting tufts are then carefully and deeply clipped to an even surface with special scissors bent so as to go

deep in clipping.

Each pile piece is knotted according to a paper design at which the weaver has to look frequently. The weavers get little help in any one of these operations except in the warp preparation and in setting the fitness of and the harmony between the various parts of the loom and the weaving material. What I am referring to is a division of labour within weaving itself; a division between the skilled craftsmen who draw models, make warp, and supervise weaving at various stages and the ordinary weavers who do the wearisome job of knotting. The economic status of the skilled craftsmen might vary; he might be a self-employed craftsman, an employee of a putting-out manufacturer or he might be the putting-out agent himself. The emergence of supervision as a separate realm of specialisation contributes to the improvement of quality in output; the specialist superintendent sees that at every stage things are carried out in the proper order; he tries to rectify mistakes already made, and he gives instructions and advice to maintain good workmanship. However, the effect of supervision on productivity is negligible. In so far as the handicraft basis of the carpet industry is retained the technical division of labour cannot go beyond this level because further splitting of the operations is neither possible nor desirable.

The progress of work follows a well established pattern. Model drawing and warp preparation are individual forms of work. If the carpet is a large one (six square metres) the weavers, three or four, usually work together; since there is no division of labour among this small work force, we may refer to this situation as simple cooperation. Three or four weavers sit in front of the loom at the same time; this reduces the weaving time since the weavers do not have to move from one end of the loom to the other following the sequence of the knots. Therefore the weavers often get additional help from other people, usually the neighbours

to maintain a work force of three or four when the household itself is short of sufficient hands. On the other hand, small carpets are woven usually by a single weaver.

The instruments used in carpet making are simple and primitive. The loom is a rectangular frame of coarse wood. An iron bar connects the two vertical sides and helps to regulate the tension of the warp. It is discarded once ten or a dozen carpets have been made on it but the iron bar can be installed in new looms. Finally, there are the comb and the scissors both of which have to be renewed quite frequently.

The average time for finishing a carpet is difficult to measure. Since the weavers are subject to little work discipline, the extent of the working day varies throughout the industry. Often the pace of work depends on the economic situation of the weaving household; hence the more desperate the family is for the income from weaving the harder its members work. Secondly, there is the problem of quality. This means that the size of the carpet is not always a safe yardstick in measuring production time. A good quality carpet has a higher density of knots than a poor quality carpet, hence its production takes more time. In other words, not only the extent of the working day but the intensity of work too, is problematical in estimating the production time. The yield from different looms varies considerably; between one and eleven carpets in a year. The same putting-out manufacturer might expect only two carpets from one of his looms but seven from another.

Nevertheless, it is possible to arrive at a reasonable estimate of time input. First, one should know the extent of the working day and the number of days it takes to finish a carpet in the case of those weavers who take the least time in weaving a six square metre carpet. In this case three weavers spend nearly one thousand and one hundred hours for one job. This 1100 hours is squeezed into three weeks and from this it is

possible to deduce that the working day is fourteen hours. Adjusting the total hours spent on work to an eight hour working day, we get something in the area of 35 to 38 days, which is the necessary labour time in finishing a six square metre carpet by a team of three to four workers. It should be noted that in such cases the intensity of work is at its maximum. Deviations from this indicate the extent of work stoppages and the intensity of work during the process of production.

TABLE II
QUANTITATIVE ASPECTS OF WEAVING

Number of hours	1100-1400	Weaving	1036 hrs.
Number of knots dm ²	1600-1800	Total hours of ind. Labour Time for 6M ² carpet.	1052 hrs.
Number of warp threads	700-1100	Hours of ind. Labour Time 1M ²	175 hrs.
Model drawing	2 hrs.	Weaving time in 8 hr. working days	131 days
Setting the loom	8 hrs.	Total weaving time	37 days
Warp prepara- tion.	6 hrs.	The average annual turn- over of a loom	3-4

Wide variations in productivity are related above all to the very dispersal of the looms over numerous towns and villages. Where the work place is the house of the weaver, each weaving household exists as an isolated unit of production. This reduces the possibility of continuous and minute supervision and because of this the putting-out manufacturer can do little to prevent slow and careless work. It is ultimately the

weaver who sets the pace of work and determines the level of craftsmanship. The manufacturers do their best to increase the intensity of work but the measures they take are economic and social in nature rather than technical.

At this point I shall indicate two distinct aspects of the carpet handicraft industry. On the one hand, the industry is one of primitive instruments and techniques and undeveloped division of labour. In this context it is essential to note the scattered nature of production and the direct producer's control over the immediate organisation of production. On the other hand, however, factory production has taken away yarn making to make it a separate domain of its own. It is above all the inability of securing the means of production or more specifically the raw material needs, without the intervention of agents who interpose themselves between the yarn producing firms and the direct producers, that subordinate the latter to carpet manufacturers who advance yarn and specify the nature and claim ownership of the final product. The weavers are thereby turned into wage labourers. But the status of the work force in the carpet industry is highly problematical.

THE WEAVERS

The weavers in the rural areas are three or four times more numerous than the weavers who live in Kayseri. But in one of Kayseri's small towns, Bunyan, there are about two to three thousand weavers. Nevertheless, my own evidence on the work force in the carpet industry comes from a village thirty miles away from the Province centre. This village, Sakaltutan, was studied by Stirling in the early 1950's and later on in the early 1970's; this provided me with invaluable information as to the history as well as the social and economic life of the village population complementing my survey of the carpet weaving households in Sakaltutan. (Stirling:1965, Stirling:1972). I interviewed all the thirty five carpet weaving families

(roughly one third of the total number of households in the village) to gather information about their occupational, economic and class backgrounds.

In the past three decades the population of the village increased rapidly, the pressure on land has intensified, and the size of the holdings grew smaller. Due to such changes selling wage labour became a necessity for many people in the village; some migrated to towns but those who stayed also looked for ways of supplementing their meagre incomes from agriculture. (Stirling:1972).

Sakaltutan women knew tapestry weaving for a long time but they had little experience in Manchester weaving. The new skill was taught to a few young women by the carpet manufacturers and through these early trainees it spread in the village. Unlike the previous tapestry weaving which was essentially a home industry for village women in winter months, the weaving of Manchester carpets is organised by the carpet manufacturers who pay their employees piece wages. While the looms continued to spread in the village greater numbers of village men began to take jobs in the seasonal building industry as either skilled or unskilled workers and some migrated to foreign countries often leaving their wives and children in the village. In recent years some seasonal migrants extended their period of stay away from the village up to ten months in each year whereas the village women took carpet weaving between November and June. However, agriculture, traditionally the fundamental means of subsistence for the bulk of the village population, did not suffer from any decline although the villagers devoted relatively little time to it. On the contrary, there are signs of increasing land and labour productivity thanks to wider use of tractors, fertilisers and better seeds.

The economic composition of the work force in Sakaltutan has changed dramatically in the past three decades. The most salient feature of this

change is the growing significance of wage work in providing subsistence for increasing numbers of families. Some households have members in foreign countries but far more important in terms of numbers are those employed in the building and the carpet industries.

Migration from the village in search of seasonal jobs was not uncommon in the early 1950's. (Stirling:1965) In the years to follow some families had to leave the village for good whereas seasonal work in the building industry became a major pre-occupation of those villagers who stayed in Sakaltutan. In 1977 all except three households out of a total of thirty five had family members living away from home for a good part of the year. The total population in those 35 households is 263 and I found that fifty seven men and boys, that is to say one fifth of the total, had not stayed in the village more than three or four months. The lorry driver, the prisoner and the seven army conscripts apart, eight had jobs in foreign countries and forty were seasonally employed in the building industry.

The nature and conditions of employment for the villagers of Sakaltutan who worked in the seasonal building trade differed considerably. The father or the elder members of the household commonly work as plasterers and as such they are normally away from the village for only six months or so each year; their employment is sharply seasonal. The younger men however, commonly work as ~~tiler~~ . They are often away for up to ten months each year or even longer. Due to mild winters, the building industry on the Mediterranean coasts is active in all seasons providing the youngsters with long lasting jobs compared to those of their elders. Meanwhile their wives stay in the village. Including the wives of the married army conscripts, twenty-two brides were living in the village with their husband's families.

The other area where wage work had developed so fast is the carpet

industry. Nearly one half of Sakaltutan's 120 households has some sort of connection with carpet weaving; thirty-five have looms in their own houses, thirteen join these weaving households by sending one or two girls to work in them and a few were beginners, new to the enterprise. There are one hundred weavers in the thirty-five households and I would put the figure for the whole village somewhere between 120 and 140. When I inquired about the households which did not take on weaving work, I found the villagers unanimous in believing that any family would be willing to maintain carpet looms in its house in so far as the family had unmarried daughters and young brides.

Although the households keep on with their farming and animal breeding as they used to do in the old days, some 140 people, nearly 60% of the population in these weaving households are casually employed in either the building or the carpet industry. This change in employment has diversified the sources of household income. The weaving family derives its income mainly from wage work. Of the thirty-five households only three are able to earn from agriculture an amount which is equal to their income from seasonal work in the building industry and carpet weaving. Seventeen families provide between a quarter and one half of their incomes from land and animals whereas the share of agriculture drops to a quarter of the total in the case of fifteen families. I think there must be some households in the village other than the thirty-two weaving ones which also rely primarily on wage income; those families of the migrants short of sufficient female members for weaving carpets and the families which rely heavily on the remittances of their members working in foreign countries. But even remaining with the thirty-two households it is not difficult to conclude that the number of families who make their living predominantly out of non-agricultural employment has increased rapidly since the early 1950's when Stirling found that only thirteen were doing

so. (Stirling:1965) Thus, for the reproduction of these households, selling wage labour has established itself as a necessity; without this the meagre income from the small plots and the tiny flocks of sheep would have remained insufficient in providing even a bare existence.

In the smaller households the relative share of income from agriculture is greater provided that the family owns some land. As the households get more crowded the relative share of the income from wage work gets larger. Apart from one household which had eleven members and owned nearly 400 decares of land, all the other families which have more than nine members earn less than a quarter of their incomes from agriculture. Since almost all the weaving households have very little land, large families find most of their members underemployed in agriculture and therefore urge some to undertake wage work. Where this happens the cash brought from wage employment outstrips what the family makes out of its small plot. But, there is another factor which determines the level of household income; the ratio of young males to females in the family. Those medium sized families, that is, those having between six and nine members as well as the larger ones which have plenty of young males are better off compared to those families in which the number of young women outnumber young men. This seems to stem from differences in pay in the carpet and the building industries. Women and the girls are paid less in carpet weaving than their brothers, fathers or husbands who work in the building industry. Hence the twelve families who had two or more migrant workers did on the whole better than the rest. But, one major qualification is essential; the remittances of a single family member working in a foreign country might be as much as what two migrant workers in the building industry can earn. Such households either do not weave carpets at all or they do so very occasionally and therefore they were few among those whom I interviewed. But, even among the crowded families where young male members are plenty,

average per capita incomes were lower than the average per capita income in Turkey. Although ^{the} per capita income in Turkey was \$1100 in 1977, the average for the weaving households in Sakaltutan was only two thirds of this amount. Here, I include non-marketed wheat, poultry, milk and vegetables.

The major contribution to household income is the migrant's remittance. The income from weaving might be higher or lower than the income from agriculture. This depends largely on the number of weavers in the family and the size of the work force in the household as well as the size of the family plot. Weavers are more numerous than the building industry workers. On the other hand it is difficult to tell how many people take part in agriculture.

How did this triple employment emerge in the village? The reasons are the changes in the wider economy, under-employment in agriculture, and the fragmentation of land ownership.

Sakaltutan villagers practice monoculture of grains. Even horticulture and gardening which are quite widespread nowadays were only new practices in the early 1950's. (Stirling:1965,p.45) Thus, even when land shortage was less acute in the village, almost one half of each year brought little or no agricultural work, idleness prevailed for men and domestic work accompanied by spinning and weaving occupied women. It was the nature of the traditional economy and its characteristic pattern of labour utilisation that actually left the villagers with plenty of free time, free time which could be diverted to the emerging jobs.

In the past three decades, some improvements in agricultural equipment, use of fertilisers and better seeds and the increases in non-grain cultivation ie. potatoes and onions, prepared the rise in agricultural production. (Stirling:1977) However the effects of these changes were not felt by the villagers due to high population increase and the further

reduction of demand for labour in agriculture. In 1977 Sakaltutan had nine tractors in it, a number sufficient to plough and sow on the majority of the village lands. Since large ownership is almost non-existent in Sakaltutan, one might suppose that the use of tractors on small holdings would be uneconomic in itself. However, the owners commonly hired out their tractors; for the non-owners the 70TL fee per donum (1 dönüm = 2 decares) to be ploughed was not too difficult to pay. In the village 29 of the weaving households owned some land; five households used oxen for ploughing because their lands were on steep and rocky hills, two had their own tractors, and the remaining twenty-two rented tractors when they needed them.

In April, May and September previously, the village men had ploughing work to do but the introduction of tractors removed this urgency very quickly. Tractors also eased sowing and transport work. For both men and women agricultural work is reduced to harvesting and gardening alone and these do not keep the household busy more than four months each year. Monoculture in grains and the substitution of tractors for labour represent the foundations on which migrant labour and carpet handicrafts stand.

However, these technological changes cannot be seen to have resulted solely from changes in the agrarian economy. Although under-employment in agriculture preceded the emergence of casual labour, both the wages paid to the weavers and the workers' remittances played a significant part in bringing new agrarian technology as a labour substitute, for any savings accumulated in agriculture had to be supplemented in order to afford the instalments for tractors and to pay for fertilisers and better seeds. Moreover, non-agricultural income is not only used to invoice tractors, buy inputs and pay the fees for other equipment, it is also used to purchase a variety of household facilities which ease housework for women. These help the women to divert more time and energy to weaving.

Factory produced textiles, coal burning stoves, gas cookers, detergents and pressure cookers are labour saving devices which help women in dispensing with some of the laborious aspects of traditional housework.

But wage income did not make Sakaltutan villagers give up small scale cultivation. Agricultural work is most intense during harvest months. Women stop weaving in this period and usually the family will keep one hired man and an elderly member to take care of the household harvest and if these will not suffice a seasonal migrant may come back to give support. Half of the households I looked at hired labour whereas the remainder found family labour sufficient. The hiring period rarely exceeds two weeks and the family can easily pay the hired men thanks to their wage earnings. This evidence demonstrates that the growth of wage labour did not occur at the expense of agriculture and the care of small land plots. In fact, the household allocates its work force such that it could carry on all the three activities but with such flexibility that no single activity would damage any of the others.

What really made selling labour power a necessity was the deficiency of the small peasant's holding in safeguarding the subsistence of all those striving to make a living on it. Stirling provides a model which is useful in elucidating land and labour relations in Sakaltutan. When land is plentiful in a village those new households which can provide the necessary agricultural instruments and other resources i.e. ploughs, oxen, are able to generate relative prosperity as the manpower resources of their families increase. However even by late 1950's the case in Sakaltutan was the reverse; village lands were not expanding although the population was growing fast. For instance the village population has increased despite considerable permanent migration from the village.

(Stirling:1965,pp.134-141, Stirling:1974,p.201) Given the low level of land productivity, four donums (8 decares), the average holding per capita

among the weaving households in the village, would yield not more than 4000TL(\$160) in a year, an income which, if it is not supplemented by additional finance, leads only to starvation. The situation is further exacerbated by the fact that one third of these four dönüms is left fallow every year.

But, what if the Sakaltutan villagers had shifted to a high yield crop such as sugar beet. In Turkey land productivity in sugar beet is as high as it is in the developed capitalist countries. The four dönüms will still fall short of providing subsistence incomes even if it was brought under sugar beet cultivation. Admittedly, capital intensive vegetable farming may produce some of the desired effects but this requires irrigation and improvements in soil quality.

TABLE III

LAND DISTRIBUTION IN SAKALTUTAN - THE WEAVING HOUSEHOLDS

Land (Dönüms)	Households
Landless	6
0-9	7
10-19	5
20-49	14
50-99	2
100-199	1
1000	Total = 35
28	Average

1 dönüm = two decares

What then are the prospects for the present structure of employment, the triple split of economic activity into weaving, wage labour in the building industry and small scale farming? I can imagine two kinds of

developments that can eradicate the foundations of the existing employment structure; the development of capitalist agriculture with rapid concentration of land in a few hands and/or the increase in stable jobs in the high productivity sectors of the economy. Changes of this kind which will undoubtedly speed up rural-urban migration are not likely to occur in the very short-term in the present situation; the increase in stable jobs is not sufficient to meet the demand created by rapid population increase and massive rural-urban migration. Moreover the differentiation of peasantry is not particularly marked in Sakaltutan and indeed in many other Central Anatolian villages. Therefore, diversification of economic activity and division of household labour time between wage employment and subsistence production are likely to remain as the basic ways in which the majority of the village people cope with the situation.

The effects of supplementary incomes on agrarian production is an issue which received the attention of many writers. One major aspect of this relation is taken by Sella who identifies a dilemma common to many European countries prior to the Industrial Revolution: urban and rural industry needed workers in large numbers to increase industrial output but, since productivity increase in agriculture was not always imminent, the drain of population from rural areas tended to pose a major threat to agricultural production and output. This in turn created problems in supplying the growing towns with food and other agricultural products. Thus, Sella argues that the spread of industry in the rural areas solved this problem by maintaining agricultural output and increasing industrial production at the same time. (Sella:1976) The author's point is suggestive: in understanding the relevance of recent agrarian changes in Turkey; the increase in labour productivity in agriculture in the past three decades, thanks to mechanisation, enabled many families to diversify employment without endangering subsistence production in agriculture.

Early Russian Marxists like Lenin and Plekhanov have posed a question of immense significance; what is the impact of employment in a particular type of industry (ie. the putting-out system, capitalist manufacture, factory) on agrarian class structure. According to Plekhanov subsidiary income from capitalist domestic industry becomes a staple item of peasant income and this places agriculture in a dependent position. Both Lenin and Plekhanov emphasize that employment in domestic industry in rural areas leads to the breakdown of the unity of industry and agriculture and that what uproots peasants from land decisively is the spread of factory employment. (Lenin: 1977, Plekhanov:1961) Dobb on the other hand, points out that in 17th Century England the development of the putting-out system helped the cottagers to cling to the soil which in turn delayed the organisation of the working class.

Carpet weaving and seasonal wage work too, made agriculture dependent on industrial labour; hiring tractors, workers, or combine harvesters and buying agricultural inputs were possible due to the flow of wage income into the village. If this income was not available, it is not difficult to imagine that many villagers would not have been able to maintain their small plots and permanent migration from the village would have been higher. Finally, dependence on wage income brought dependence on goods produced by urban industries which in turn led to the decline of traditional village handicrafts.

EVIDENCE FROM OTHER KAYSERI VILLAGES

I made occasional visits to two other Kayseri villages. Although I interviewed some households in these villages my information is mainly based on what those villagers who seemed well informed on village affairs told me. Nevertheless, the growing dependence on carpet weaving and other seasonal jobs was apparent in the case of both villages. In the populous village of Gaziköy, two hundred households are said to operate looms and

many of these have migrants in them. In fact these weaving households were settled in this village by the Government because their previous village was destroyed after a landslide. Some native villagers earned money by selling some of their land for houses and invested it in irrigation, motor pumps and agricultural equipment. The village agriculture has diversified considerably; many of these families took on cultivation of vegetables, potatoes, ground beans, grains and sugar beet. I learned from the people in Develi Sugar Office that in 1976 Gazikoy villagers sold 550 metric tons of sugar beet to the Office. I was told also that there were forty-two tractors and three combine harvesters in Gazikoy. Nevertheless, the diversification of agriculture had increased the demand for labour despite rapid mechanisation: sugar beet and potato crops demand five times more labour than does wheat cultivation, a factor which turned the immigrant village poor to agricultural wage workers on the farms of the rich Gazikóy peasants. Women in Gazikóy give up weaving during the summer and take wage work in the fields where they could earn in a day three times as much as they can in the carpet industry. Compared with the Sakaltutan case, here, one can find agricultural workers in addition to seasonal migrants and weavers.

Another village, this time in Northern Bünyan, suffered from the poor quality of its soil. The single tractor in Akkışla sufficed in ploughing all village lands. The largest holding was said to be only 30 dönüms. In fact this is the average size of landholding among the weaving Sakaltutan households. During my visit in early December nearly two thirds of Akkışla houses were vacated and I was told that their owners had migrated to Kayseri. These families come to the village for only two months in summer to harvest the crops on their lands which are ploughed and sown by three tenant farmers one of whom is the tractor owner. Those who stay in the village took on carpet weaving which is carried on almost uninterruptedly

throughout each year. The villagers whom I interviewed mentioned that the carpet industry provides the major source of livelihood for those who live in the village permanently. Also, Akkişla villagers rely more heavily on animal breeding. Although seasonal migrants are not uncommon, they are less numerous compared with those in Sakaltutan. But, those Akkişla villagers who moved to Kayseri in the past five years were workers in the building industry.

Geray's study of Bünyan sub-province provides us with more systematic evidence. (Geray:1967) This shows that in the fifteen years from 1950 to 1965 the population in the area increased by one half despite considerable permanent migration from the sub-province. Poor crop combination, low productivity and acute land shortage are the outstanding features of Bünyan villages; only one percent of the families in these villages had holdings exceeding 200 dönüms and 81% had less than fifty donums of land or had no land at all. Even by 1965, one third of the families derived their main income from wage work in the building industry. The four thousand looms in the sub-province which weave an average of six large carpets per year suggests a different aspect of the story however; there was a loom in one of every two houses. (Geray:1965,p.58)

RURAL INDUSTRY IN TURKEY

The location of rural industry and the relationship between the growth of the putting-out system in the countryside and the nature of the agricultural economy is a question which interested many economic historians.

Thirsk, in the case of 16th and 17th Century English stocking and knitting industries, Chambers in the case of the Midlands textile industry and Coleman for the Tudor and Stuart period in England show that what underlied the growth of the putting-out system in the rural areas were agrarian conditions as under-employment, population pressure, partible

inheritance and/or primogeniture, fragmentation of holdings and the smallness of the scale of cultivation. (Thirsk:1961, Thirsk:1973, Chambers:1969, Coleman:1975) In his study of the early 19th Century metal, arms and samovar making and textiles industries in Tula Province (Russia) Munting found that the poverty of the peasants was the foundation of non-agricultural employment; as the author elaborates, the amount of sown land per consumer tended to increase as the proportion of total money income from trades and crafts tended to decline. Outside employment as well as crafts were taken by crowded households with small holdings. Wadsworth mentions in case of the Lancashire textile industry that for the cottagers agriculture was only a secondary activity and it occupied these people for not more than several weeks in the harvest period. (Munting:1976, Wadsworth:1931)

But more interesting is the argument put forward by Jones. The author delineates crop surplus areas with relatively high technical efficiency and low production costs and poor crop areas with abundance of livestock production and rural industry in 15th to 18th Century England. This inter-regional division of labour according to Jones led the crop surplus areas to export and the poor crop areas to import food. (Jones:1968)

Some parallels between the arguments of these authors and what I found in some Kayseri villages is immediately noticeable. In the remaining part of this chapter I want to look at rural industry in Turkey as a whole to identify some basic patterns as to the relationship between the structure of employment in the countryside and the distribution of rural industry.

The handicraft industry is not evenly distributed among the different Provinces in Turkey and neither do these regions have a uniform set of climatic, geographical and economic conditions. In view of the disparities and differences that prevail between the regions one should ask in what ways is the distribution of carpet handicrafts related to the particular agro-economic conditions of any region. Can Kayseri evidence

provide a general model useful in understanding the spread of the carpet industry over the country?

In the first place, there is a major difference between the Anatolian highlands and the coastal regions in terms of rural industry density; the former seem to contain the vast majority of Turkey's rural handicrafts. Is this due to such reasons as population density and increased pressure on land? But if higher population density creates increased pressure on land and under-employment in agriculture as a consequence, one would expect a higher handicraft density in the Coastal regions where population density is twice as much and the size of average holdings is smaller compared with the Anatolian highlands. (Ünalán:1973) In both cases I am referring only to those areas where small scale cultivation is widespread.

I think, it is possible to argue that the pressure on land is almost equally severe in both regions. In the Anatolian highlands the climate is tough; there are hot summers and snowy winters, the land is rugged and uneven and altitudes are high; 80% of the soil is lost through erosion and the crop range is extremely limited. Compared to the Coastal regions of the country the natural fertility of the land is very poor and the ratio of irrigated lands is smaller. Between one third and one half of the arable land is left fallow in the Anatolian highlands; against this, however, only ten percent of the arable land is left fallow in the Coastal parts. In view of such factors we may safely conclude that land shortage is indeed very acute in those regions where handicrafts in the rural areas are widespread, the Anatolian highlands.

However, the major difference between the two regions lies elsewhere; high population density and acute land pressure in the Coastal regions should be seen against a background of high demand for labour in agriculture.

Maize demands twice, oil seeds three times and cotton ten times more labour per decare (crops cultivated mainly in the coastal regions) than does wheat. In the highlands there are vineyards and some vegetable and fruit growing proceeds as well, as does the growing of the sugar beet, but these occupy only a small proportion of the cultivated area. Some rural regions in the Coastal Provinces depend heavily on monoculture of industrial crops ie. tobacco, but such crops demand more labour than does the monoculture of grain. Generally, however, agriculture in the Coastal parts is diversified; Turkey's major cash crops such as tobacco, cotton, hazelnuts, citrus fruits, figs, are grown here. On the other hand, grain cultivation is not confined to the interior regions; almost one third of the total output in grain is produced in the Coastal Provinces.

Diversification in agriculture gives rise to a pattern of employment different than that found in Sakaltutan and Kayseri villages. The case of Antalya villagers, a Province in South Western Turkey, is highly suggestive for comparison:

November, December: harvesting lemons

January: fertilising the soil for lemon, vegetables, maize and beans

February, March: ploughing

April: pruning lemon trees, irrigation work (demand for additional labour which is often supplied by the hillside villages)

May: irrigation work, hoeing and harvesting early vegetables, ploughing and sowing for ground nuts, sowing for vegetables grown for subsistence needs

June, July: sowing for maize, irrigation and ploughing

August: idle month

September: harvesting ground nuts and sesames

October: harvesting olives, maize and ground nuts (demand for additional labour (Dinçer:1966,p.18))

Thus, I should point out that both diversified agriculture and cultivation of labour intensive crops preclude seasonal unemployment in agriculture. The agro-economic conditions in such regions do not force the small scale cultivators to take on jobs in the seasonal trades. The pattern of labour mobility in agriculture can provide a further insight; seasonal workers migrate from Central Anatolian and Interior Aegean Provinces to Aegean Coasts, from South Eastern Anatolia to Southern Mediterranean, and from hilly parts of the Black Sea Coast to the lowlands; that is, from areas of grain monoculture to areas of industrial cash crops and diversified agriculture.

Some Coastal Provinces have exceptionally high handicraft density (Ünalán:1973), but this is not difficult to explain. There is no absolute uniformity in terms of geographical and economic conditions in the case of the Provinces. For instance, a province on the Aegean Coast, Manisa, has both regions of high handicraft density and diversified agriculture but in it some hillside sub-provinces, ie. Demirci, have poor agriculture and an extremely vigorous carpet industry; patterns of employment which sharply contrast with those Manisa sub-provinces nearer to the coast.

Now I turn to the differences within the interior regions. A map of handicraft density which Unalan provides and the figures given by the SPO special Committee Report suggest that handicraft density is low in Eastern Anatolia (Ünalán:1973, SPO:1976) There is some contradictory evidence however. One of the rare sociological studies about Eastern Anatolia points to a vigorous putting-out system in tapestry weaving and blanket making. (Beşikçi:196) The carpet exporting firm which I interviewed in Istanbul provided me with its files which show its purchases and there, it is possible to see that many Eastern Provinces are also very important as sources of carpet supply for the company. Moreover, the Village Inventory Studies which Unalan derives his map from, were carried

on in the mid-1960's when even Kayseri carpet industry was much less lively than I found it in the late 1970's. Assuming that the expansion of carpet industry will continue as it did in the past, there is no reason not to suppose that the industry will penetrate many grain cultivating villages and towns as rapidly as it did in Kayseri. Thus, Eastern Anatolia with its vast population of poor peasants can emerge as the major growth pole for the carpet handicraft industry.

The urban squatter housing areas too are likely to emerge as important sources of labour supply. What makes this a strong possibility is that stable jobs which are in short supply for the urban male population are even more limited in the case of women. As Hoselitz comments, in the past of many European countries the domestic industry moved to the rural areas where labour was cheap and plentiful but there is no shortage of cheap labour in the urban areas of today's developing countries. (Hoselitz: 1969,p.484)

On the basis of this evidence, it is possible to conclude that the class basis of the work force in the carpet industry is the poor peasants, the agricultural proletariat and the urban poor.

Chapter 6

ENTREPRENEURSHIP IN THE CARPET INDUSTRY

This chapter discusses entrepreneurship in the carpet industry. The issues I look at are the structure of the manufacturing enterprises, the social and occupational backgrounds of the entrepreneurs, the conditions of entry and initial capital formation, and the prospects for accumulation.

THE OCCUPATIONAL ORIGINS OF ENTREPRENEURSHIP

The merchants and yarn dealers apart, three kinds of people are involved in the carpet industry; the weavers, the middlemen who are employed either on wage or commission basis and the carpet manufacturers who own the means of production and employ both the weavers and the middlemen. This division corresponds to three distinct types of activity; weaving, supervision and management respectively. Provided that the carpet manufacturer himself has the basic skills necessary for supervising production, and provided that he operates with a relatively small number of looms which are not far away from his workshop, his personal efforts might suffice for management and supervision work and therefore he might not hire a middleman. However, since production takes place in dispersed houses located in different quarters, towns or villages, employing a middleman becomes unavoidable as soon as the enterprise grows to a certain size where the owners themselves become unable to cope effectively with supervision, travel, delivery of raw materials, and collecting finished wares without help from other people. The norm in the carpet industry is that there must be at least one specialist to look after every fifty looms. This specialist has to travel most of his time visiting every single weaving household at least once in a week or once in every ten days to supervise the work in progress, to deliver raw materials and to collect the finished wares and pay the weavers their wages. The greater the number of looms a manufacturing enterprise has, the larger will be the number of

middlemen they employ.

The early big enterprises which operated with hundreds of looms as well as the present day big manufacturing companies commonly employ middlemen in large numbers. These middlemen are often recruited among the village people; some work in their home villages but some carry out middlemanship in villages other than their own.

As these middlemen develop the ability to run several dozen looms with minimal aid from the employer, he consolidates his position in the enterprise provided that he convinces his employer of his expertise, competence, industriousness and honesty. This in turn increases his bargaining power vis a vis his employer. He demands higher wages or commission as he begins to see that he is irreplaceable. The middleman tends to see his employer as a parasitic absentee while the employer tends to grow uneasy about his middleman's wage increase demands.

The tension which grows between the carpet manufacturer and the middleman stems from a conflict over the division of surplus, as to who should get what share. The mutual hostility and distrust are the beginnings of the growing structural weakness of the big manufacturing enterprise. Meanwhile the middleman begins to gather money for founding a business of his own and searches for partners to the new enterprise. If his efforts prove successful, the big manufacturer loses not one of his middleman but also many of his weavers who would begin to work for the new enterprise founded by his former middleman.

In these few paragraphs, I tried to present a model to describe the sequence of events that mark the split of a big manufacturing company and the formation of a small one; a pattern which identifies the basis of entrepreneurship in the Kayseri carpet industry. The middlemen played a very distinguished role in spreading carpet looms in the distant villages and towns. As employees of carpet manufacturers they trained thousands

of women and girls. The present day carpet manufacturers who once served as middlemen founded their enterprises mainly between 1965 and 1975 and this is the period when small manufacturing enterprises mushroomed in Kayseri carpet industry. At the same time this marked the breakdown of some thirty or forty big manufacturing enterprises. However, this does not mean that the middlemanship origin of entrepreneurship in the carpet industry is a phenomenon of the past. Although conditions may prove more difficult for future small manufacturers with middlemanship background due to the increased competition among the manufacturers, there is little doubt that many present day middlemen will try to form enterprises of their own.

In the case of the carpet industry, middlemanship and apprenticeship are closely related terms. Apart from the big manufacturers who divorce themselves from manual work, even the smaller ones who carry on supervision and warp preparation work themselves often need additional hands to deliver raw materials, to keep in touch with the weavers, if not necessarily for supervision. For teenagers who work for their fathers or brothers apprenticeship begins with simple tasks whereas for those who work for strangers these simple tasks mark the beginnings of both apprenticeship and middlemanship. The skilled craftsmen in the carpet industry, (working owners, hired-skilled-middlemen) train the young apprentices whether the latter are family members or employees of themselves. As such an apprenticeship will take at least five or six years though, there are no formal rules and regulations which define the status of the apprentice. Only then the apprentice will be considered as 'usta' (skilled craftsman). Until they go to the army these middlemen apprentices are called 'aylıkçı' (one who works for monthly wages). On their return from military service however, and with sufficient experience behind them, the middlemen are made commissioners; these are given a share out of the profits of the

company for which they work. At this stage, and sometimes as aylıkçıs, the middlemen are asked by their employers to move out of their home towns or villages to settle in other parts of the Province.

The relations between the experienced middlemen and their employees is always one of strife and tension, an ongoing conflict as to who should get how much out of the profits of the enterprise. In 1977 and 1978 commissions varied between ten and thirty percent of the net profit made out of each carpet delivered by the middleman to his employer. The reason behind such high commissions is the employer's attempts to prevent the middlemen finding their own enterprises and to keep them in the enterprise. Especially those respected for their expertise, competence, and honesty are in demand and often receive the highest commissions. These qualities really mean a lot for any employer in the carpet industry; since the industry is dispersed there is always the risk of embezzlement of raw materials and since minute supervision is essential in rectifying errors done by the weavers, the neglect or incompetence of the middlemen might cost a fortune to the employer.

I interviewed forty manufacturing firms and found that twenty-five of them had at least one owner in them who once worked as a middleman. In five others there was at least one owner who had his apprenticeship in a family enterprise. Finally, in three other enterprises, I found at least one owner who regarded himself as a master cloth weaver but with no apprenticeship background in the carpet industry. These figures indicate that skill and entrepreneurship in the carpet industry are closely interrelated and that worker origin, in the sense of middlemanship dominated among Kayseri carpet manufacturers. In addition to apprenticeship and middlemanship however, there are two other factors which seem to strengthen this tie between skill and entrepreneurship. The first is what I call family connection with the carpet weavers; the early acquaintance of the

middlemen-entrepreneurs with the industry which dates back to their childhood when their sisters, sisters-in-law and mothers weaved carpets for manufacturers. Secondly, there is the community connection; relatives and other men from the neighbourhood who worked for the manufacturers as middlemen while the present day carpet manufacturers were yet children. It is these four attributes, middlemanship, family and community connections and apprenticeship which were common to 58% of the carpet manufacturers whom I interviewed, whereas some others had at least one or two of these attributes if not all four of them.

As to those who had no apprenticeship background, it is possible to identify several distinct categories. Firstly, we can mention that tiny fraction of manufacturing enterprises run by people who inherited the business from family. Although their present owners had no apprenticeship background, their fathers were master craftsmen in the 1930's and 1940's. These enterprises often carry out manufacturing and trade at the same time. People in these first two groups are only 15% of the carpet manufacturers in Kayseri and they are usually big manufacturers. The remaining ten percent are small entrepreneurs who invested in carpet industry due to deteriorating conditions in their former trades. Among them there was a former cloth weaver, a tailor, and a retired worker who for long years served as a foreman in the large scale Kayseri Cloth Factory.

On the other hand the previous occupations of carpet merchants and yarn dealers are diverse. Here, I will point to two basic patterns. The previous carpet manufacturers and those who inherited their enterprises from family, constitute almost one third of the total number of yarn dealers and carpet merchants. However, it is among them that one can find the most wealthy wholesalers who play a very significant part in financing the whole Kayseri carpet industry. It was also interesting for me to discover that some of them were the previous employers of those

middlemen who later founded their own enterprises. One can identify the second group as that of the floating petty enterprises attracted to the carpet trade either because they saw larger profits in it or that their former trades were sinking; tailors, shoesellers, butchers, retired workers, peddlers, restaurant owners, bakers. One feature of great significance about such people is the frequency with which they changed their occupations in the past. It is equally important to note, however, that skill and past experience in the carpet trade, unlike that in manufacturing, was not important at all. The petty entrepreneurs sell cheap carpets, rugs and blankets to rural and urban poor. If the carpet industry declines in future such petty entrepreneurs are likely to shift their businesses into other prosperous trades and occupations.

SOCIAL ORIGINS OF ENTREPRENEURS: THE HACILAR CASE

The entrepreneurs in the carpet industry come from different parts of the Province; from the town itself, from the hillside villages near to the town, and from other towns and villages in the Province. But among these, it was mainly the four hillside villages which acted as a cradle for entrepreneurs in the carpet industry. I found that 47% of all entrepreneurs in the carpet industry and trade and 70% of all carpet manufacturers had once lived or still live in these four villages. Further, however, 40% of all entrepreneurs and 60% of all manufacturers in this sphere of business identified Hacilar, a nearby hillside town ten miles away from Kayseri as their home town (village). A closer look at Hacilar's case will provide a better understanding of the social backgrounds of entrepreneurs in the carpet industry.

Hacilar is situated on a very steep hill at the foot of a high mountain. The climate and the geography are extremely hostile to its inhabitants who suffer from tough winters and live at an altitude reaching 1600 metres in a steep and broken landscape with very poor quality soil.

Except for the small scale horticulture, crop cultivation is almost absent. Even tractors were of negligible use in bringing new areas under cultivation because the majority of the land was covered with a thick layer of rocky surface. On the other hand Hacilar had always been a populous village. The earliest Census in the Republican period indicates that Hacilar in 1927 had a population of 11,000. (Kayseri İl Yıllığı:1967) Although there has been considerable migration from the village since then, fifty years later in 1975 Hacilar was still overcrowded with 17,000 inhabitants. Land shortage has always been very acute in Hacilar; none of my respondents from that place had more than ten decares of land and on average they had six brothers and sisters. Thus, it was above all the absence of any good prospects in agriculture which made Hacilar people so watchful of alternative sources of employment.

For many years before the Second World War, Hacilar people had sought after jobs in the building industry and other industries which provided them with supplementary incomes. Özdoğan's evidence on Hacilar's past is useful in bringing to light another reason behind Hacilar's ample supply of entrepreneurs. Carpet industry was introduced to the town during the early Republican period. But at that time the town (Kayseri) population itself could meet the labour requirements of the industry without any need for drawing other people from other areas. Nevertheless, the economic opportunity that arose in the early 1930's had an everlasting effect on the population. The cloth weaving industry received a vigorous response from the Hacilar people. A Government Minister visiting Hacilar in the early 1940's mentioned that there were 1500 looms in the town and in their capacity these looms equalled the productive capacity of two medium sized textile mills. (Özdoğan:1948,p.71) A cooperative was formed soon after the Minister's visit to market the products and to provide raw materials for the Hacilar cloth weaving industry. A Government owned yarn producing

factory began to divert the majority of its output to Hacilar handloom weavers. But in the subsequent years, the mechanisation of cloth weaving in Turkey brought the handicraft industry to a sudden collapse and by the late 1940's the industry had disappeared almost completely.

I was told by Hacilar elders that the destruction of the cloth weaving industry brought unemployment, poverty, idleness, theft, violence and excessive crime into the village. On the other hand, the industry had two lasting influences; some inhabitants of the village emerged out of it as rich cloth merchants and yarn dealers and it left behind a community well experienced and trained in basic weaving skills. Since cloth weaving preoccupied both men and women, there were many male master-weavers in Hacilar from whom the carpet industry benefited considerably; some former cloth weavers and their children established themselves as sub-contractors or middlemen working for Kayseri carpet manufacturers.

Compared with other villagers, Hacilar people had an early contact with Kayseri business and businessmen which helped them to develop knowledge and experience about urban life and institutions. They were integrated into the town economy as a vast labour supply and as petty entrepreneurs as soon as the town economy began to expand in the early 1950's.

Some Hacilar people work for the recently founded electric equipment producing factory and very few are shopkeepers and carpet manufacturers. But, the vast majority of Hacilar people commute to their jobs in Kayseri; these are carpet dealers, haberdashery owners, workers in town industries, apprentices in small industry, small entrepreneurs in wood-working and electrical equipment industries. Keeping the family house and living there helps the wage workers to reduce living costs. The petty entrepreneurs on the other hand, pay no rent for houses and benefit from small scale vegetable growing which they carry out on their small plots of land.

Hacilar people have deep respect for hard work, industriousness, and profit orientedness. They boast about the large numbers of people from their town who run small enterprises in Kayseri stating that their style of entrepreneurship involves minimising spending for entertainment and luxuries. A carpet manufacturer from Hacilar expressed his view of entrepreneurship in the following words "We (Hacilar People) did not eat and enjoy ourselves because we had nothing to eat or enjoy. We have a reputation in Kayseri as hand towel eaters; when the poor fellow came home late at night both drunk and hungry, he went to pains to swallow the only thing in the kitchen which looked to him like food, but ^{the} next morning his wife discovered that the hand towel was missing. We are better off after cloth weaving, carpets, and the small industry quarter but I recognise that we do not know how to eat or spend money. I started my business in 1967 with only 6,000 TL (₺500 in 1967) after seven years of hard work in villages with lice and fleas all over me in bed at night. The way I live now is different only in the sense that there are no lice and fleas."

The other hillside villages are reminiscent of Hacilar in terms of geography and climate; poor soil, rocky landscape, overcrowdedness, and early integration with the urban economy. They too are rich sources for petty entrepreneurship. In Kayseri, entrepreneurship was selective. The majority of small entrepreneurs came from these hillside villages, that is, neither from distant towns nor from distant provinces. The basis of entrepreneurship in labour intensive Kayseri industries is a class of poor peasants who were drawn into the expanding town economy at an early time. In fact, 60% of all dealers in the carpet industry and 78% of the carpet manufacturers were recruited among the members of this class. This evidence differs from what many historians found in the case of early European industries where rural entrepreneurs were mainly recruited among rich peasants, ie. the yeomenry in England, the kulaks in Russia.

ENTRY

Sella points out that in capitalist domestic industry what really matters is not entry but maintaining the enterprise. Chapman commenting on the same issue argues that 'it was easy to found the business when fixed capital requirements were modest and short term credit was available but it was more difficult to run it in the case of market contractions and wars.' (Chapman:1968, Sella:1974) (2) In the carpet industry the firms split frequently, ownership decentralises and small enterprises proliferate. Those people who have money do not invest in carpet manufacturing, whereas those who do, have very little money. What maintains these patterns is the continuous expansion of the industry since the late 1940's, the low capital requirements for entry, and the easy availability of high-interest, short-term credit.

Most manufacturing enterprises are founded by two partners who invest their savings in some twenty or thirty looms. The following calculations will give some idea about how the investor will consider entry requirements:

1) 3,5 (Annual Yield of Carpets per Loom) X 15,000TL (Average price
for a six square metre carpet)

= 52,500TL (Annual Yield per Loom)

2) 52,500TL X 30 (Number of Looms) = 1,750TL (Annual Yield of Thirty
Looms)

3) 1,750,000TL X 15% (The Average Profit Margin) = 236,000TL

(The Net Profit)

If this amount, 236,000TL, is divided equally between two partners each will end up with an annual income of 132,000 TL and a monthly income of 11,000 TL, (₺ 425), an amount five times as high as the Government set minimum wage in 1977. Provided that the partners keep their private consumption at a minimum, they can save modest amounts in the long run to finance additional investment.

But how much should each partner bring to the enterprise in order to buy and run thirty looms. I estimated that their initial capital outlay should be something in the area of 350,000TL. (₺ 13,000). But this amount need not be raised instantly. A certain proportion of expenses for labour apart, credit can be used to cover other major investment costs. Firstly, credit mainly comes from the yarn dealer who usually extends it for a six month period. Since credit in this particular will be in the form of advanced raw materials, the price of the yarn will be higher than normal since the yarn dealer will charge interest. The main requirement for purchasing yarn on credit is that one or both of the partners should be known to the yarn dealer himself personally or that they should introduce a third party who would have the credit worthiness of the buyers. This in turn depends on whether the investor has any background experience in the carpet industry, ie. work experience as a middleman. In monetary terms the credit advanced by the yarn dealer will amount to one third of the initial investment outlay.

Another source of credit will be the wholesaler who will pay for the wares in advance. This he does in order to maintain his supplies. Again this depends on the credit worthiness of the investor. The partners can raise up to a quarter of the remaining 200,000 TL cash requirements in this way. Yet each partner has to raise 75,000 TL more. Here, he will rely on diverse resources; borrowing from friends and relatives, financial support given by parents or other close relatives and by selling wife's ornaments and gold. At this stage selling real estate will hardly take place.

The former middlemen and especially those who acted as commissioners have the least difficulty in founding businesses; in their case income from work becomes a major source of finance. In some cases I observed that middlemen commissioners acted as partners of the big manufacturers claiming

up to 30% of the company's profits. Some former big manufacturers moved to trade, transferring their businesses to their middlemen on fairly easy terms. The middleman was asked to pay for the looms and raw materials through handing in the finished wares to his former employer at the end of the first production cycle that followed the transfer. This practice was very common between 1965 and 1975 and many big enterprises dissolved in this manner. In fact, eleven out of the forty carpet manufacturers that I interviewed founded their businesses through such transfers. In 1971, the largest carpet manufacturing company distributed its 3,500 looms among their fourteen most prominent middlemen. In fact the carpet manufacturer who employs the majority of Sakaltutan's weavers was one of them. On the other hand, the owners of the big manufacturing company, who were all brothers and cousins, came with enterprises of their own. They are now prosperous carpet merchants who continue to maintain supplies through their former middlemen who then became carpet manufacturers.

Borrowing money from relatives was of special significance for those entrepreneurs who once worked for their uncles, brothers-in-law, or for more distant relatives. Here, too, support may take the form of granting idle looms, raw material stocks and second-hand scissors and combs. Relatives with considerable wealth and influence in the carpet business act as guarantors for their young relatives who want to found a business. Merchants and yarn dealers often encourage their relatives to invest in manufacturing but in doing so they promote their own interests; the yarn dealer will in this way prompt his sales and the wholesaler will provide himself with reliable suppliers. Another pattern that can be discerned in relation to kinship support is money sent to young investors by family members and relatives who work in foreign countries. In this particular case, the person who finances the enterprise becomes a partner, but only a sleeping one, with no direct interest in production and management. It is almost

impossible to obtain credit from commercial banks. Only big manufacturers and rich merchants receive loans from banks for they are the only ones who can secure mortgages against real estate. On the other hand, selling real estate or land to found business is very rare; often the entrepreneur sells land and houses inherited from family later on in his business career when he wants to expand the scale of his business.

But these sources of finance and credit may not tell us everything we need to know about the rapid proliferation of small entrepreneurship in the carpet industry. One must not overlook two crucial dimensions. Firstly, minimum entry requirements are relatively low; if this was not so, small amounts borrowed from friends or relatives or the little money provided by selling gold would have been of no significant use. Secondly, in founding a business skill and middlemanship experience are extremely important in that this brings credit worthiness, which in this particular case counts more than family resources and the entrepreneur's own savings.

PARTNERSHIP

Partnership is another crucial element in founding and running a business. It is more common among smaller manufacturing enterprises where the owners combine their labour, capital and skill. Three types of partnership are quite widespread in the carpet industry. Firstly, there is the case where former middlemen bring their skills together to avoid or to save labour costs; these entrepreneurs are heavily involved in productive work but spend less time on marketing, selling their wares to wholesalers in advance. Here priority is given to rapid turnover of capital in production in order to compensate the entrepreneur's weak position in marketing.

Secondly, the skill of one partner and the money of the other unites. Although the skilled middleman too always contributes financially, the enterprises are financed mainly by the partner who has little technical

and managerial experience in the carpet industry. A division of work may occur; each specialises in the area where his capacity serves him best. In these first two types of partnership, a third, 'sleeping partner' may be drawn in to provide extra capital and take care of book-keeping.

Finally, there are the family enterprises where division of tasks among the owners follow various patterns. If the father is young, he will do most of the productive work and also take care of managerial tasks whereas sons would stay in the workshop preparing models and making warps. Alternatively, if the father is old then he will specialise in management and his sons will take care of productive work which includes supervision and warp preparation. In those enterprises founded by young brothers or cousins the situation is not very different; each partner joins the enterprise with either skill or money or both and the division of managerial tasks will be according to the backgrounds of the partners involved.

In all these three cases however the aim of partnership will be to divide the necessary expenses and labour requirements between more people so that difficulties will be overcome by the combined efforts of two or three people.

The Nature of Capital Accumulation: In the carpet industry even the most successful enterprises cannot grow beyond certain limits. The proliferation of small firms takes place at the expense of big manufacturing companies; in fact what maintains ease of entry in the industry is decentralisation of ownership. Why? The ultimate answer lies in the organisation of the immediate labour process in the carpet industry. The foundation on which the carpet industry stands is handloom weaving with primitive techniques which precludes the extension of division of labour. All enterprises whether large or small operate on almost the same level of productivity. In other words, fixed capital is negligible in the industry

and therefore the concentration of capital is very low. Since circulating capital predominates, the small enterprises could always compete with the larger ones. The nature and limits of capital accumulation in the carpet industry is set by the nature of the labour-process, which capital inherited from the pre-capitalist enterprise.

Chapter 7

THE WEAVERS AND THE CARPET MANUFACTURERS

The immediate agent which subordinates the direct producers in the putting-out system in the carpet industry is the carpet manufacturer. The analysis of economic organisation and class relationships in the carpet industry require an adequate understanding of the nature of relationships that develop at this level. Moreover, this is also the key factor which defines the scope of capital accumulation in this industry. In fact this is an area much neglected by the very recent research on small scale industries. As I have tried to show, both the informalists and the BSA approaches suggest models useful only in studying the relationships that develop between the small scale producers and the large scale capital intensive industries which provide the former with tools and raw materials. This aspect is crucial in the case of the carpet industry too, but it provides one with no clues in identifying the exact nature or capitalist domination.

(i) The Social Relations: Although carpet weaving involves only a few relatively simple operations the work is repetitive and tedious. As the weaver sits motionless for hour upon hour her fingers repeat the same rapid action time after time after time; damage to hands and eyes is common, and the long periods of enforced inactivity often provoke physical and psychological disorders. Some little girls become weavers at only six years of age. The conditions of work are hard and the direct rewards are few since the carpet manufacturers commonly pay wages to male household heads.

The introduction of wage work into the carpet industry has had important effects on family relations. The control and spending of the income from weaving becomes a problem in itself. The household head

claims nothing from the bakshises (tips). Therefore, the girls bargain secretly with the carpet manufacturers asking them for increases in bakshises even at the expense of some reductions in the other wage component that goes directly to fathers or fathers-in-law or husbands. On the other hand, Sakaltutan villagers, both the men and the women, told me that in the last two or three years before their marriage all income from weaving is commonly spent on the girl's dowry. Often, the issue is not in whose pocket the money is to be kept as much as what it is to be spent on; it is only here that those who actually earn the money can make certain claims. Even expenditure on small items such as 'çerez' (a mix of walnuts, hazelnuts, dried sunflowers, raisins and roasted chickpeas) may arouse disputes between the weavers who see it as something necessary to refresh themselves during work and the household heads who consider excessive spending on çerez as a luxury. Both pharmacists selling cosmetics and boutique owners recount incidents where fathers and daughters have argued as the daughter has sought to buy their merchandise. The fathers, I was told on various occasions, cannot prevent their daughters seeing films shown in the village by mobile movie companies, films which they consider detrimental to the morals of teenage girls.

What really lies behind such family disputes are the traditional role and status patterns which are shaken by the girls' ability to earn wages. Husbands and fathers often complain that women neglect housework in order to weave, and feel their autonomy and ability to make decisions is threatened by the fact that the family depends on the girls' and wives' contribution to the household income. Bünyan and Daveli judges suspect that the increasing ambiguity of the women's status in the family underlies many of the divorce petitions with which they deal. According to the carpet manufacturers family disputes make weavers reluctant to carry on weaving; from time to time they found themselves intruding in family

affairs arbitrating in the disputes between the fathers and the daughters.

The weavers' relationship to and contact with the outside world however, remains largely unchanged. The conditions of their work do not introduce them to new places, new people or new social institutions. What is new is their contact with their employer, the carpet manufacturer, who visits the house for brief periods to oversee the work in progress. It is in the weaver's house that the weavers or their fathers and husbands meet the carpet manufacturers. Their relationship can be described as a 'guest-host' relationship. The manufacturer is regarded as a guest and provided that he maintains a guest-like courtesy, is treated with respect. He is offered tea, coffee and sometimes a meal. Decisions as to wage increases and advance credits are taken by men, that is, between the male members of the household and the carpet manufacturer or his commissioner. The household head may not approve decisions taken in their absence, and therefore the manufacturers are keen not to negotiate pay issues with women. On the other hand, technical issues ie. time of delivery, quality of workmanship, raw material expenditure, are commonly discussed with the weavers themselves. The household head or other male members need not be present in these discussions or negotiations.

In return, the manufacturer receives the weavers as his guests when some members of the weaving household visit the town. The manufacturer is expected to help the weavers to a considerable extent; to find them reliable doctors and lawyers, to ease their wrangles with the state Bureaucracy, to help them go shopping, to guarantee their credit or credit worthiness, to deal with hire-purchase obligations in their absence and finally to help them find the whereabouts of their friends and relatives living in the town.

The Employer-Employee relations presuppose a dimension of shared values and beliefs, or at least a mutual respect or understanding of each

other's customs and traditions. The fact that most weavers and manufacturers have similar social and cultural backgrounds, that of small village community and Islamic customs and traditions, has served to minimise the influence of Western styles of business conduct and inter-personal relationships. Nevertheless, the manufacturer's visits in the absence of household men is in itself a novelty introduced by the exigencies of the domestic industry itself; customarily, men except close kin cannot walk into a house and talk to women unless they know for sure that there are men in the house. Therefore, the manufacturer should know how to take every step cautiously as to the time of his visit, his period of stay in the house, whom to talk to among the women, i.e. the elder women rather than the unmarried girls or young brides, and how to behave in the conversation. Moreover, he must keep a good reputation as a man of honour and dignity which in this context implies no drinking, gambling or women chasing habits.

And yet personal relationships are not as harmonious as they may first seem. Accusations of adulteration and embezzlement are major sources of conflict. The weavers argue that the manufacturers are notoriously unwilling to accept that excessive wastage occurs as a result of tiredness; that the weaver becomes careless after long hours of work and begins to cut the yarn not always at the right length. Conflicts arising from technical matters are particularly important; on the one hand, the weavers complain that the manufacturers are too fussy about trivial mistakes, but on the other hand, the manufacturers accuse the weavers of carelessness, negligence and reluctance to follow technical advice and precautions. Given the non-standardised nature of the product and the absence of careful and continuous supervision such disputes are unavoidable. Although many manufacturers felt it could be avoided, or at least mitigated, if they could talk 'man to man' with their employees, there is little reason to

believe this will be so. Any woman will hardly shout no matter how angry she might get during the negotiations with the employer, a case against the manufacturers and similarly, it is incumbent on the manufacturer that he keeps his temper when talking to the wife or daughter of a stranger.

When and what to weave may lead to similar problems. For instance, the weavers may well be unwilling to take small carpets, or fine quality carpet work. Cases of such refusals are fairly common. Whilst the demand for small, artificial silk carpets is rising the weavers consider the production of such carpets to be a job for beginners alone; to weave a small carpet is, for the experienced weaver, to sacrifice prestige. Also weaving small carpets disrupts the work organisation in the household; if the number of girls and young brides in the family are plentiful, weaving small carpets only may leave some members without jobs. Moreover, this demands additional space in the house. Finally, weavers find joy in weaving together, they chat and they sing to make the work less unpleasant. Weavers are reluctant to work on fine quality carpets, too, because the work is time consuming and because it requires great attention and care. Also, attempts to secure extra work on the weavers part can lead to serious conflict; there are cases where weavers receive orders from two or more manufacturers, and then find themselves unable to meet expected work deadlines. In such cases each manufacturer's order is delayed for months; the weavers divide the work throughout on the available looms.

To conclude it should be emphasized that there are two distinct realms in so far as the employer-employee relations are concerned; in the case of technical matters the relationship is direct but it is almost always mediated by the household heads when it involves wage negotiations or friendship. Here, household men who have no direct involvement in productive ability have the final say. The authority of the household head derives neither from his technical nor his economic capacity. On

the contrary, the household head intervenes in the employer-employee relations due to his authority conveyed to him by his status in the family. But this is not a universal feature of the putting-out system. In fact, there might well be a correspondence between these status and authority patterns in the family and the division of labour among family members where the household head is also the master-craftsman who uses family labour to carry out the productive activity. In this situation, the master-weaver's wife and children are his semi-skilled and unskilled workmen. Indeed, this pattern was common to many putting-out industries in the European countries.

(ii) Wages: The carpet manufacturers indicate piece wages in terms of the numbers of rows woven. In 1977 the piece rate per row was seven Turkish Liras. This means that a weaver would earn 64 TL in a day assuming that she worked eight hours. In another casual trade, the building industry, an unskilled worker could earn twice this amount whereas a skilled worker in the same industry earns three times as much.

Why are the carpet weavers poorly paid? Both historical evidence and some recent research in Third World Countries indicate that those workers employed in casual trades and especially the outworkers are the lowest paid section of the working class. (3) The apparent inability of the carpet weavers to combine and to form organisations to promote their interests is a major factor; the employer-employee relations are personal in nature and the two parties face each other as isolated individuals during wage negotiations. Another reason is the weaving household's reliance on diverse income sources, i.e. subsistence production on the small farms, the access of male members of the household to wage work in the building industry. These lead the manufacturers to show and many weavers to see carpet weaving as subsidiary employment. Thirdly, the status ascribed to women in the household and in society also affects

their wages adversely. Particularly important in this context is the belief shared by most household heads, fathers and husbands, that women, if allowed to work at all, should work at home; this narrows down the range of areas of employment available for women and makes both men and women in the weaving households accept conditions offered by the carpet manufacturer without much questioning and opposition. Among other factors that facilitate low pay it is possible to mention low productivity in the handicraft industry, the absence of any legal coverage for the weavers, and the physical dispersal of the industry and its work force.

On the other hand, there are two factors which require further elaboration. I visited Kayseri several times between 1975 and 1977. In the course of twenty-eight months, wages in the carpet industry almost trebled going from 2½ TL per row in 1975 to seven liras per row in 1977. Partly the increase was due to inflation which was running around 15% at that time. Moreover, the piece-work wage per row was as low as 0.75 TL in 1974, due to a temporary recession. How should one explain the recent upward trend in wages? Secondly, what accounts for the fact that the weavers, the majority of whom are girls in their early teens or even younger, are able to earn in the carpet industry wages that are twice as much as those of the teenager boys employed in Kayseri's small industries.

To elucidate on these questions I turn to the analysis of the labour market in the carpet handicraft industry. To effect a proportionate increase in output, the carpet manufacturer has to increase labour in the same proportion. This can be achieved either through increasing the number of weavers or by making the existing work force work harder. Until very recently there was enough scope for the industry to move in both directions. In Kayseri as a whole, the number of looms and therefore the number of weavers have almost trebled since 1957. If there are in the Province 40,000 looms as some sources indicate, then something between

one half and one third of the total female population in the Province must be carpet weavers; the proportion should be higher if we leave out the children below seven years of age and women above forty since neither of these age groups take on carpet weaving. Secondly, not all women living in the Province would take on carpet weaving; it is mainly the preoccupation of the urban and the rural poor. Therefore, I may conclude that in Kayseri the extension of the size of employed in the carpet industry has almost reached its limits.

As to intensification, however, the same conclusion cannot be maintained. The majority of the weavers take on this activity for not more than six months each year, but even here the scope is much reduced due to the fact that the weaving population in the villages stop weaving to carry out agricultural work. Thus, continuous production throughout each year can only take place where there is no agricultural work to do.

But, one might ask, why do the carpet manufacturers make no effort to spread looms in nearby Provinces? To some extent they do, but this is negligible. For the small manufacturer it is very difficult to keep a work force in distant areas; since they do the supervision work, they cannot reach the scattered weavers if they are too far apart. The big manufacturers on the other hand must find reliable middlemen who would not cheat them; the further one moves from the main centre of business, the more difficult it gets for the employer to control the middlemen through community pressures that effectively work in the case of relatively close villages and towns where the carpet manufacturer can rely on his personal contacts and acquaintances to keep an eye on his employees. Therefore, investing money in looms which one can hardly see at all and hiring middlemen whom he cannot control are risky undertakings. The only viable solution is to move the enterprise but this is a measure which many manufacturers are reluctant to take. These difficulties indicate the

immobility of the capitalist enterprise in the handicraft industry.

This situation has created a shortage of labour in the carpet industry, an apparent absence of surplus or reserve population of weavers. There is no such group of weavers who would readily accept lower wages for the sake of being employed. The absence of such a population implies that the manufacturers are devoid of an effective measure in checking wage increase demands by workers under their control.

The carpet industry has a highly competitive structure; firms compete among themselves not only in product markets but even more so in the labour market; the primary aim of the manufacturing enterprise is to hold or maintain its labour force and to expand it, and it is mainly the competition for labour, something that became increasingly felt by the manufacturers in the past five years, that pushed wages up in the industry. This free operation of market forces will benefit the weavers in the coming years provided that the expansion of demand does not slow down or come to a halt. Indeed, the uncertainty in Turkey's foreign relations due to crisis in Cyprus led to export difficulties and reductions in output; many weavers lost their jobs and in the course of six months in 1974 the rate per row dropped from 1.5 TL to 0.75 TL.

This picture is very different from the one in the Kayseri small industry quarter where jobs are few and thousands of young boys compete to get them. Unlike the carpet industry, these small scale industries have introduced labour substituting technologies. Both factors help the employers to pay only 20 TL a day for a young worker in the small industry quarter, an amount which equals one third of the average daily wage in the carpet industry.

This recent increase in wages is not the only sign of growing competition for labour. 'Advance system' and bakshises, both of which became widespread practices in the past five years, can be interpreted in the same context. Economic historians refer to many cases where merchants under-

mined the independence of artisans by means of advancing raw materials, implements and cash; here, advance refers to an initial step in cutting the direct producers' access to market. In the carpet industry however, the situation is different; the carpet weavers, or rather many of them, are the employees of the manufacturers and as they are paid wages, here 'advance' refers to advanced wages. The worker is paid her wage before she completes the work. The demand for advanced payment comes mainly from the weavers themselves and this arrangement rarely results in wage reductions. The manufacturer agrees to pay the difference if a wage increase is to occur between the time of commencement of work and the time of delivery. But not all weavers receive their pay in advance. Those who are paid so are the 'dependable weavers', ~~with these~~ often landless villagers or poor urban residents who carry on carpet weaving ten or eleven months each year. The manufacturers do not want to lose them. The dependable weavers demand advances to build houses, when they need money for their weddings, or when they have to pay instalments for their purchases. Such weavers might receive in advance anything between one half and twice the normal wage.

The advance system was introduced and promoted by the big manufacturers who aimed at higher turnover and superior quality in production. It is seen as a way of keeping the dependable workers in the enterprise and recruiting other weavers from other enterprises. In other words, money buys the dependable weaver whose craftsmanship is usually of a higher standard. The situation however is not one where all dependable weavers work for big manufacturers. The small enterprises are also keen to hold at least a few of such weavers.

Nevertheless, the manufacturers complain that the advance system increases costs of production and gives rise to unsurmountable financial difficulties, especially during autumn when the weavers need cash most and

pressurise them for advanced pay. The small manufacturers argue that advanced wages and dependable workers do not always contribute to improvement in the quality of output; once the weavers get their pay they become less enthusiastic in following instructions and technical advice thus making many mistakes which they could easily avoid. But, this argument is dubious given the fact that the manufacturers still keep rewarding them. Sometimes the manufacturers point to some risks involved in advancing pay; the weaver may leave work half finished or the weaving family may disappear with the money. Although such incidents may have occurred, it is difficult to imagine a weaving household leaving their home village, land, animals and other family resources for the sake of a few thousand liras.

Unlike advanced wages, bakshish (tips) are given to all weavers. In the past the manufacturers rewarded hard work and extraordinary craftsmanship by paying an additional fee on top of the piece wage. I was told by some elder manufacturers that in the old days bakshish used to be a symbol of prestige among weavers; an honour granted by a master who appreciates artistic performance. It used to indicate the worthiness of the weaver in the eyes of other weavers and manufacturers. Recently, however, the manufacturers began to pay bakshish not only to all weaving households but to each weaver separately. In 1977, tips varied between 100 and 500 TL per weaver. Again bakshishes were higher in the case of the dependable weavers.

Before concluding this discussion on wages, I will make a few comments on wage differences. Firstly, the weavers in the town earn more than their counterparts in the villages; as I understood it this difference was somewhere in the area of ten percent. This has to do with the costs of living which are undoubtedly higher in the town. Secondly, the piece rates are lower in those areas where weaving was introduced fairly recently. In the past, the manufacturers were in constant search for new people to train in order

to benefit from lower labour costs. But as the weavers in such villages gain experience in the trade, they refuse to accept low pay whilst rival manufacturing enterprises attempt to make their way into these villages by offering higher pay. Neither the same manufacturer nor different manufacturers can apply differential rates in the same village. Whenever this is the case either it does not last long or it prevails between the dependable and the ordinary weavers. As it is difficult to maintain different rates in the same village so it is between different villages. I witnessed on many occasions weavers complaints accusing the manufacturers whom they thought paid higher wages in other villages. Indeed, these are the first things that some members of the weaving household would mention when the manufacturer visits them. But they do not always mean it. The fact is that the weaving households are keen on rates and they communicate with people from other villages to compare each other's pay.

Finally, I will comment briefly on the dependable weavers. It is the intensification of labour that counts in the eyes of the carpet manufacturer. The more the family gets dependent on the income from carpets the more it clings to weaving. In view of the specific nature of the labour market in the carpet industry, the shortage or the absence of a surplus population of weavers, those families most dependent on wage income can achieve a stronger bargaining position vis a vis their employers. These weavers help to increase the rate of turnover of the capitalist enterprise. In the case of the dependable weavers the time that elapses between the initial investment outlay in labour and raw materials and the sale of the final product is shortened considerably. The dependable weavers usually finish the job in a month's time whereas it takes several months in the case of the ordinary weavers.

(iii) Costs and Profits in the Carpet Industry: The investment in implements is not a major item in production costs; this is somewhere in

the area of one or two percent of the total costs. Assuming wages are constant, the total cost of the carpet varies with the cost of yarn. The carpet manufacturer can reduce his expenses for yarn in two ways; either he buys lower quality yarn or he eliminates Kayseri yarn dealers buying direct from wool broggers in other Provinces. It will always be less costly to provide the raw materials through the wool broggers and yarn producing factories; since a certain profit which would otherwise accrue to an intermediary remains with the capitalist manufacturer. When direct purchase is not possible however, then the manufacturer's best choice is buying yarn for cash. This removes the urgency to pay interest. But the small manufacturer cannot do this and therefore his raw material expenses are higher than the big manufacturer's who either buy yarn for cash or buy it from wool broggers.

To reduce his working capital requirements, the small manufacturer often tends to buy cheap yarn of low quality. Although there are other determinants, the quality of a hand made carpet depends largely on the quality of the yarn used. Thus, one can see in the market carpets of various quality and prices; some very expensive ones apart, the prices for six square metre Manchester carpets varied between 15,000 and 50,000 TL, that is, in the retailer's shops.

The SPO study presents two tables one of which indicates the percentage shares of each cost item whereas the other gives the relative quantities of the different types of yarn used in carpets of different quality. The cost of labour as a percentage of total cost increases as one moves down in column 1 in TABLE (V). On the other hand, an opposite trend can be seen in the case of raw material costs. As it can be seen in TABLE (V) however, the consumption of cotton yarn decreases in the case of the fine quality carpets whereas that of woollen yarn is two and a half times higher compared with the figure for coarse carpets. This means that the carpet

manufacturer who produces fine quality carpets buys expensive yarn and he uses more of it. As the yarn gets finer and as the density of knots per area increases, the amount of labour time that weaving requires increases too. In fact, this is the reason why the percentage share of labour expenses is higher in the case of fine carpet weaving. The increased expenses for both yarn and labour, that is, in absolute terms, increases the amount of investment in circulating capital. Therefore, the quality of the carpets often indicates the financial strength of the enterprise, ie. the wealthy big manufacturer produces more of 'extra-fine quality carpets' compared with the smaller manufacturers.

TABLE IV YARN CONSUMPTION

Quality of Carpet	WOOL (KG/M ²)	COTTON (KG/M ²)	TOTAL YARN (KG/M ²)
Coarse	2	2.2	4.2
Medium	3	1.5	4.5
Fine	4	1.5	5.5
Extra Fine	5	1.4	6.4

Source: SPO.1976, p.419

TABLE V
COSTS IN THE CARPET INDUSTRY

	Woollen yarn	Cotton yarn	Labour expenses	Others	Total
Coarse carpets	39%	18%	35%	8%	100%
Medium carpets	39%	8%	44%	9%	100%
Fine carpets	28%	6%	57%	9%	100%
Extra fine carpets	24%	2%	66%	8%	100%
TOTAL	27%	8%	47%	9%	100%

SPO:1976

(iv) The Division of Surplus: The profits made in the carpet industry are immense but these profits are divided unevenly among the different sections of the capitalist class. For instance an average quality six square metre carpet costs the manufacturer 14,000 TL. The small manufacturer sells it for 16,000 TL. Thus making a profit of 12.5%. However, the profit margins realised by the wholesalers are usually higher; he will ask some 20,000 or 21,000 TL for a carpet which they buy for not more than 16,000 TL; a profit margin of 25% which is twice as high as that of the small manufacturer. Ankara retailers sell an average quality Kayseri carpet for not less than 30,000 TL. Calculated on the basis of production costs this implies a profit margin of nearly 100%. Of course, expenses for transport, storage, and labour costs in circulation have to be deducted from this.

On the other hand, these profit margins can be compared with wages. The consumer price for a six square metre Kayseri carpet, 30,000 TL, is nearly four times as much as the 8,000 TL wage paid to the weaver. I do not think that the total expenses (implements, raw materials, transport, workshop or shop rents) are more than 7,000 TL. Adding this figure to the one for the labour cost we get a total of some 15,000 TL; this also indicates that net profits are as high as 100%. Its division among various agents however, is the basis of inter-class rivalry in the carpet industry.

Chapter 8

THE DIVISIONS WITHIN THE CAPITALIST CLASS

The identification of the nature of capitalist domination and control in the carpet industry is particularly difficult. Where capitalist domestic industry grows to a considerable size in terms of output and work force and where its market extends beyond the limits of a local one, the number of intermediaries involved tends to grow thus giving rise to a complicated marketing network which would involve relations of domination and subordination among the capitalists themselves as well as fierce competition and inter-sectional conflict within the capitalist class itself.

For instance, in the case of the 17th and 18th Century woollen industry in the West of England, Mann lists the following capitalist agents:

The owners of small capitalist workshops, ie. fulling mill owners, the owners of dyeing houses.

Wool broggers.

Large and small clothiers.

The Blackwell Factors.

The country merchants.

The large merchant companies.

To these it is possible to add the wholesalers and the retailers in foreign countries to which the industry exported its products. The so called 'long credit' was always a bitter source of conflict between the factors and the clothiers; the latter unable to reach the London merchants direct relied on factors, who advanced them raw materials and credit to undercut the manufacturer's prices. The small clothier who often skimmed on raw materials and usually made 'cheap faulty cloth' was under constant attack by the large clothier. (Mann:1971)

My second example is Klima's study of 16th and 17th Century Bohemian linen industry. Again the number of intermediaries were considerable:

The linen manufacturer.

The local agent who worked for larger merchants.

Yarn collectors.

The Bohemian factors.

The Saxony wholesalers.

The English importer.

The English wholesaler.

In the early 18th Century English merchants attempted to cut down the number of intermediaries. The local merchants were dependent on Saxony wholesalers; the relation between the two however, was not only one of interdependence but also one of severe conflict. (Klima:1960, Klima:1969)

These examples show that the immediate capitalist agent who subordinates the direct producer, the industrial capitalist, is surrounded by a host of intermediaries who interpose themselves between the manufacturer or the putter-out and the consumer. Secondly, industrial capital is usually subordinate to merchants' capital (Marx:1974); long trade gives rise to a credit network which extends from the largest wholesaler down to the industrial capitalist who often has weak bargaining power or little autonomy vis a vis the merchant who buys his product. The nature of marketing, the proliferation of merchants, the nature of the relationship between various merchants are the issues which I want to look at in this chapter.

THE WHOLESALERS

No matter what their destination the bulk of carpets produced in Kayseri pass through the hands of the carpet wholesalers. The sales of the big manufacturers to either the export merchants or to the wholesalers from other towns, the sales of small manufacturers to the same people albeit on a much reduced scale and finally the retailers' sales to the consumers

provide the exceptions. The semi-dependent producers and the small manufacturers can decide to use any of the wholesalers but this freedom notwithstanding they cannot hope to eliminate the wholesaler merchants in the foreseeable future.

The small manufacturers see the wholesalers as parasitic intermediaries who undermine their efforts and cost them money. Indeed, if the wholesalers could be avoided the small manufacturer's profit would be almost doubled at a stroke. The conflict between the parties rests primarily on the way in which the surplus created in the carpet industry is to be divided. The small manufacturers are handicapped for several reasons. Either they cannot wait until the non-Kayseri merchants come to the town or they can only present them with a few carpets due to the smallness of their stocks. A shortage of capital threatens their bargaining power against the wholesalers who given the circumstances buy their goods cheaply.

Some manufacturers receive advanced payments from the wholesalers when desperate for cash. The small manufacturer agrees to supply the wholesaler with a certain number of carpets. The two parties also agree on a price before the actual delivery takes place. The wholesalers claim that 'advance payment' helps the small manufacturer to overcome his financial difficulties and therefore it helps to prevent interruptions in production, thus contributing to the smooth flow of business and trade. Against this the small manufacturer would claim that advance payment forces them to sell their wares under value. In fact both interpretations reveal the essential aspects of what is called 'the support system'. When the small manufacturer loses little time in marketing or when he receives some money before he actually delivers the finished wares, he can then pay back any debts incurred to buy raw materials and also pay an advance on wages. By confining himself only to production the manufacturer

accelerates the turnover of his capital but at the same time leaves marketing almost exclusively to the wholesalers. The small manufacturers' gain from an acceleration in the turnover is limited because his bargaining power against the wholesalers is reduced considerably. On the other hand, increase in the turnover expands the size of the labour force and prompts an intensification of competition for labour in the industry. It also increases the small manufacturer's expenditure for raw materials, makes him more dependent on credit purchases and thus suggests a further weakness in the financial standing of the small manufacturer's enterprise. The support system does not make it impossible for the small manufacturers to accumulate capital but it brings significant restrictions and constraints.

The support system also gives rise to conflict as to what the wholesaler should buy and what the small manufacturer should sell. If the carpet has defects the wholesaler will not want it; if it is exceptionally good the manufacturer will be reluctant to sell because it might fetch a much better price than the wholesaler offers.

There are few ways in which the manufacturer can hope to escape from his dependence on the wholesaler. Some small manufacturers attempted to form cooperatives on two occasions, first in 1972 and again in 1975, but failed to support their enterprise because they had little money to spare for investment in a costly joint venture and because their demand from the Government for credit was rejected on the grounds that the Government's principle in financing cooperatives was limited to direct producers' cooperatives alone. Another escape attempt involved bringing the manufacturers together in a large exhibition hall in an attempt to attract non-Kayseri merchants and exporters. But this venture came to a halt in 1975 when the Municipal Council refused active support; the small manufacturers claim that due to previous lobbying by the wholesalers and the influential manufacturers the Municipal Council acted against the small manufacturers.

The small manufacturers have always been handicapped by two things when trying to deal directly with non-Kayseri merchants; the dispersal of their workshops and the smallness of their stock. Further, non-Kayseri merchants, especially those working for export firms can rarely buy for cash. This makes it unlikely that they will deal with small manufacturers on any significant scale. The power of the wholesalers derives from this very factor. Whereas the small manufacturer's cannot extend the buyers any credit, it is the practice of the wholesalers to do so.

The small manufacturers have tried to sell direct but the consequences for those that did were disastrous; they were frequently cheated and collectively they were robbed of millions of TL. When I was in Kayseri in 1977 they were reluctant to sell to foreigners. Meanwhile a swindler bought carpets worth some 3 million TL paying for the goods in ready cash, and, having gained their confidence came back a few weeks later to buy even more, but this time on credit. The manufacturers had been deceived again. Even if a swindler can be found it does the manufacturers no good, because the culprit rarely keeps the stolen wares or money accruing from their sale. The Kayseri wholesalers may prove difficult, but are reliable if nothing else.

Given that the mushrooming small enterprises are the key factor which offset centralisation of capital, then it is the ease of entry and the middlemanship basis of entrepreneurship which cause the dependence of the small manufacturers on the wholesalers. The previous conflict between the middleman and the big manufacturer is replaced at a higher level in the form of a conflict between the wholesaler and small manufacturer; given the fact that the present day wholesalers were the former employers of the small manufacturers whom they used to employ as middlemen. The fight over the division of the surplus hence continues at this level. The lion's share goes to the wholesaler, just as in the past when it went not

to the middleman but to the big manufacturer.

Although less manifest and intense similar conflicts emerge between the Kayseri wholesalers and big manufacturers on the one hand and non-Kayseri wholesalers and export merchants on the other. At the heart of business talks is what the Kayseri carpet dealers can do to develop an export base in Kayseri so as to eliminate the Istanbul export merchant. Only ten years ago, few wholesalers sold carpets to export merchants and indeed few Kayseri carpets were exported. The production for export, mainly in the form of silk and artificial silk carpets, revived with the imposition of export premiums by the Government. A Kayseri wholesaler, in fact, a major suppliant of Turkey's largest carpet exporting firm, told me that until 1965 hardly any export companies sent representatives to Kayseri and those Kayseri merchants who took a few carpets with them to sell to the export merchants in Istanbul slept in the depots for days to introduce their wares to the export merchants who in his words abused and looked down on them. Whereas now, he points out, not only do the export merchants come to Kayseri to buy, but they maintain their business thanks to credit sales offered by Kayseri wholesalers and big manufacturers.

In 1977 there was only one export firm in Kayseri although some wholesalers and big manufacturers had export licences which they did use. The owner of the export firm was a primary school leaver who, after seven years of middlemanship, had founded in Kayseri a manufacturing firm, in 1968. His interest in the export trade was aroused when his brother, who was then working in France, wrote him a letter in which he discussed the possibilities of selling carpets in small numbers. In the first one or two years after the letter, the brothers' business was limited to occasional sales to a few retail shops in Lyon. The brother in Kayseri used to send ten to fifteen carpets each time and the brother in France sold them almost one by one. The relatively low price which they asked for their wares

helped them to gain some permanent customers and to make good profits since their trade involved neither Kayseri wholesalers and Turkish export merchants on the one hand nor foreign importers on the other. When I visited the firm in 1977 the two brothers, who were then both living in Kayseri, had a company of considerable size employing three university educated economists and several women for secretarial jobs, with a well equipped office which had a telex in it and exporting well over one thousand carpets each year.

Why did export trade remain undeveloped in a town which is at the heart of export oriented production? One major reason is that both export production and export trade is a new experience for most Kayseri carpet dealers. The majority of dealers whom I interviewed indicated that they knew neither any foreign language nor anything about the business atmosphere in other countries. It is also stressed that dealing with such institutions as the Turkish Central Bank, Customs office, large transport companies, and the complicated network of Turkish bureaucracy i.e. the Ministry of Trade, the Institute of Quality and Standards, is a field which many have no experience in. A third point which is often raised is that Kayseri lacks the necessary institutional and infrastructural background, that it has no cambio office, that the local office which represents the Ministry of Trade is poorly organised, and that above all Kayseri is not a port town. To these I may add the high profitability of wholesale trade which makes many satisfied with what they earn in their present businesses. This of course makes them unwilling to take new risks. Finally, it should be mentioned that large export firms which have monopsomistic position in the market have emerged recently and due to this the export trade requires huge amounts of capital which may not be immediately available even to the wealthiest Kayseri wholesaler. Although Kayseri merchants make credit sales to export firms, the latter market the goods which they buy from hundreds of wholesalers spread all over Turkey. The

Istanbul export firm that I visited, in fact the largest of its counterparts, employed forty-three university educated people working as representatives in almost all carpet producing towns, and in permanent offices in European cities such as London, Hamburg and Geneva. The assistant director of the Company told me that in 1976 they exported some 25,000 carpets worth \$ 5 million. The owner of the Company makes the point that without challenging the giant European carpet importing companies it was difficult to promote the export of Turkish carpets and that their aim was to occupy a prominent place among the world's largest enterprises in the carpet trade.

THE BIG MANUFACTURERS

The production of good quality carpets involves good craftsmanship and good quality raw materials. Therefore there is an apparent relationship between the financial standing of the manufacturing enterprise and the maintenance of good quality in production; the financially strong enterprise can pay high salaries to skilled craftsmen and high wages to dependable weavers and can afford expensive raw materials ie. silk, expensive woollen yarn. On the one hand, good quality carpets increase the competitiveness of the industry in the world market and on the other, the middle and high income groups in Turkey are highly conscious of quality in buying expensive carpets. These are the reasons why many dealers consider quality as the key aspect of carpet production. But some, ie. the big manufacturers, seem more concerned about this problem. They argue that the Government should impose restrictions on the production of poor quality carpets or that the Chamber of Commerce should act in a way as to render inferior quality carpets unsaleable abroad.

Against this however, some wholesalers and especially the small manufacturers would either comment "no view" or speak against taking active measures as such. Firstly, the small manufacturers do not always

produce inferior goods although their products are less expensive on the whole compared with those of larger manufacturers. We must then ask why after all there ^{were} conflicting views on quality, ^{if} the deterioration of quality was indeed a main problem in the industry before the coming of factory production. But, this eliminated decisively the production of carpets with synthetic yarn. When I visited Kayseri there were considerable price differences in the cases of carpets of differing quality i.e. the expensive ones were on average three to four times more expensive than the cheapest carpets. Nevertheless, each had its distinct market and both sold well. If emphasis on quality is not related to competition in product markets, why were some carpet dealers against strict quality control while others argued for it.

In fact, competition is not very intense in the product market but it is so in the labour market. When I say labour market I mean both the weavers and the middlemen. For the big manufacturer the deterioration of quality argument is a way of accusing the small manufacturer who once severed his relations with him. It is also a manifestation of the growing concern among the big manufacturers in holding skilled middlemen in the enterprise. Thirdly it reflects the concern about increases in the salaries and commissions of the middlemen. All these developments threaten the profitability of the big manufacturing companies and losing experienced middlemen creates problems as to the quality of supervision.

Secondly, this argument also has something to do with the competition for weavers. As the manufacturing enterprises proliferate the competition for labour increases and this leads to increases in wages as has happened in the past five years. This time however, the profits of the whole industry are at stake. Therefore wage increases are desirable neither from the point of view of the big nor the small manufacturers. But again, this is of special significance for the big manufacturers who, compared

with the smaller ones, produce more for export. The average price of Turkish carpets are the highest among the carpet exporting countries (UNCTAD/GATT) and further wage increases in a particularly labour intensive industry would increase costs of production and this will reduce profits in that section of the carpet industry which produces export goods.

The interests of the big manufacturers clash with almost all the other sections of the entrepreneurs in the carpet industry. Firstly, they aim at reduction in output; this involves limiting production to export and luxury goods for high income groups in Turkey. Ousting some small firms out of business through measures such as quality control will help the big manufacturers to keep the skilled employees in the enterprise and decrease the competition for labour, thus effecting a decrease in wages. Here, their interests collide not only with the weavers and their skilled employees but also with small manufacturers and wholesalers. Since the big manufacturers do not use the wholesalers in marketing, any reductions in the numbers of small enterprises would deplete the supplies of wholesalers, in export as well as in the domestic trade. Like the small manufacturer and the wholesaler, the yarn dealer has a position in the carpet industry such that his interests and those of manufacturers do not always coincide. According to the big manufacturers, it is the yarn dealer who brings 'inferior quality yarn' to Kayseri; he is to be blamed for selling yarn to small manufacturers who produce low quality products. Indeed, the big manufacturers will not lose if the yarn dealers disappeared altogether since they hardly obtain their raw materials through them.

The big manufacturers own not more than one quarter of the looms in Kayseri Province. Their share may decline further in the coming years and they can do little to turn the tide in their favour. As such, their independent action unless supported by the wholesalers and the yarn dealers

would not be sufficient to influence the decisions of the authorities, ie. The Chamber of Commerce. On the other hand the very nature of the carpet industry and its handicraft basis devoids the big manufacturers from using economic weapons in their fight against small manufacturers, ie. introduction of labour substituting technologies.

THE YARN DEALERS AND THE MANUFACTURERS

This brings us to the relationship of the yarn dealer and the manufacturer, a further link in the chain of production and exchange. The small manufacturers operate on credit advanced by the yarn dealers. The larger manufacturers however buy directly and for cash from the wool broggers. A shortage of ready capital, labour and time, forces all but the strongest of the manufacturers to buy their raw materials from the local yarn dealers. Only those manufacturers who can employ agents or professional buyers can purchase wool direct and even some of those who could do this, do not. The economics of purchasing give rise to a situation in which it is difficult for the small manufacturer to determine by what means his interests are best served. On the one hand, if he buys direct, he will not have to pay interest on the purchase but at the same time he will have to pay an agent or buyer to work for him, will have to pay for the yarn to be transported and will not be able to buy his yarn on credit. On the other hand, if he buys through a local agent he can get credit, but will have to pay interest on an already inflated price. However, the first option is not so much a practical possibility for the small manufacturer who cannot always provide himself with sufficient cash to buy wool direct; there, the rationale of the small enterprise is saving on labour ie. the work of supervision, warp preparation, only to pay interest to the yarn dealers.

In the case of yarn dealers we can distinguish between wholesalers and retailers. The wholesale dealers' trade is confined to the sale of

undyed yarn, whereas the retailer who deals mainly with the small manufacturers and the semi-dependent producers sells dyed yarn. However, all kinds of agents may deal with the yarn wholesalers; the big manufacturer when he has to deal with large orders and above all the retail dealers who rely mainly on the wholesale dealers. The exchange between the wholesaler and the retail dealers which had grown in recent years led to the growth of dyeing factories in Kayseri; the retailer purchases undyed yarn from the wholesaler and sub-contracts work to the dyeing factory.

The retailers have mushroomed in the past five years with the increase in the numbers of small manufacturers and the recent expansion of semi-dependent weavers. In fact, retailers are of two kinds; those less prosperous ones who trade mainly with semi-dependent producers and the wealthier retailers whose customers are small manufacturers. Unlike those who advance yarn to the semi-dependent producers and market their goods, the wealthier dealers establish only a one-sided relationship, selling yarn on credit to small manufacturers. On the other hand, the yarn dealers mention that they sell yarn which they often buy on credit. Thus, we have the long credit chain on which the market operates; wholesale yarn dealer, retailer, manufacturer or alternatively, wholesale dealer, retailer and semi-dependent weaver. The number of wholesale dealers who seemed to play such a significant part in financing Kayseri carpet industry were only five. One of them who was a middleman in Hacilar in the late 1940's, is able to play a prominent part in three distinct lines of commerce; wholesale yarn dealing, wholesale carpet trade and the distribution of the products of Turkey's largest carpet factory.

The growth of yarn dealing in Kayseri has sometimes been identified with a decline in the quality of Manchester carpets, and there is no question that if the local yarn dealers sell inferior quality yarn this will be the case. The big manufacturers who provide their raw material needs from

other towns produce on average better quality carpets. But they do this only to buy cheaply. Otherwise, all qualities of yarn are available in Kayseri. If some manufacturers and semi-dependent producers use low quality raw materials this is for other reasons; in so far as the customer wants good quality he can find this in the shops and the depots of both the wholesaler and the retail yarn dealer but of course at a higher price than that of inferior quality yarn.

Chapter 9

HOW VIABLE IS THE PUTTING-OUT SYSTEM?

This chapter discusses forms of production in the carpet industry other than the putting-out system; the semi-dependent production, independent small commodity production in the 'regional' carpet industry, capitalist manufacturers and factory production.

SEMI-DEPENDENT PRODUCTION

In this section I look at the semi-dependent producer and the nature of production relations involved here in more detail. The weavers who make carpet weaving a year time activity might break their relations with the carpet manufacturer and start to weave with their own implements, using yarn bought directly in the market. The genesis of the semi-dependent weaver, however, has no direct relation to the traditional independent producer who relies almost exclusively on family labour and family resources. But this marks a step taken after long years of wage work for putting-out manufacturers.

Theoretically, these weavers own the means of production and the product. Since they defer payment, however, they have to pay interest for the yarn they use. Also, the semi-dependent weavers often market their wares through those agents who provide them with their raw materials. But unlike the wage earning weavers they can bargain for a better price for their products. Arrangements vary from place to place of course and the semi-dependent producer is a wage worker too, but only a disguised one.

If we look at Bunyan area and the development of carpet making there we can see some of the steps involved in the growth of semi-dependent production. Until the late 1950's Bunyan carpet industry was under the domination of Kayseri manufacturers but their middlemen began to break this dominance and to take over the looms from their former employers. In Bunyan the productivity per loom is high, an average of nine six square

metre carpets per annum per loom. Thus, owning thirty looms here is equivalent to owning a hundred or so elsewhere. During the last few years however, the focus of activity in Bünyan has changed; whereas manufacturers have tended to place yarn dealing at the centre of their activity, weavers tended to become semi-dependent producers. Of the fifty carpet dealers, some forty now sell yarn and the other ten combine yarn dealing with direct employment of warp-workers.

How are we to construe this change of emphasis? It is the emergence and the expansion of yarn dealing which is to be seen as the foundation of semi-dependent production. The local wool in Kayseri area is inadequate for making fine carpets. On the other hand, it is impossible for each producer to spend months buying wool in North West Turkey. Thus, the need for yarn dealers becomes apparent as the weavers break their ties with their employers and becomes acute as semi-dependent production develops.

I found in Bünyan that there are three means by which the weaver can contact and maintain a relationship with the yarn dealers; through an intermediary, through the yarn dealers' agent or via direct contact. In the case of the town weavers it tends to be the second and third which prevail, simply because each allows the yarn dealer to check the creditworthiness of the producers with whom he deals. The credit worthiness of the weavers is important because the weavers commonly pay their debts only when they sell their wares. In the case of direct contact the risks involved are minimal, for, both the weavers and the yarn dealers live in Bunyan, a small town where people know each other.

The move toward semi-dependent production has generated a change in marketing relations as a result; marketing assumes various forms but it is sales to some carpet merchants and yarn dealers of the sub-province which are of central importance. Those merchants who specialise in marketing the wares of semi-dependent producers tend to visit the houses of the

weavers when they wish to make a purchase, a judicious move since it allows them to check the product carefully before they actually buy it. The semi-dependent producers tend to use rather inferior raw materials and many produce inferior quality goods. Quality varies greatly and wholesalers often confer with yarn dealers as to which families customarily produce good quality work before they begin their round of visits. Moreover, the buyer-up also gathers information as to the financial situation of the weaving household in order to give the lowest price i.e. if the household is desperate for cash then the buyer-up will offer a price lower than that he had in mind previously.

The yarn dealer plays several roles in the marketing process; in the first place he makes the wholesaler and the weavers or their fathers and brothers and husbands meet and by constituting a communicative channel between them, speeds up commodity circulation and the sale of yarn. His shop may be used as a storeroom and market for the produce of his customers, thus enabling him to realise a small amount of sales commission. Alternatively, the family may decide to leave their wares at the yarn dealer's shop and ask him to do the bargaining on their behalf; the weaving family may set a minimum selling price and offer the yarn dealer a certain share of the profit, provided that the yarn dealer can get a price for the product higher than that minimum set by the family. There is also a third way through which the semi-dependent producers market their wares; especially in the case of good quality carpets the yarn dealer himself buys the ware through cancelling the weavers' debt due to previously advanced yarn and advancing further raw materials so that the family can begin with a new carpet.

It should be noticed that in all these cases the formal independence of the direct producer is threatened by the yarn dealer who intervenes at both ends of the market and who therefore emerges as an 'all round agent'.

In the sphere of production too, the yarn dealer takes a step in undermining the independence of the direct producer; here credit sales actually mean that the yarn dealer owns the raw materials. But he does not take an active part in controlling the work itself and he does not own the looms, the scissors and the combs. As to the final product, the weaving household can still dictate that the carpet shall not sell at a price less than a certain minimum. If the carpet is exceptionally good the direct producer can benefit from it significantly, a possibility not open to the wage earning weavers.

In my interview with some Bünyan semi-dependent producers I gathered that such families earn more than their wage earning counterparts. But the difference was not as great as I first expected; in the case of the semi-dependent producers the returns to labour were only ten to fifteen percent higher. The manufacturer is eliminated but the semi-dependent producer cannot recoup the surplus the manufacturer absorbed per se because the yarn dealer demands a share and might refuse to supply credit if he is denied this. The yarn dealers' share is considerable; the price for second quality yarn is 150 TL per kilo when bought for cash; for the same quality of yarn the small carpet manufacturer who also buys on credit pays nearly 200 TL; the semi-dependent producer however is charged 225 TL.

Three factors seem to limit the expansion of semi-dependent production. In the first place, it involves considerable risks. The semi-dependent producer will lose badly if a serious mistake is made during production; supervision reduces such risks and should they occur the carpet manufacturer accepts full responsibility. However, both supervision and a responsible employer are absent in the case of semi-dependent production. Secondly, the difference in earnings between the two systems is not so wide. If a weaving household can make only two or three large carpets each year, the family will consider that it may not be worth taking the risks to earn

only a few thousand TL more than they would earn as the manufacturer's employees. It is economic on the other hand, if the household can produce as many as ten carpets per annum; then the family will consider that their increased earnings due to higher output will compensate the loss that accrues from carpets with major defects. Thus, it is usually the dependable weavers who become semi-dependent producers. Thirdly, there is a definite relationship between semi-dependent production and the production of inferior quality carpets. The semi-dependent producers are often short of cash and they tend to buy the cheapest yarn. Moreover, semi-dependent production is only a rarity in the case of the production of silk carpets which are on average five times more expensive than the woollen ones. Both examples indicate that the semi-dependent producer avoids risky and costly investments. Therefore semi-dependent production can challenge capitalist domestic industry only in certain areas. On the other hand, it is possible to argue that semi-dependent production would have expanded further if the cheap factory made carpets had not appeared at all.

Some wage earning weavers' easy reversion to semi-dependent production, an event which gained some momentum in the 1970's, also indicates the fluidity between self-employment and capitalist production in the carpet industry. It is also indicative of the incompleteness of capitalist domination and control. But, as I have tried to emphasize this fluidity is restricted in many ways. On the one hand, the semi-dependent producer cannot eliminate the buyer-up and the yarn dealer. Here, the ability of the semi-dependent producers to find alternative sources of marketing depends on various factors; distance, family resources, the availability of casual jobs for the male members of the household. On the other hand, however, semi-dependent production is always constrained by the market situation. While carpets are in short supply the weaver can eliminate the carpet manufacturer and rely on the ability of her family to produce

and market carpets. If the opposite conditions prevail i.e. a stagnating demand and contracting business, it is quite inevitable that semi-dependent producers will suffer most; the eliminated manufacturer has to be reinvented. The crucial point is that semi-dependent production is not a solid form. The integument which circumscribes this kind of activity is very thin and it can be burst with the slightest blow. But one might ask what then would the semi-dependent producers lose? Only what they spent on raw materials for making a single carpet, and perhaps not even that for the carpet manufacturer may capitalise that tiny investment.

I have no direct evidence as to the relationship between Bunyan yarn dealers and the rural semi-dependent producers. I was often told that the carpet manufacturer and the yarn dealer can hardly coexist in the same village. The argument put forward by the yarn dealers was that wherever it takes firm root semi-dependent production tends to oust the carpet manufacturer - wage earning weaver relationship. Since the returns are higher in the case of semi-dependent production the yarn dealers become able to increase their market as weavers realise one by one that their interests are best served if they work 'independently'. Thus, if one thinks in terms of some regions it would be possible to delineate areas as either the strongholds of the capitalist domestic industry or that of semi-dependent production. Having numerous customers in any one village helps the yarn dealer to save time and reduce transport costs and establish personal contacts of significant use in keeping an eye on the debtors.

Is the relationship of the yarn dealer and the rural semi-dependent weaver a direct one or is it also intermediated by various agents? A close examination of the literature on putting-out systems in Europe is suggestive in that the so-called 'country manufacturers' tended to intervene between the direct producers in the rural areas and the town based wool broggers and merchants. According to Chambers, for example, the typical

figure in the 18th Century Yorkshire textile industry was the small clothier who divided his time between farming, weaving and supervision. (Chambers:1969) Unwin notes that in the 16th Century Suffolk woollen industry, people just above the labouring class, the small clothiers, were most numerous among employers of varying status. (Unwin:1927) According to Heaton many clothiers in Yorkshire were poor and owed their existence to weekly markets where they could dispose of their wares easily; these employed family and hired labourers and dominated the textile industry in terms of their numbers. (Heaton:1965) Wilson describes the 15th and 16th Century small Italian clothiers as people who own small holdings, employ several weavers, sub-contract work to fulling mills and sell finished goods in the weekly markets, while Klima mentions the 16th and 17th Century Bohemian village factors who previously worked for German linen merchants but later turned out to be small industrialists (Carus-Wilson:1952, Klima:1970). Tawney, quoting from Fong's study of Tienstin (China) carpet industry, states that the majority of the manufacturers employed less than twenty workers. (Tawney:1932) Wadsworth generalises this point; the country manufacturers were behind the scene in many places where it was taken for granted that independent producers seemed to dominate. (Wadsworth:1931)

In the case of semi-dependent weavers in Bunyan, that is, the town weavers, the access to merchants and yarn dealers is direct but for distant villages this may not be so. Therefore, the kinds of questions posed by the economic historians may have direct relevance in understanding the nature of the relationship between rural semi-dependent producers and Bunyan carpet dealers. Moreover, this line of thinking also fits into the paradigm which I put forward earlier on; production by the dispersed carpet weavers can be regulated by town manufacturers but an agent on the spot is essential for carrying out such tasks as supervision, delivery of raw materials and collecting the finished wares and that these agents

always tend to increase their autonomy vis a vis the capitalist enterprises which either employ them directly or make use of them as commissioners. Hence it may well be that a new layer of embryonic rural entrepreneurs is emerging in Bünyan villages and this is reminiscent of the earlier Hacilar intermediaries who later became carpet manufacturers. The obvious implication is further decentralisation of ownership in the carpet handicraft industry and the intrinsic weakness of the manufacturing enterprise.

Nevertheless, I must repeat that I have no evidence to substantiate or refute this argument. Only on one occasion, I met such a village manufacturer in a Northern Develi village not too far from Bünyan. I gathered from him that he was operating eight looms employing mainly his relatives, raising wheat and barley on his forty donum land plot, and running a shop in his village where he sells gas tubes for cookers. Finally, I heard complaints from Bünyan yarn dealers that some intermediaries were trying to undermine the independence of weavers.

THE REGIONAL CARPETS

Although both the wage earning weavers and the semi-dependent producers commonly make only one type of carpet, the Manchester type, one can, nevertheless trace numerous other types known to the people of the region for a much longer time. The all embracing label for them is 'peasant carpet' but since much of Manchester weaving also takes place in the rural areas I will call them 'regional carpets'. What distinguishes the Manchester type from regional carpets is not its different designs and patterns but also various techniques involved in its production. However, regional carpets also differ among themselves i.e. the make-up of the dyestuffs and the yarn, the length of tufts. Firstly, regional carpets are numerous and each is produced in fairly small quantities; there are as many different labels for them as there are different regional carpet producing areas. In other words, the output of

Manchester carpets is far too large compared with the total output of all types of regional carpets. The distinction also implies two distinct forms of economic organisation. At least until very recently, the production of regional carpets was not penetrated by capitalism. Even nowadays the former remains predominantly a sphere of independent household production.

I studied only one of these, the case of Yahyalı carpet production. Yahyalı is a sub-province of Kayseri and Yahyalı carpets are produced in that sub-province. In terms of output this regional carpet is far more important than all other regional carpets produced in the Kayseri area. Yahyalı carpets are notorious for the brightness of their colours; in fact natural dyes^{are} used in giving colour to yarn. Dyeing is a particularly laborious process; it involves gathering and sorting various materials which contain the required chemical substances, ie. walnut tree leaves, ox dung, onion skin, among others; the preparation and mixing of the substances ie. walnut tree leaves are simmered in boiling water for days; the care involved in finding the right mix, and finally, the actual dyeing of the yarn which takes several weeks. Given the labour and expertise that it demands dyeing is commonly carried out by one or two families in each village where Yahyalı carpets are made. These families are paid by the weaving households either in cash or in kind. This arrangement is not seen at all in the putting-out system, in fact, it is reminiscent of the early European textile industries where dyeing and fulling mills usually existed as separate, though not always independent units of production; sometimes the manor owners operated fulling and dyeing mills as in the 15th Century Stroud Valley textile industry (Carus-Wilson:1959) and sometimes it was the small clothier who owned such mills as in the case of the 17th Century Lancashire small yeomen manufacturers. (Wadsworth: 1931,p.24) Alternatively, there were large clothiers who had their own mills as in the case of 17th and 18th Century Wiltshire woollen industry.

In the case of 13th Century Flemish textile industry Wilson describes these workshop owners as people who work on their own premises, own capital equipment and employ labour thus emphasizing their relative independence. (Carus-Wilson:1952)

Since spinning is carried on by the weaving household itself, the division of labour in this industry does not extend beyond that between the weavers and the dyers. Moreover, this rudimentary division of labour and the availability of the dyers within the local community itself, leave little scope for the intrusion of merchants in the case of the production of raw materials.

Yahyalı carpets are also known for their durability and fineness. Such features derive from a spinning technique unique to Yahyalı carpets. Here, wool is combed according to Kamgarn technique, which is peculiar to worsteds. Until the coming of factory production of carpets, the spinning mills that specialised in making carpet yarn did not use this technique. Therefore in the case of Yahyalı carpets spinning with handicraft techniques was not challenged by factory production and this contributed to Yahyalı carpet producers maintaining their independence.

Nowadays Yahyalı carpets are made either for direct export or, having been bought by some people who use them for years, are then re-sold to merchants who export them as old and valuable second-hand properties. Almost 90% of the 6,000 Yahyalı carpets produced each year are thought to be exported. (Durusel:1973,p.7)

The expansion of foreign demand has given rise to new and complex networks in marketing. As the so-called 'Manchester man' in the 17th Century Lancashire fustian trade, the typical agent that seems to emerge in the marketing of Yahyalı carpets is a peddler merchant who mediates between the direct producers and the wholesalers via the weekly small town markets and Kayseri Closed Bazaar trade. Yahyalı carpets are collected

by the travelling peddler who buys them as he goes, attending numerous weekly markets on his journey. In fact, the weekly town market is the heart of the less vigorous and less extensive domestic market where peddlars sell carpets to individual customers directly. Sometimes however, wholesalers may send their sons or their agents to these weekly markets for large scale purchases. Alternatively, the weaving households may bring their wares themselves; here a direct link is maintained between the direct producer and the consumer.

For a few days each month the peddler will attend the bazaar in Kayseri. Here, the peddlars come across a variety of dealers who are interested in buying his wares; wholesalers, retailers, speculators and merchants from other towns. A single Yahyalı carpet may change hands ten times in a week between all these people. But each time when it does so its price increases only in very small fractions. In fact what many of these odd dealers have in mind is to make very small profits ie. one or two hundred liras, by holding a good carpet for only a couple of hours until a customer who is ready to pay this extra amount appears on the scene. The export merchants often give large orders to Kayseri wholesalers and it is at such times when the wholesalers are short of several carpets to meet the order that these odd dealers find outlets for the products they hold. At first one gets the impression that bazaar trade in regional carpets is rather purposeless, unorganised and purely speculative activity with no clear pursuit of profit-orientedness. This picture seems to resemble Geertz's model of the bazaar economy in Modjokuto. This model may be of some use in understanding the nature of transactions between odd dealers (small shopkeepers, low paid Government employees, people from other trades, ie. tailors, or simply wanderers).

Nevertheless, the bazaar trade in regional carpets follows a well established pattern with an almost linear progression of the products from

the direct producers to the peddler merchants and then through the complicated trade network which develops between the bazaar dealers into the hands of big wholesalers and export merchants.

The bazaar wholesalers sell Yahyali and other regional carpets en masse to either export companies or big retailers from other towns. These wholesalers keep hundreds of carpets in their depots to provide the export merchants with a variety of carpets of different colours, designs, and quality. They pay the peddlars and the odd dealers in cash but make credit sales to export merchants. In other words the wholesalers play a role not very different than that of other carpet wholesalers in Kayseri, that is financing the production of regional carpets.

The bazaar is the commercial forum not only for Yahyali carpets but also for all regional carpets as well as those carpets produced in some distant Provinces ie. Isparta, Demirci. Three types of dealers can be found there; the wholesalers, the retailers, and the odd dealers. Some wholesalers specialise in the buying and selling of only one type of regional carpet whereas others might trade in a variety of regional carpets. Only very few of them are interested in wholesaling Manchester carpets. On the other hand, there exist several distinct types of retailers. The most numerous among them are the petty entrepreneurs who operate with very little capital selling cheap factory produced carpets, coarse regional carpets and rugs, and blankets to the urban poor and the villagers. Secondly, one can mention the dealers in Isparta and Demirci carpet trade as a separate group. These carpets have a texture very similar to that of Manchester but differ in that they are both too heavy and too coarse. Although Demirci and Isparta carpets have no appeal in the international markets, they are highly valued by people who look for a cheaper substitute to Manchester. Another group of retailers specialise in the tourist oriented carpet trade. In their shops one can find both old and antique carpets of very high value and very small artificial silk carpets to

attract tourists who cannot afford expensive carpets but who will nevertheless spend some money for little souvenir types.

The 'odd dealers' do not have shops in the bazaar. For the majority of them, buying and selling is not a full time activity; grocers, tourist guides, Government employees, retired workers, taxi-drivers, hotel and restaurant owners might spend a few hours in the bazaar talking and drinking tea in front of the shops and buying and selling carpets when they think that they can make small gains. On the other hand, a few odd dealers take this on as a full time activity; they act either as commissaires for some firms or as public criers searching for customers and introducing the buyers and the sellers to each other.

CAPITALIST MANUFACTURE

If close supervision is essential for maintenance of quality in output we might ask why manufacturing workshops are so few in the carpet industry. The answer lies with the fact that the capitalist domestic industry offers the carpet manufacturer certain advantages which workshop production does not.

The key problem which used to mark the putting-out system was transport. Since production took place in widely dispersed small units the manufacturer had difficulty in supervising weavers, transporting raw materials and removing the finished product. However, dramatic improvements in village roads have now lowered transport costs considerably and have largely overcome this difficulty. Further, the putting-out type of organisation offers other important benefits. In the first place, the initial capital outlay requirements are very low. The manufacturer has to purchase neither land nor buildings since weaving proceeds in weavers' houses. They have small ateliers known as 'işlik' but these are not places where weavers work. Especially the small manufacturers who could scarcely afford even a shop let alone expensive industrial premises,

benefit greatly from these işliks of which each manufacturer may have two or three throughout the Province. The işliks are situated either in the villages or in the urban squatter housing or slum areas where rents are extremely low. Model drawing and warp preparation takes place there and the manufacturer also uses his işlik as a depot where he keeps his raw materials and various instruments. It is also the place where the weaver passes information to the manufacturer by sending her father, husband or son. Finally, the işlik is also a focal point for the exchange of information; nearly three-quarters of the carpet manufacturers who have no shops in the town centre meet various dealers in their işliks.

But neither the changes in the transport system nor the reduced capital outlay for work premises fully explain why almost all Kayseri carpet manufacturers have avoided centralised workshops. Carpet making is a particularly labour intensive industry; the cost of buildings, implements of production and transport costs are relatively small. To reduce costs substantially and increase profitability the manufacturer has two alternatives: to reduce raw material expenses by adulteration or to reduce labour costs. The putting-out system helps the manufacturer to evade many of his responsibilities as an employer i.e. insurance payments, indemnities for work damages, and taxation. Since under this system the workers are divided in that they work in their homes, since they have no trade union organisation and since the State does not intervene in this sphere, the carpet manufacturer is left to deal with an unorganised, isolated and therefore weak labour force. It is mainly this consideration which makes the putting-out manufacturer reluctant to invest in centralised workshops.

IS MECHANISATION A THREAT

Mechanisation in the carpet industry gained momentum in the 1970's. Making use of the advanced imported technology carpet producing factories

pushed their outputs to such levels that by 1975 the output in the factory sector superseded handicraft production. (SP0:1976,p.420) Factory produced carpets are cheaper even compared with the worst quality hand made ones. Nevertheless the demand for both products increased rapidly between 1970 and 1977. To some extent this helped to relieve the fear and anxiety which haunted carpet manufacturers for some time. The reason was partly that the market for the two industries differed in so far as the export market is concerned. Factory products are rarely exported and even if this becomes a major trend in future this would bring no harm to the handicraft industry; factory produced carpets will seek consumers in the poorer countries whereas the market for handicraft products are the rich OECD Countries. This market division has special relevance in the case of Kayseri carpet handicraft industry since almost 40% of the carpets produced there are for export.

On the other hand, the significance of the home market is overwhelming since only 10% of Turkey's handicraft output is exported. Factory production cannot challenge its handicraft counterpart in the middle and high income markets in a country like Turkey where carpets are seen as a work of art as much as an article of some use. Also hand^{made} carpets have a reputation for their long endurance; since they last longer and can be sold for some value after being used for years, many consumers consider buying hand made carpets more economic.

Nevertheless, factory production is a threat and indeed a major one for the handicraft industry. In fact, factory production came at a time when demand for hand markets reached its peak and the industry proved incapable of keeping up with the expanding market. One result was deterioration of quality; in the early 1970's the market was flooded with very cheap hand made carpets made of synthetic yarn, which contrary to many consumer's expectations did not last more than a few years. With the

introduction of factory products however, this cheap and inferior quality production almost vanished. It forced the handicraft industry to abandon the use of synthetic raw materials. I think this implies that the factory sector won a decisive victory in so far as the low income market is concerned. Here, one can easily observe the competitive strength of the factory sector; it produces goods of a standard quality with very high quality yarn but with lower production costs, thanks to high productivity.

But, hand looms had their most dramatic increase following the introduction of factory production. On the other hand, it is not difficult to imagine that hundreds of thousands of weavers would have been drawn into the handicraft industry if factory production had not been introduced at all. Moreover, it can be argued that the wages of the hand loom weavers would have been much higher than they are now.

Factory production affects the carpet merchants differently. Some wholesalers and retailers took on selling factory products and benefited from the increased volume of their sales. Nevertheless, they are the dependent elements in this relationship. For instance, the largest carpet factory in Kayseri and in Turkey distributes its output through eight agents. Sales take place on a discount principle; no matter how many times the product actually changes hands, the retail prices declared by the producing company prevail in all parts of the country.

The Government will play a very significant role as to the outcome of the competition between the two sectors. If quotas for importing power looms are given generously as the Government had done in the past ten years, the handicraft industry will certainly be affected. The representative of Kayseri carpet manufacturers went to Ankara several times to talk to Government Ministers asking for an immediate ban on the import of power looms. Whether their lobbying and the fact that the handicraft industry provides employment for so many people will be taken

as important factors in decision making remains to be seen.

I will conclude this discussion of the carpet industry with a case study. It is a 'success story' but this is not the main reason why this comes at the end of the chapter. It is also one of the unique cases where we can see the complexity of the relationships in the carpet handicraft industry in the actions of a single individual.

A CASE STUDY

Yusuf showed enterprise from the moment at which he first went to work. He came from a poor Hacilar family for whom the meagre income from the tiny family plot was not enough to provide subsistence for all family members. When he was a young boy, his parents used to weave cloth and his brother worked as a middleman for a Kayseri carpet manufacturer. Yusuf too started his work career as a middleman and already as a teenager had won a reputation as a craftsman of extraordinary talents.

Although his family continued to live in Hacilar, Yusuf and his brother moved to Kayseri to found an enterprise of their own. As he himself put it, their small manufacturing enterprise produced very few but very high quality carpets so expensive that only the very rich people in the town could afford to buy them. They produced for special orders and usually they had long waiting lists of customers. In the late 1950's his partnership with his brother broke up and he had to change a few more partners until he founded an enterprise of his own in Bünyan. Meanwhile he made an attempt to found a carpet factory but this proved unsuccessful; although small in size it was the first of its kind in Kayseri.

Increased competition among the manufacturers for labour in Bünyan, forced Yusuf to discover untapped sources of cheap labour supply in other parts of the Province. Thus he moved to the Southern Sub-province, Develi, where Manchester weaving was almost non-existent. He focused his attention not only on training workers but also on creating new patterns and designs, something which very few carpet manufacturers attempt.

Yusuf invited the university educated manager of the unsuccessful carpet factory to Develi to discuss his future plans to found a large scale carpet factory. He thought that this was a priority prompted by the fact that the handicraft industry was proving ineffective in coping with the growing demand for carpets. The new larger factory was to integrate all the sub-processes of carpet production and was thus expected to overcome the problem so manifest in factory production of carpets; although the spinning and dyeing mills sufficed to meet the demands of the handicraft industry, this was difficult in the case of a huge factory which was to consume as much yarn as the handicraft industry taken as a whole.

The firm was financed jointly by three main shareholders of which Yusuf was one and by shares sold on the market to 3600 investors. It is run by a board of directors, and it employs thirty-two university graduates and some 1100 workers. On this occasion Yusuf's efforts were not in vain because the company proved a highly profitable one; its net profits amounted to 99 million TL in 1977 (₺ 4 million). Yusuf holds a firm grip on the management of the company and married his son to a major shareholder's daughter.

Yusuf's real strength was as an innovator; he posed the question as to how the quality of the hand made carpets could be improved. He began to inquire about the weaving techniques and the nature of the raw materials. He discovered that the unusual strength and durability of one well known regional carpet, Yahyali, derived from the kind of yarn used in making them. Unlike all the other regional as well as Manchester carpets, the technique involved in combing wool by the Yahyali carpets was the one peculiar to worsteds. This discovery led him to install Kamgarn combs in his factory. During the interview Yusuf stressed on many occasions that the factory interested him only as a reliable source of Kamgarn yarn which he used in the handicraft industry. He persuaded the board of directors to sell yarn to his other enterprise, the hand-made carpets manufacturing company.

Yusuf's next step was to set up numerous carpet weaving workshops in Develi's villages. Each of these workshops employ on average fifteen young girls. The novelty that Yusuf introduced to these workshops is minute supervision which is carried out by experienced female craftsmen. In Develi villages there were fourteen of them each responsible for a single workshop. Yusuf promptly married with these superintendents violating not only the Turkish Civil Law which allows only monogamous marriages but also the Islamic tradition which allows a man to marry not more than four women. To use his own words Yusuf was thus able 'to marry art and capital'. His idea is that the superintendent wives will never desert the enterprise as the male middlemen do.

NOTES

(1) First this involves a division of work among crafts. If we take the cloth industry as an example, the necessary processes associated with it i.e. spinning, scribbling, carding, weaving, dyeing, finishing, each become a separate sphere of specialisation. Secondly, each process may be carried out not only by different people but also by means of distinct methods of production. In the case of 18th Century Gloucestershire textile industry spinning and weaving were carried out by the employees of the clothiers, a case for the putting-out system, whereas the remaining operations i.e. dyeing, fulling were carried out in the premises of the employer, the clothier himself, or by other capitalists to whom the clothiers sub-contracted work (Moir:1971). In early 19th Century England, spinning was a mechanised operation, finishing and dyeing were often done in the manufactories and weaving was still under the domain of capitalist domestic industry. (Ponting:1966, Chambers:1960)

(2) Mann points out that due to the predominance of circulating capital, the enterprise of the putting-out manufacturer survived only in so far as he could buy raw materials and sell the finished wares (Mann:1971). A rise in fixed capital costs has deep effects on capitalist domestic industry. For instance, the introduction of Lee's frame moved the industry from rural areas to towns in the 17th Century England; due to the high value of the frame the direct producers found it difficult to buy whereas the manufacturers advanced or rented the frame to knitters in their own immediate area. (Thirsk:1973,p.74)

(3) This fact emerges clearly from recent research carried out in many Third World Countries (Chapter 2). Wage dualism was also common in European countries both prior to and during the Industrial revolution. The putting out system penetrated the rural areas to escape guild control and lower labour costs. In the case of the Lancashire cloth industry

Wadsworth distinguishes between organised and unorganised sectors. The former was in corporated towns where wages and competition were regulated, apprenticeship was controlled, poor workers had provisions. All these factors increased costs in the organised sector. In the unorganised sector by contrast there were no restrictions on loom ownership, and apprenticeship was not formal. The Dutch loom weavers of Lancashire lived in the towns, employed journeymen and apprentices, worked on a full-time basis and their activities were closely regulated whereas the broadloom weavers were loosely organised and a low paid section of the working class. The conflict of interests between town artisans and the putters-out was a recurrent theme until the coming of factory production; the artisans (proleterianised) blamed the rural weavers for the depression of their earnings (Wadsworth:1971). Sella notes that prior to the emergence of Trade Unions dualism in wage structure was a fact of equal importance. (Sella:1974) Unwin comments that organised weavers in 15th and 16th Century England were in many cases represented on the town councils and were regarded as a privileged section of the work force unlike the rural weavers and spinners. (Unwin:1927)

CHAPTER 10

ARTISANAL PRODUCTION IN THE METAL INDUSTRY

In the Kayseri metal industry, there are both capitalist and artisanal enterprises. This chapter discusses only the latter. The artisans in the metal industry are registered in the Small Traders and Artisans Association and I have interviewed nearly 10% of the enterprises in four different branches of industry. Other than the repairers the vast majority of them were blacksmiths, coppersmiths, welders and stovemakers. Kayseri has two small industry quarters; one was built late in the 1950's and the other in early 1970's. The metal artisans have their workshops in the old small industry quarter.

TOOLS

The artisans in the metal industry use three kinds of instruments: hand tools, powered hand tools and simple lathes. But neither these instruments nor electric power which is commonly applied by all artisans, are in fact distributed evenly among the workshops. Those artisans who consume more electricity are those who run powered hand tools and power-lathes. Since there are only negligible differences among the members of any particular trade in terms of the type of instruments used, I will discuss the differences between the trades.

(i) The Smiths: Although all metal artisans use the hammer, this instrument is more important for the blacksmiths and the coppersmiths; the former use it to beat scrap metals and the latter to beat copper sheets. Recently however, the smiths have abandoned their traditional bellows to use electric forges instead. Another instrument new to the coppersmiths is the polishing lathe; this could be obtained cheaply in the second-hand market. Apart

from these the blacksmiths and the coppersmiths mainly use hand tools.

(ii) The Welders: Welding is a new trade and the early welders in Kayseri were former blacksmiths. The welders use modern equipment that have been first introduced into the old small industry quarter in the 1960's e.g. the welding machine which burns oxygen, the electric iron saw, the drilling lathe. In this line of production, powered tools and simple lathes are used more frequently than hand tools.

(iii) The Stove Makers: Due to various sophisticated instruments they use, the stovemakers' trade is technically the most developed of all. In this branch of industry the fundamental change is the introduction of the welding lathe, an instrument which has shortened the production to a large extent. Previously the most difficult part of the stovemaker's job was opening hundreds of adjacent tiny holes into the metal and inserting small nails into these holes. This was the method used in joining two metal sheets. The welding lathes have removed this urgency almost completely. Moreover, the stovemakers now use drilling lathes in penetrating metal. The third major change is the bending lathe which has replaced the traditional technique of bending sheet iron through beating. The stovemakers cannot give an exact figure for productivity increase in their trade but many agree that work that previously took three or four hours can now be done in one hour.

RAW MATERIALS

In this field the fundamental changes are the growing standardisation in the input goods used by the artisans and their increased use of semi-processed raw materials. These are the outcomes of the growth of the intermediate goods producing

industries in Turkey and the emergence of metal cutting workshops in Kayseri. The only artisans not affected by these changes are the blacksmiths whose basic raw material is scrap iron.

SKILL

The hand tool is the most primitive of all instruments. Without any independent motion of its own and moving only with the hand, the hand tool can be seen as an extension of the body itself. Hand tools may differ as to the materials they are made of, their shapes and their sizes. The wide range in their variation is a reminder of a long history of their differentiation, specialisation and perfection.

Each specific function of the hand tool implies the nature of the work carried out by the workman e.g. cutting, beating. Further specialisation may then follow; knives, choppers, chisels, scrapers and borers are all hand tools used in cutting. Compared with modern machinery however, the hand tools are generalised instruments. Often, they are easily applicable to more than one kind of raw material and they serve a wide range of purposes. For instance, hammer can be used invariably for beating different kinds of metals, ^{for} inserting nails and ^{for} hardening surfaces. Thus, the hand tool is a function-specific instrument in relation to a specific operation.

Skill in using hand tools involves competence and efficiency in performing a multitude of operations. In fact each artisanal trade is a field of specialisation; the nature of the trade limits the volume of these operations and the instruments used. The scope of each area of specialisation in a particular industry is defined by the extent of division of labour among the crafts: hence, as this division of labour increases the areas of specialisation become narrower. Compared with the detailed semi-skilled

labourer however, the area of specialisation of the artisan is usually broader since it includes the use of a multitude of instruments and the practice of numerous operations.

Thus, artisanal skill involves specialisation in the practices of a particular craft and manual dexterity to carry out these operations. Another dimension is profound knowledge: this includes an ability to visualise the productive activity as a whole, an ability to envisage the possible technical combinations and knowledge about the nature and the properties of various substances.

Changes in the means of production used by the artisan metal working artisans also changed the skill requirements of this industry. In the coppersmiths' trade this brought some de-skilling since one of the essential operations which demands high skill, that is beating the ignot, is abandoned for good. The coppersmiths have done away with tin covering too. The result is the reduction of the scope of specialisation. Despite these changes however, the trade still requires long training and a period of three or four years of apprenticeship.

The welders and the stovemakers make a greater use of modern inputs and equipment. In their case, some operations became simpler compared with the traditional techniques but the use of new equipment requires some new skills. Moreover, their job necessitates advance planning, designing, precision, mathematical calculations, and at least an elementary knowledge of mechanics.

The artisan has absolute control over the immediate organisation of production, over anything that takes place within the workshop. Work and quality standards are set by the master craftsman himself. It is the artisan who decides when to open

the shop or close it, when to give breaks and when to take a day-off. He can freely choose what he wants to buy and what he wants to sell. On the other hand work conditions largely differ for the outworker coppersmiths who work the orders placed with them by the copper merchants.

OWNERSHIP AND CONTROL

Not only is the artisan in the Kayseri metal industry a master craftsman who is able to control the productive activity that takes place in his workshop, but he is also a small proprietor who owns the means of production. Only two welders work on rented premises but the others work in their own workshops. All except the outworker coppersmiths own the raw materials that they use and they too own the products of their labour.

Most of the artisans were trained by their fathers or their relatives and more than three quarters of them have inherited their present businesses through family. Although migrant entrepreneurs predominate in Kayseri's other industries, the metal artisans come from urban families. Thus, most of them do not live in the squatter housing areas as do many migrants. On the contrary, they live in the inner city, in those marginalised residential areas near to the present day business center of the town. Moreover, nearly half of the metal artisans mentioned that they have small garden-plots on the outskirts of the town; many of them plan to sell these plots to building contractors. Thus, in addition to his skill and his workshop, the artisan also has a real estate which he can rely on in cases of emergency.

In terms of access to modern tools and equipment the differences between the members of the same trade are not as great as the inter-trade differences. In welding there are some large workshops which have more equipment compared with the smaller welding workshops. In fact only in this case the intra-trade

differences should be taken into account.

Since capital intensity is higher in the stovemakers' and welders' trades these artisans invest higher amounts in machinery and equipment than the blacksmiths and coppersmiths do. In fact the majority of the tools used by the coppersmiths can be bought for several thousand Turkish Liras (the monthly income of an average factory worker) provided that one buys them second hand. The stovemaker however has to invest six times as much in order to get hold of the necessary equipment yet, even for the stovemaker this money is not difficult to find in so far as he can borrow small amounts from friends and relatives.

The artisans do not use their instruments very intensively. On the one hand, the majority of them work only during certain seasons and on the other, even when they do, they only make a limited use of them. The artisan divides his labour time between various operations and each of these operations require specific instruments. Meanwhile, all except one or two instruments remain idle. Thus, compared with larger workshops or factories which use similar lathes and machines, the artisans use their instruments less intensively and due to this the instruments last longer. Therefore, depreciation costs are negligible. The smallness of the investment outlay in the case of second-hand lathes and the smallness of the depreciation costs are the two main reasons why artisans have little difficulty in maintaining ownership of the instruments which they use.

Only two of the twenty four artisans that I interviewed had no workshops of their own and those were prosperous welders. The poor artisans could not have survived at all if they had to pay rents. Let us look at this in some detail.

The rapid growth of Kayseri's business center, the growth of competition in the town for urban space and the increased

demand for workshops and shops have increased rents and the value of real estate in the old small industry quarter. Some artisans even consider dissolving their business in order to rent their workshops and live on their income from rent. An old coppersmith told me that he could easily get 1500 TL. per month for a workshop and this he says this amount is not much lower than his present monthly income of 2,250 TL. The majority of the blacksmiths and coppersmiths indicate that their income is only twice as much as this 1500 TL.

Nevertheless, the artisans still carry on their present business without any serious consideration of the possibility of living on income from rent. In the first place, the welders and stovemakers earn almost twice as much as the average smiths do. Secondly, the most valuable part of the small industry quarter is occupied by the coppersmiths. Thus, rents are not that high in those parts where the other metal working artisans have their shops. In other words, the ratio of workshop rent to income from work is lower in the case of those trades other than the coppersmiths' one. Thirdly, some coppersmiths share their workshops with some of their fellow coppersmiths. In this case an artisan who does not have his own workshop works in someone else's workshop and pays the owner a small amount for rent. Similarly, the property holder blacksmiths usually find themselves partners to work with. Fourthly, one has to consider the employment situation in the town. Since the majority of the smiths are old and since their skills are obsolete, alternative job opportunities are extremely limited for them. Largely because of these reasons the artisans plan to benefit from their workshops when they retire. That is, the income from workshop rent is seen as a kind of old age pension.

APPRENTICESHIP

Having apprentices is the norm in welding but not in any of the other trades. When I asked for the reasons many artisans said that they cannot afford hiring apprentices. But the poverty level of their incomes is not the only explanation. First, I found that the majority of the smiths do not need additional hands to meet their production targets. The necessity of cooperation forced the blacksmiths to form partnerships instead of employing apprentices. Moreover, one can immediately observe that the smiths usually close their shops in the early afternoon and carry on their work in a relaxed mood. The amount of work the master smith does on his own is enough to maintain that level of output which keeps up with the demand for particular products.

In fact the smiths do not employ any family labour. Some have sons who work as apprentices in the woodworking industry, in other metal industries and in car repairing industry. As the eldest members of the small industry quarter the smiths know well what the prosperous trades are and they want their sons to acquire the 'right skills'; a blacksmith told me that he might ruin the future of his own son if he allows him to become a blacksmith.

The main form of labour utilisation in the stovemaking industry is temporary wage work. The stovemaker employs young boys during seasons of peak activity and fires them when activity slows down. The aim is to avoid redundant workers and to minimize the cost for labour. Since there is an ample supply of such seasonal workers and since they compete among themselves to get the available jobs, they are usually paid according to the apprentice rates. But the stovemaker is totally free of certain legal and customary responsibilities expected from the master artisans when he employs these workers only temporarily. What actually

makes the stovemakers survive without apprentices is the increase in productivity, which took place in this trade. On the other hand, there were two exceptions to this rule; in one enterprise there was a partnership among three relatives and in another two partners had a permanent apprentice.

Unlike this however, all seven welders in my sample did keep apprentices. Since welding is a prosperous trade some parents do want their sons to be trained by welders as apprentices. Technically, apprenticeship takes three or four years but these trainees tend to stay in the same workshop until they leave for their military service at the age of twenty.

In the case of welding apprenticeship one has almost no formal requirements; no other rules or rituals or ceremonies are required except those indicated in the Apprentices Law and in the regulations stipulated by the Ministry of National Education. The apprentice can always leave his master on his own choice.

In this particular branch of the metal industry the average size of the work force is four. Only a large welding workshop has fifteen young employees. The smaller enterprises employ family members and relatives as well as non-relatives.

Apprentices and journeymen are clearly distinguished. In the eyes of the master craftsmen the journeymen have a higher status; they are older and they are more experienced. The master craftsmen want to show on all occasions that they have a special trust in their journeymen. Hence, one sees them answering phone calls, supervising the younger apprentices, establishing direct contact with the customers and building contractors and discussing the state of business with the master craftsmen.

The authority of the master is omnipresent; the employers must show respect to him; they must have their ears wide open

to follow his instructions and; they must do their best to finish the job on time. The journeymen and the apprentices will not smoke, they will always stand and they will never shout at each other nor quarrel with each other in the presence of the master craftsman. The economic dimension of the relationship between the employer and the employee is of great significance but still it is the authority of the master craftsman that defines the status-ranks in the workshop. In many cases, family labourers are also expected to show equal respect to their masters. In other words, the family labourer has to distinguish between two kinds of roles; one as a son or as a brother and the other as a trainee. For instance, the family labourers commonly eat with the non-relative apprentices instead of eating with their fathers or elderly brothers.

THE ARTISANAL ORGANISATIONS

I have surveyed those aspects and relationships primarily internal to the artisanal workshop. However, this would be incomplete without investigating the nature of the organisations formed by the artisans themselves.

The artisanal enterprises are subject to the operations of the market economy. There are no binding guild regulations and therefore there is perfect competition in the market. In the case of feudal artisans Kula mentions 'the prohibitions against publicising ones own products, the ban on changing prices, the regulation of the price of raw materials, of the wages of auxiliary workers, and above all the amount of labour that could be used in a single shop' (Kula: 1976, p.76). The Small Traders and Artisans Association which the metal artisans belong hardly imposes any of these restrictions on its members. At the grass-roots level, this association organises its members along trade lines. However, it is not a corporate body like the guild which

'encompasses its own members, their families and candidate members in an integral fashion, in all their functions, activities and social needs' (Kula: 1976, p. 76).

Membership in a trade association might bring access to the People's Bank credits and make the artisan legally entitled to register in the Bağ-Kur, the recently founded Social Security Organization which aims at providing old age pensions for the self-employed.

The trade associations might also act as purchasing cooperatives buying raw materials in bulk and distributing them among its members as to protect them against shortages soaring prices and speculation. Yet this is not always easy since Government aid to these artisanal associations is non-existent. In the case of those input goods produced by the State Economic Enterprises, the artisanal associations are denied direct access and in the absence of preferential policies towards the small industry, the associations are often left to compete on equal terms with the big merchants and the large industrialists. Paying deposits to the State Economic Enterprises (often up to six or even ten months an advance of the actual time of delivery) is beyond the financial reach of the associations since these are *finan*ced solely by the artisans themselves, that is, people who can hardly undertake such long-term investments. Hence, the associations cannot always play the role of beneficial intermediaries.

But when this does take place the artisans show active interest in their association's affairs. A just distribution of the raw materials is always a problem for the head of the association. In such cases, the members attend the meetings regularly to debate the distribution policy. Since coal is rationed by the Government the artisanal associations play an active role in the distribution of this commodity. This always

arouses heated debates and discussions among members.

Breman indicates that 'formal employment' and 'self-employment' are not incompatible things. [Breman: 1977]. In fact Kayseri's self-employed metal artisans are registered by many formal organisations, such as the Artisans and Small Traders Association, the insurance organization Bağ-Kur, the Land Office and Kayseri Municipality-the Land Office register the workshop owners only.

THE BACKWARD LINKAGES

To maintain production and output the artisan must provide himself with the necessary means to finance the purchasing of raw materials, the replacement of the instruments consumed during production, the expenses for labour and the subsistence needs of his family. These require the existence of some division of labour among different crafts and of commodity exchange between them. [Kahn: 1975, Mandel: 1971, pp.65-68]; the nature of backward and forward linkages with other trades. In the case of Kayseri's metal artisans *an important change* is their growing dependence on large scale-capital intensive industries.

The metal artisans use factory produced inputs which they obtain through merchants. As Taylor puts it the merchant acts as a link between different forms of production or divisions of labour and it is the expansion of this 'trading function which makes artisanal production increasingly directed towards capitalist production. [Taylor: 1979, p.226]. To examine the nature of the relationship which develop between these three parties, namely the artisans, the large-scale industries and the merchants, I shall look at the cases of the three main commodities; thees copper, sheet iron, and iron pipes.

The large scale companies which produce copper sheets make only bulk sales. This means that a small quantity demanded by

any individual coppersmith will not be provided directly by the producing company. In providing their raw material requirements, Kayseri coppersmiths have two different options.

The first option is recycling. In this case, the coppersmiths will collect old copper wares. Then they will combine their stocks to make a joint order to the producing company which processes the old wares into copper sheets. Finally, they will find an honest and trustworthy person who will intermediate between themselves and the producing company. But this may not always be a viable solution.

Since the majority of the coppersmiths are short of capital, they cannot build stocks large enough to make orders to the producing companies. Moreover, the delivery of sheet-copper takes at least six months. Thus, only the well-to-do coppersmiths provide their raw materials through recycling and the others depend on putting-out merchants who advance them raw materials.

The basic raw material that the welders and the stovemakers use is sheet-iron. In 1977 and 1978 the soaring sheet-iron prices was the major concern of the artisans and capitalist entrepreneurs of the metal industry. The major sheet-iron producing company is jointly owned by the State and some private entrepreneurs; this huge plant produces around 1 m tons of sheet-iron each year. Moreover, in 1976 the cost of sheet-iron on Turkey's export bill was \$ 90. Despite these, the commodity was in short supply and dual prices and blackmarkets prevailed throughout the country.

The Government established special import quotas and organised special sales to protect the industrialists. The Government's aim was to circumvent the big iron merchants and the speculators. However, this policy affected the small industrialists and the artisans only adversely. Since neither could maintain direct import or bulky purchases from the domestic

producing companies, they had no choice other than relying on speculators. Again, their main difficulty was shortage of capital. The producing company asks for large deposits, months before the actual delivery takes place and many artisans cannot afford this.

On the other hand, the big merchants discovered several ways of evading the restrictions of the quota system. One way was to buy large guillotines, machines which cut sheet-iron, and to register in the Chamber of Industry in order to obtain licences and quotes as industrialists do. The reason behind the attempt was to gain direct access to the supplies of the giant iron and steel producing company.

Since the big industrialists provide their raw materials directly from the producing company, the market for the merchants' sheet iron is the small industry sector. The merchants also buy and sell imported sheet-iron. This second way usually involves a chain of intermediaries; a large importing company, the wholesaling companies in Istanbul and Kayseri and finally the smaller merchants. In selling sheet-iron to the wholesalers, the import merchant prepares the bill of exchange according to those prices set by the Government. The buyer has to pay a higher price however. Since the wholesaler does the same thing in selling his wares to the smaller merchants, the small-scale producer always buys his raw materials on the blackmarket rate. In 1977, the latter was 35% higher than the Government set price. In other words those Government policies designed to protect industrialists are effective in protecting the big industrialists but in the case of small scale producers they only increase the input costs.

The welders make wide use of pipe-iron. In this branch of industry a few large scale industries dominate the market. The largest of these distribute its products to wholesalers by giving them discounts. That is the producing company itself recognizes

certain profit margins for each merchant on the distribution chain and the company enforces the merchants to obey these price regulations. Thus, there always exist a uniform retail price for each type of pipe-iron. An increase in the number of intermediaries indicates that a fixed amount of profit is divided among a greater number of people. Hence, the increase in the number of intermediaries does not threaten the industrialists or the artisans in any way. On the contrary, it indicates that each merchant who takes a part in the marketing of pipe-iron has to operate with lower profit margins.

This system brings several advantages for the producing company. First, its reliance on large scale distribution firms helps the company to minimise its investments in circulation. But, this also means that those industries which use iron pipes, whether large or small, have to provide this commodity through merchants. Secondly, the discount system helps the producing company to maximise its sales. In the case of sheet iron the demand from large scale industries is overwhelming but this is not so in the case of pipe-iron. Therefore, the producing companies have to adapt marketing policies which take into account the small industrialists and the artisans. Here, however, policies as setting minimum purchase quantities and restrictive quotas might alienate the small scale producers. What serves the purpose of the producing company best is the discount system which helps to maintain uniform retail prices.

Lastly, I will consider the case of scrap iron, the basic raw material for the blacksmiths. What is involved here is recycling. Kayseri's scrap iron dealers are supplied by building contractors, industrial firms and by Ankara's big scrap iron dealers. The dealers keep the scrap iron in open space where one can see many buyers sorting and selecting materials.

Since there are several scrap iron dealers in the small industry quarter itself and since the blacksmiths can process only small amounts of scrap iron in a day, they often make weekly or even daily purchases. Compared with other metal working artisans the blacksmiths are at great ease at this end of the market.

The artisans also buy some other goods produced by large-scale industries e.g. hand tools, lathes, nails, pig iron, glue, chemicals, oxygen tubes, oil. Their productive consumption of such intermediate goods helps the expansion of the home market. Yet, they can do very little to change the market conditions in their favour. For instance, the artisanal organisations can hardly influence the policies of large scale intermediate goods producing industries. On the other hand the Government in its major decisions about quotas, licences and prices do not usually consult small traders and artisans association. If in the case of a particular product the demand from the artisanal sector is large and visible then the producing company might take into account the case of the artisans. Yet, this takes place only very occasionally. Thus, the artisans can hardly save themselves from becoming the victims of dual prices, blackmarkets and high monopoly profits.

ARTISANAL GOODS

If so, then we must ask how the artisanal enterprises do survive? Do they produce cheap substitutes and inferior quality goods? These are the questions I shall try to answer in this section.

The coppersmiths produce such goods as water containers, buckets, pans, saucepans, plates and cauldrons. In the past, some of these were regarded by the local population as articles of prestige. For instance, copper utensils used to be an important part of the bride's dowry or they were given to the newly married

couple as wedding gifts.

The present day coppersmiths compete with industries that produce cheap kitchen utensils. That is, competition with capitalist industry is indirect in that there are no copper kitchen utensils producing factories in Turkey. This is due to the fact that copper is a scarce commodity and it is expensive.

The substitutes for copper utensils are made of aluminium, sheet iron, and synthetic products. All these commodities are cheaper than copper. Thus, the coppersmiths have two main disadvantages; first, their raw material inputs are more expensive and secondly, the industries which produce cheap substitutes have the advantage of higher productivity. In 1977, copper was twice as expensive^{as} aluminium, five times as expensive as sheet iron, and seven times as expensive as the synthetic products.

Nevertheless, the coppersmiths have benefited from the absence of direct competition and a fairly stable market for their products. In fact, it seems to be the smallness of this demand which makes large firms reluctant to invest in the copper utensils industry. Thus, in the past twenty years the demand for kitchen utensils had grown enormously but little of this demand was for copper utensils. Under such circumstances have witnessed neither dramatic increase in demand nor a sharp decline.

The wood-burning stoves compete with the more expensive and better quality substitutes i.e. coal burning, gas and electric stoves as well as central heating. All these substitutes are produced by capitalist industries whereas wood burning stove-making is an exclusively artisanal trade. In the low income market the coal burning stove gradually replaces the wood burning one; in Kayseri alone, half a million coal burning stoves are produced each year. The capitalist enterprises were stimulated

by the vast size of the market created by the rises in per capita incomes and the increases in the output of coal.

Early in the 1950's the wood-burning stove began to replace in many villages the traditional fire place. Today it survives against its superior substitutes for the following reasons. In the first place the coal burning stove is three times more expensive than the wood burning stove. Secondly, wood is cheaper than coal. Moreover, coal is in short supply and it is strictly rationed by the Government whereas wood can be obtained easily. Thirdly, people who live in those parts of Turkey where the climate is mild find the wood burning stove more economic. Fourthly, this type is preferred by the small shopkeepers who need to keep their doors open. Nevertheless, in the low income market there has been a major switch from traditional methods of heating towards coal burning stoves.

The blacksmiths produce various odd articles e.g. collars for watch dogs, iron bars for carpet looms, tools for carpenters. The demand for such products is small, temporary and local. The threat from larger industries has led the blacksmiths to diversify their products; once a certain product is taken by capitalist industry the blacksmith responds by producing entirely different products.

The demand for the goods produced by the welders expanded rapidly in the past two decades due to the growth of the building industry. This market is predominantly urban and the buyers are usually the high income people. Moreover, there is no challenge to the welders from capitalist industries. The door and window frames that they produce are non-standard items. Hence, the specifications of even the same building contractor may change over time. On the other hand due to frequent changes in house styles, the window and door styles also change frequently. Hence,

the major reason for the recent expansion of the welding industry is the growth of the building industry and the particular nature of the goods demanded by the building contractors. If this industry had required standardised products, then it would have been easier for larger capitalist industries to capture this market.

In relation to the market of the metal working artisans one can make the following conclusions. In the first place, not all the goods produced by these artisans are cheap substitutes e.g. copper utensils, the door frames are more expensive than some of their factory produced substitutes. Secondly, the artisanal goods are not always low quality goods; the copper utensils are of highest quality compared with sheet-iron or aluminium kitchenwares. Thirdly, it is not true that the metal working artisan produce exclusively for the consumption of low income groups; the door and window frames are the major exceptions.

MARKETING

The elderly metal working artisans point out that they were able to make direct sales to their customers when this industry was located in the town center. They see the intervention of merchants in marketing and the opening of the old industry quarter as simultaneous events. In other words, they explain the maintenance of direct sales by the physical proximity factor. However, locational change does not seem to be the only factor which explains the artisans' increasing dependence on merchants. For instance, in the early 1970's the old small industry quarter became a part of Kayseri's central business district but the metal working artisans were not able to resume direct sales.

The second question I deal with is whether the merchants who market the artisans' goods are those people who sell them raw materials. Do some merchants circumvent the artisans at

both ends of the market? In other words are there any all round agents in the metal industry and if so how far do they go in undermining the independence of the artisans?

As the blacksmiths oriented their production increasingly to the needs of the village population their markets became less urban and more rural. They continue selling goods to individual customers but the bulk of their produce is marketed through village grocers. Of course, the customer will pay less if he buys directly from the blacksmith himself. However, since the blacksmith's products are usually very cheap, it will not be economic for the customer to make a costly trip to the town to buy any one of these inexpensive items. In fact, this is the reason why the villagers buy these goods from the village grocers and this is the reason why the blacksmiths direct sales to the final consumers have declined. Thus, the locational change cannot be the reason for the decline in direct sales.

The scrap iron dealers and the village grocers are different people. Neither of these agents will show interest in stepping into each others business. Hence, the emergence of all-round agents seem unlikely in the case of blacksmiths' trade. This means that the blacksmith's have considerable autonomy in marketing just as they have in the purchasing of raw materials.

The stovemakers sell their wares to merchants. They hold these merchants responsible for the deteriorating conditions in their trade. The stovemakers' bargaining power against these merchants is extremely weak and this has adverse effects on their earnings. For instance, in 1977 the wholesale price for a medium sized wood burning stove varied between 250 and 275 TL. Thus, the merchant who bought the stove 250 TL, sold it for 450 TL. The difference between the wholesale and the retail price indicates a 40% gross profit margin for the merchant.

The merchants can make credit sales to the buyers but the stovemakers themselves cannot. The stovemaker always suffers from a shortage of cash mainly due to the urgency to buy raw materials in cash in order to minimise the adverse effects of rapid price increases, in products. This financial squeeze makes it very difficult for the stovemaker to wait for individual customers, rather, he attempts to increase his output and sell as soon as he can in order to avoid credit purchases. Although all-round agents are absent in this trade the stovemaker's dependence on merchants is quite indispensable.

Two types of merchants are involved in the marketing of copper utensils. First, the merchants from other towns buy the wares of Kayseri's coppersmiths to sell them in their own hometowns. These merchants are supplied either by the Kayseri copper merchants or by the 'independent coppersmiths'. The former are in fact all-round agents who advance raw materials to the out-worker coppersmiths who are paid piece-wages. However, these coppersmiths own the implements which they use and they themselves pay the expenses for fuel and auxiliary materials.

The welders work for the building contractors' orders. Since the nature of the product varies from one order to another, the building contractors do not build any stocks. In the case of the welders merchants do not intervene in marketing. Here, bargaining takes place for each order separately, but there are piece-rates which are commonly indicated in terms of the weight of the materials used.

In relation to the four artisanal trades one can delianate three main areas of control. The first is the workshop level. Here control is in the hands of the artisan, as the small proprietor he owns the means of production and as the master craftsman he undertakes the organisation of the productive activity. The

second area is that of the conditions of production; the determination of the types and nature of the inputs, the volume and quality of the output. This area is also coming under the control of the large scale industries, merchants and the building contractors. But it is mainly in the last sphere, that of exchange, that control slides towards the capitalist agents: the exchange that takes place between the artisans and the capitalist industry and the intervention of merchants capital at both ends of the market.

The information on incomes as revealed by the artisans themselves is not very reliable. However, my data on various aspects of business' finance in the artisanal industry can be useful in making some estimates; the value of fixed assets, the raw material prices, the figures for output and the wholesale prices for the artisanal goods.

The expenses for the raw materials are indicated in Table 6. The blacksmith's expenses for raw materials is much lower than those of the stovemaker's and the coppersmith's. Moreover, since the blacksmiths always have partners, these expenses should be divided by two. Although the coppersmith and the blacksmith use only a few input goods, the stovemakers use many. Despite this, the stovemaker invests less in inputs goods compared with the independent coppersmith.

Table 6 also indicates the figures for the expenses other than those made for the basic raw materials. These are the expenses for fuel, energy, depreciation of machinery, raw materials of secondary significance and transport. The figure for the stovemaker is high because it includes the wages paid to the seasonal workers. Finally, the total costs are given in the last column of Table 6.

TABLE 6: QUANTITY AND EXPENSES OF RAW AND AUXILIARY MATERIALS*

	TYPES OF MATERIAL	TOTAL QUANTITY PER ANNUM	PRICE/KG	TOTAL ANNUAL EXPENSES FOR EACH ITEM	TOTAL RAW MATERIAL EXPENSES (TL)
THE STOVE- MAKER	PIG IRON	1200 Kg.	8 TL.	9.000 TL.	61.000 TL.
	IRONSHEETS	2000 Kg.	15 TL.	30.000 TL	
	OTHERS	-	-	22.000 TL.	
THE COPPER SMITHS	COPPER	700 Kg.	70 TL.	49.000 TL.	54.000 TL.
	OTHERS	-	-	6.000 TL.	
	THE INDE- PENDENT COPPER SMITH	COPPER	1200 Kg.	70 TL.	
THE BLACKSMITH	OTHERS	-	-	9.000 TL.	95.000 TL.
	SCRAP IRON	10000 Kg.	3 TL.	30.000 TL.	
	OTHERS	-	-	4.000 TL.	
					34.000 TL.

In 1977, the Government set minimum wage was 1800 TL. per month and the average wage in the Kayseri metal industry was somewhere in the area of 3,000 or 4,000 TL. The outworker coppersmith could earn only slightly more than this minimum wage whereas the stovemaker's income was higher than the average wage in the Kayseri metal industry. On the other hand, the blacksmith's income is higher than the Government set minimum wage but lower than the average wage. In the case of these three artisans one can easily conclude that the artisans do not earn more than the workers in the organised sector of the metal industry and in view of this fact it is also possible to argue that their earnings does not enable them to save money for expanding the scale of business.

Some former coppersmiths were able to emerge as putting-out agents and these could accumulate capital but the prospects are gloomy for the rest. Secondly, I came across a capitalist enterprise in welding. It was founded by the joint finance of a taxi-driver, an accountant, an iron merchant and a master welder. In their workshop they employ fifteen young boys. But, I do not think that too many welders are going to follow this example. In welding, the growth of workshop size seems to reduce efficiency and flexibility in adapting to the frequent changes in the nature of demand. For instance, in the large welding workshop the fifteen boys are divided into three separate work teams. Each team deals with a separate order but these tasks are essentially similar. In other words, this arrangement does not contribute to productivity increase although it creates major problems in terms of supervision. On the other hand, it demands comparatively larger workshop space which in turn increases workshop rent. Thus, it is possible to conclude that large workshops are not very viable in this particular trade.

But one might also wonder what has happened to those artisans who deserted their businesses. I have no systematic evidence on this issue. However, I gathered that some welders, scrap iron dealers and iron merchants were former blacksmiths and some small capitalists in the aluminium kitchenware industry were previously coppersmiths. But, it is not difficult to imagine that these financed their enterprises from other sources; selling real estate and going into partnerships with wealthy people.

The majority of the artisans are not proletorians either. They own the means of production and the products of their labour and some have considerable autonomy in marketing too. But, this is not so in the case of a certain section of the coppersmiths. But, why did the putting-out system emerge in this trade and not in others.

Is it due to the subordination of the coppersmiths to large industries in the raw material market? However, one might say that neither the welders nor the stovemakers have direct access to factory produced inputs. In fact, both obtain their raw materials through merchants as do the coppersmiths.

Should one look for the answer in the peculiarities of marketing in the case of the outworker-coppersmiths? But, the welders apart, all metal artisans market their wares mainly through the merchants. Both factors, that is, dependence on factory produced inputs and the merchants in both ends of the market, do play a significant role in depressing the earnings of the artisans but it is not possible to say that proletarianisation follows from these immediately. As I did in the case of the carpet industry, I shall try to identify the specific mechanisms of capitalist penetration in the case of the coppersmiths'.

First, the growth of the putting-out system has to do with the nature of the product; the copperkitchen utensils are fairly standardised items. Moreover, they are neither too big and clumsy nor too fragile to create serious problems in transport and in building stocks. Secondly, the market for these copper wares is not the local market. In both respects the copper wares are different than the welders products i.e. bulky and non-standard door and window frames, and the clumsy wood burning stoves for which the market is more or less local.

Thirdly, there are technical economic reasons. The implements used by the coppersmiths are simple and relatively cheap. For instance, fixed capital costs are much higher in stovemaking. Thus, advancing or renting the lathes to the direct producers will be very costly for the merchants. Since fixed capital costs are high, one will always invest in centralised workshops rather than invest in the less efficient putting-out system.

Fourthly, the sheet-copper trade has a rather unique aspect. For instance, in the cases of sheet-iron and pipe iron trades, small-scale merchants were able to survive. These small merchants compete among themselves to get hold of customers, e.g. the stovemakers, steel-furniture industry, the welders. Hence, the stovemakers and the welders can always make credit-purchases from these small scale merchants. In the case of the copper-smiths, such merchants are extremely few and these sell copper to the coppersmiths alone. Since this market is very small, only those who put-out work to the outworker coppersmiths attempt this trade.

Finally, there is something unique about the nature of marketing in the case of the coppersmiths. The market for the copper utensils is not local. In fact, the Kayseri copper merchants sell their goods mainly to merchants from other towns.

On the other hand, there are also those independent coppersmiths who sell their wares to individual customers. These organised among themselves a kind of barter system; each independent coppersmith specialises in making one kind of copper utensil and then this is changed with other copper utensils made by other independent coppersmiths. Thus, each independent coppersmith can supply the individual customer with a variety of copper utensils. The outworker coppersmiths on the other hand, produce for long distance trade and this necessitates whole sale marketing.

All metal artisans are subordinated by large-scale industry through backward linkages and all seem to suffer from unfavourable terms of trade and from soaring prices and speculation in the raw material markets. Again all the artisans sell their products either through merchants or through other capitalist agents as the building contractors. Finally, all metal artisans other than the welders suffer from competition with capitalist industry. Subordination to capitalism or capitalist penetration increased the financial burdens of the artisans and therefore there is little that they can do to accumulate capital or to improve their standards of living. But, subordination to capitalism in this sense is not the same thing as loss of independence and selling of labour power that is, wage work. From subordination in these general terms one should move to the analysis of the specific types and degrees of subordination in order to explain the emergence of wage work, all round agents, outwork, and domestic industry. At this second level of explanation broad distinctions such as capitalist and non-capitalist forms of production or explanations which remain at the level of such broad terms are inadequate in explaining the causes of the emergence or absence of differentiation among the small scale producers. Not only that the type and intensity of subordination

or capitalist penetration differ from one concrete situation to another but the nature of the non-capitalist enterprise also differs. In other words, all the relevant factors pertaining to the three distinct levels of the workshop, conditions of production and exchange should be introduced to the analysis.

DO THE METAL ARTISANS SEE THEMSELVES AS PROLETERIANS?

The metal artisans are not too optimistic about their future; referring to the recent deterioration in many artisanal trades, many artisans say 'nowadays, the world changes without bringing much of luck for us'. They tend to see economic events as results of economic causes. For instance the depression of their incomes are due to the emergence of larger and more efficient firms. Many admit that their skills are obsolete and that this is the reason why youngsters are reluctant in entering their trades as apprentices. Often, the metal artisans put the blame on merchants who in their opinion undermine their toil.

The artisans have business relations with merchants, industrialists and the Government bureaucracy and they are a part of a wider economic system. In interpreting economic events that concern them, their primary focus is those people with whom they have close personal contracts. For instance, it is not the Government policy or the large industrial firms but the merchants who sell them goods whom they ^{hold} responsible for increases in the raw material prices. In other words, the artisans interpret conflicts and cases of clash of interest in terms of the immediate persons rather than institutions or wider structures. At a higher level of explanation however, everything that happens is seen as the work of God: not the specific business issues but the general 'state' or 'order of things' are apprehensible only at the supernatural level.

The artisans believe that success and failure in business are determined by events which effect the particular trade taken as a whole. That is, individual efforts have only a secondary role in bringing success in business. Personal contacts with influential people, good decision making and personal initiative are all seen as important factors in running business but success and failure do not always derive from such individual qualities. For instance, one can do little to save his sinking trade and his own enterprise which is bound to sink, with it. But, why were so many artisans unsuccessful in emerging as capitalist entrepreneurs? The latter were also recruited among skilled craftsmen but these people were trained in new areas and skills. In fact, this question will be the major theme of the next section.

The artisans themselves knew well that so many factory workers in Kayseri earn more than what an average artisan earns. Some even carry the point further claiming that wage work in the factories is more secure and promises an easy, regular and pleasant life. But, none of them told me that they ever gave a serious thought to finding a job in a large scale industry and none of them had taken steps in this direction. 'Money is not the only thing in life' they would say pointing what they see as undesirable in wage work; lack of autonomy, too much of work discipline, difficulty in even taking a day off and job insecurity. What really bothers them about wage work is lack of independence: what they understand by independence is a way of life and not a kind of economic status. The artisans do not look down on the factory operatives: they neither see them as a different sort of people nor do they consider their occupations as inferior to their own. But, what seemed unacceptable for them is ones work and life being regulated by a superior whether the superior is a foreman, boss, or a director. I can only imagine

that emphasis on social class differences were more pronounced when the economic standing of the artisans were comparatively better than that of the workers and when the latter were less numerous in the town. Emphasis on social class distinctions disappeared as the unionised workers made progress in improving their standards of living and began to have job security while most artisanal trades were declining. This seems to be the main reason why differences between wage work and small proprietorship is often conceptualized in terms of differences in work patterns and ways of living.

Although the outworkers see themselves as 'workers' and they describe their work as 'iğcilik', [wage-work] the reference is to the activity pursued rather than social status. They would argue that an 'iğçi', wage worker, is one who has a boss and who works in a comparatively large workshop thus, emphasizing their independence. But again the sole reference is to a kind of work pattern; carrying out the productive activity without any supervision. Neither would they admit that the copper merchants are their bosses. 'The people there' or 'the rich ones' are words used to describe the copper merchants. What they mean by this is that the putting-out merchants are people not very different from the outworker coppersmiths. They attribute neither higher prestige nor higher status to these putting-out merchants. The merchants are their fellow coppersmiths but too much money makes them greedy and ruthless. If they had the necessary means they themselves would also like to become copper merchants but with wealth on their side they would act generously towards their fellow-coppersmiths.

CHAPTER 11

WORK ORGANIZATION IN THE CAPITALIST SECTOR

In the case of the Kayseri metal industry a primary distinction should be made between small commodity production on the one hand and capitalist production on the other. The former is almost exclusively the sphere of the four artisanal trades. This section however examines the basic features of the capitalist enterprises; those which employ wage labourers in relatively large numbers and appropriate surplus value in production, as is typical of early stages of capitalist production in industry, wide differences appear among these enterprises in terms of work organisation. The main interest of this chapter is to examine the implications of different types of work organisation. ^{from} capital accumulation in the Kayseri metal industry.

FIRM SIZE

The metal industry employs some 8,000 workers and as such it is the leading branch of industry in terms of employment. On the other hand one ^{third} of those enterprises which employ more than five workers are metal industries. Here one can find small, medium as well as large scale enterprises. The latter can be divided into two; the giant capital intensive industries and large scale labour-intensive industries. Since the former were not included in my survey, I shall be referring to large labour intensive industries as large metal industries. These employ between 50 and 400 workers. The smaller metal industries on the other hand employ between five and fifty workers and all of them are registered by the Kayseri Chamber of Industry.

Nearly three quarters of all industries registered with the Kayseri Chamber of Industry, are small enterprises. But, the

large ones, forty out of a total of 147, employ one half of the total work force in the metal industry. For instance, the largest of these employ 400 workers and there are six enterprises each providing jobs for more than 100 workers. [Table 7]. Nevertheless, the metal industry is a highly competitive one; monopolistic enterprises are largely absent and some small enterprises can always evolve into large enterprises. The small industries proliferated mainly in the 1970's and one can expect this trend to continue in the coming years.

The average size of the work force in the metal industry is 29. Although it is very difficult to make sound estimates, it is possible to argue that the average firm's size is slightly greater than twenty-nine. On the one hand, the small enterprises always keep a work force which is not insured and therefore one which does not appear in the records of the Chamber of Industry. On the other hand, about one fifth of the actual work force in the large metal industries neither have insurance nor do they belong to any Trade Unions. These too do not appear in the record of the Kayseri Chamber of Industry. The majority of the unregistered work force in the large industries are seasonal workers who are drawn into the industry during months of peak activity. On the other hand, some unregistered workers in the small enterprises are family labourers.

According to the records of the Chamber of Industry, there are forty enterprises each employing only five workers. However, I found that many of them employed more than ten workers. This indicates that there is no continuity between the artisanal and the small capitalist enterprises in terms of work force size. Including the master-craftsmen himself, the majority of the artisanal workshops have only two or three persons in them whereas

TABLE 7

ENTERPRISES AND WORK FORCE IN
THE METAL INDUSTRY AND IN KAYSERI

Industries	Number of Enterprises	Work Force	Average Number of Workers
9 - 50	57	1,105	22
51 - 200	10	1,170	117
200-	1	305	-
Total	68	2,580	40

even the smallest capitalist workshop has a work force of nine or ten.

The large metal industries produce durable consumption goods. These place orders to many smaller enterprises which produce intermediate goods for the larger ones. Only in the case of enamelling however, do some large industries work for orders placed to them either by other large industries or by some small capitalist workshops. A third group is the capital goods producing industry i.e. agricultural equipment, tools and machines for the building industry, lathes used in the metal and woodworking industries. However, these workshops are not too numerous.

I found that nearly three quarters of the metal industries either used some input goods produced by Kayseri metal industries or sold intermediate goods to Kayseri metal industries. In other words the backward and the forward linkages between Kayseri's metal industries are fairly strong.

THE FOUNDRY

The production of metal goods of the kind which I indicated involves a multitude of operations or sub-processes. In this section however I shall examine them under two basic categories; the foundries or metal casting and metal turning under which I subsume such operations as turning, milling, drilling, polishing, refining.

Metal casting and metal turning take place in two different contexts. In the first place, there are the foundries and the turning workshops which specialise in either one of these operations and which exist as legally independent enterprises. Usually, these are small industries which, few exceptional cases aside, employ less than thirty workers. Secondly, the large plants

have foundries and turning departments in them. The discussion on the labour process in the metal industry focuses on the similarities and the differences between the large and the small industries in relation to these two major sub-processes of production.

In this section I try to show that both the small foundries and the foundry departments of the large plants have the kind of work organisation which is typical of capitalist manufacture. What is meant by manufacture is co-operation based on division of labour. Simple cooperation, the typical work organisation of the artisanal workshop, is extended in the case of manufacture. As Palloix puts it, the craft activities are decomposed and reorganised so that division of labour and fragmentation of tasks become the rule in production. Despite this change the craft remains as the foundation of work (Palloix: 1976, p.51,52).

For Marx, manufacture had dual origins. Commenting on the origins of manufacture Balibar distinguishes what he calls real division, the case where the complex operations of a single handicraft are shared out among different labourers who become specialists in one fraction of the labour, from another case 'where the junction of several different handicrafts, subordinated to the production of a single useful product to which they [labourers] all contribute thus transforming these handicrafts post factum into fractions of a single labour' (Balibar: 1970, pp. 237,238). As I discuss in detail later on, the foundries in Kayseri are a good example of the first type; the operations involved in metal casting are broken down into components and divided among labourers.

Manufacture has in common with the artisanal and the capitalist domestic industry the handicraft basis, the extensive

reliance on hand tools and techniques (Dobb: 1972). Indeed, the majority of the work done in the foundries necessitates hand tools and manual skills. But in this sense, the organisation of work in the foundry is in marked contrast to what Marx called 'capitalist production proper', machino-facture or factory production; a system of machinery with a work pace of its own and which replaces the dependence on manual skills. On the other hand however, capitalist manufacture is marked by the appropriation of surplus value from the direct producers. In this capacity it resembles the more advanced factory production as well as the more backward capitalist domestic industry (Marx: 1965).

Foundry work involves smelting metals and giving shape to them. In the case of the Kayseri metal industry foundry work is almost synonymous with smelting and casting pig iron. In fact there are some enterprises which specialise only in these two operations and work for orders placed to them by other industries which produce finished metal goods or metallic components. On the other hand, some plants carry out not only foundry work but a host of other operations too e.g. metal turning, enamelling. In such cases the foundry exists as one department of a larger plant which contains other departments. Whether it exists as a separate unit or as part of a larger plant, the technical organisation in casting is largely uniform in the Kayseri metal industry.

First let us look at some of the main operations which take place in the foundries in detail. Initially the metal is heated in a furnace until it is liquidised. Usually, two workers fetch from the furnace a bucket of the liquidised metal to pour into the moulds through tiny holes opened in the sand. Another

major operation is mould preparation. This involves the preparation of the required shape to be given to the metal. The material used for this purpose is a particular kind of sand which is soft and sticky enough to take different shapes. When the liquid metal cools off in the sand it takes the exact shape of the mould.

Foundries produce parts or components of machines and metal goods. Since it is essential that the different components should fit, precision in mould preparation is of utmost significance. Secondly, the moulds have to be made compact and strong so as not to allow the liquid metal to leak through the tiny holes in the sand. Although smelting can be done over and over again nevertheless carelessness in mould preparation will lead to waste of sand, energy and time. Finally, it should be mentioned that each mould can be used only once. All these factors make mould preparation the most labour-intensive aspect of foundry work. Other operations such as fuelling furnaces, removing solid metals from the sand and cleaning and polishing the cast metal require no specific skills.

Foundry work necessitates cooperation among the workmen and an elaborate division of labour. Even the smallest foundries in the metal industry have a minimum of seven or eight workers in them; one to put fuel in to the furnace, two to carry buckets from the furnace to the moulds, three skilled workers to prepare moulds and one or two to help other workmen. In the larger foundries the division of labour is more developed e.g. the distinction between skilled and unskilled workers is more marked and the tasks less interchangeable.

In the foundries the new recruits are trained on the job. Young boys are asked to do simpler jobs while they are

instructed and advised by their superiors. This system helps to maintain a steady flow of skilled workers; as the elderly skilled leave their jobs those trained on the job replace them.

However, even those workers who do the rather routine job of mould preparation are not always regarded in the industry as skilled workmen. In fact, the major implication of high skill in this particular trade is what is called precision casting, the techniques involved in casting sophisticated and/or very small components. This requires systematic knowledge in metallurgy and experience in technical drawing. On the other hand high-skill also involves expertise in organising and supervising the production process. The components in demand can in principle be in an infinite number of shapes and this means that the foundry has to have a few-skilled people who can effect the necessary technical alterations in the workshop to cope with demand. The typical small workshop has only one or two of such skilled workers and one of them is almost invariably the owner himself. The larger enterprises on the other hand employ a multitude of skilled workers who are often recruited among the graduates of Kayseri Technical High School with experience in the trade.

Thus a hierarchy in terms of skill is intrinsic to the organisation of work in both the small workshops and the larger plants. The three-fold hierarchy includes the skilled workers and/or supervisors who organise production, the semi-skilled workers who prepare moulds and the unskilled workers who do the relatively simpler tasks.

The increase in the number of foundries in Kayseri and the growth of output in foundry products has followed in the case of the Kayseri metal industry the spread of casting skills

among the work force. This fact is of special significance; since no major technical innovations have occurred in this particular trade the only way to effect increases in output was by increasing the numbers of skilled and semi-skilled workers.

The demand for semi-skilled foundry workers rises sharply during periods of rapid industrial expansion. To increase production the large enterprises draw the semi-skilled workers from the small workshops, customarily the training pool for unskilled workers. The latter in return recruit new trainees. The demand for skilled workers on the other hand is created by changes in the products e.g. the introduction of new products. For instance, the milk separator or automobile components are sophisticated products which require precision casting and this necessitates the efforts of skilled workers. Since the early 1940's Kayseri Technical High School and the Aircraft Repairing Center, a state-owned military-industrial complex which recruits the graduates of KTHS and trains them, have both played an important role in supplying the private enterprises with the kind of skilled workers they need. In fact the techniques of precision casting in so far as Kayseri metal industry is concerned has originated from these two institutions.

Until the early 1970's the Kayseri metal industry suffered from an acute shortage of foundries. The enterprises used to sub-contract work to foundries in other towns e.g. Mersin, İstanbul but due to increased production costs the industry had only a weak competitive position in the national market. In the past ten years however this bottleneck was removed completely thanks to the ARC and KTHS which continued to supply the labour market with skilled workers and the private small workshops which trained hundreds of semi-skilled workers. Here then formal

education and on the job training complemented each other in such a way as to give a big stimulus to the industry.

Nearly one third of the work force in the metal industry is made up of foundry workers. This is due to the labour-intensive nature of the industry. The instruments commonly used in the foundries are hand tools and contrainers's. Another major feature of the foundry is its large workshop space requirement; to effect a unit increase in output the workshop space should be increased proportionately. This system of extensive land use arises out of the very fact that moulds can be laid only horizontally and also that footpaths have to be placed between the rows so that the workmen can reach each mould. Finally, it should be mentioned that foundries are highly flexible in adapting to changes in products; without bringing any major technological alterations, the existing casting technology allows the production of an extremely wide range of products.

TURNING

Other operations commonly practiced in the metal industry are cutting, turning, drilling, bending, milling, refining and polishing. In contrast to casting these operations are largely mechanised. This section explores the nature of this machinery and the kind of work organisation it imposes on large plants and small workshops in the metal industry. What Marx called mature industrial capitalism envisaged a 'specifically capitalist labour process'; that system of production where the workman loses his control over the instruments of production to become only an attendant to a system of machinery which itself sets the pace of work. (Marx: 1965). Given the fact that machinery plays a crucial role in the metal industry in operations other than casting, is it possible to say that a

specifically capitalist labour process has developed in the turning workshops or the turning departments of the large plants of Kayseri's metal industry?

To elaborate on this question I make use of Haworth's formulation of the tendencies or the major aspects of work organization in plants which developed this specifically capitalistic work organisation. Drawing on Marx's original formulation Haworth emphasizes the following five points;

- a tendency for increased productivity —————→
- and increased intensity of work to be stressed and implemented.
- a de-skilling of the bulk of the work force.
- the development of a cadre of technically-skilled production staff who command control functions in relation to their subordinates.
- the institution of a complementary time economy.
- the development of rigid control systems in production dictated by the rhythm of machine production. (Haworth: 1979, p.3).

I begin with the last point.

According to Braverman what distinguishes the primitive machine from the hand tool is a fixed cycle motion given to the latter. (Braverman: 1974, p.188) In fact, the machines used in turning all have in common this fixed cycle motion. The guillotine, powered scissors, turning and drilling lathes the milling machine, the press machine, the polishing lathes all have what we may call a working tool, that part of the machine which directly acts upon the raw material and this is a part which does not change its course of action under human intervention. In other words, the working tool acts without any manual

guidance by the workmen. This capacity for autonomous action reduces the amount of control that the workmen can exercise over the particular instrument. Nevertheless, it still remains to the workmen to decide when to set the drilling lathe in motion and to decide the depth to which the material is to be penetrated. Thus the workman who uses the drilling lathe is not a mere attendant and therefore needs to have a minimal skill in order to operate this machine. What then is the impact of machinery on skill in the case of turning?

First, it is possible to draw a clean cut distinction between skilled and semi-skilled workers. The latter are both widespread and have a clearly defined position in the large plants where work is distributed in such a way that each workman is assigned the task of operating one single machine. That is, the management in the large plant assigns to each worker a simple, routine and a repetitive kind of task. King, commenting on African small industries points that this kind of training or job assignment is product specific; the workman does not learn a whole spectrum of skills associated with a particular craft but a number of discrete operations. (King: 1974, p.221). The kind of machines used in the Kayseri metal industry helps to reinforce this tendency; the increased technical division of labour and the reduced mobility of the worker in the plant have important de-skilling effects. In order to understand how this happens a comparison with the small workshops will be illuminating.

In the small turning workshop the young worker practices the whole spectrum of the relevant skills. Hence, he would operate not only a single machine or two but almost all the machines which exist in the workshop. Therefore he has considerable

mobility in the workshop, moving from one machine to another. All this helps him to broaden his skills. What underlies this difference is the absence of mass and standardised production in the small workshop which has to have a wider flexibility than the large plant in order to adapt to the frequent changes in demand and production methods.

The industry also needs skilled workers. First, the skilled workers have a high degree of expertise in operating, adapting and repairing the instruments common to this trade. Secondly, the skilled-workers are the ones who organise and coordinate the whole productive activity around the operations in metal turning. Thirdly, the skilled workers have some basic knowledge of mechanics and mathematics usually obtained through formal education e.g. Kayseri Technical High School.

Finally, the skilled workers are the ones who can bring new combinations in the techniques of the metal turning so as to effect minor innovations in products.

In many enterprises there are skilled workers or skilled masters as in the case of small enterprises who do manual work and experienced semi-skilled workers with no formal education background but who do non-manual work such as supervision. Nevertheless, the introduction of machinery into the turning trade had the effect of separating the skilled labourers or the technicians from the body of semi-skilled workers. Indeed this type of separation is a feature of modern factory production, or that of the specifically capitalist labour process.

Next, I shall deal with the following question. Could the new machines eliminate the individual pattern of work so typical of artisanal and other backward forms of production? The machines used in turning are in one sense specialised

instruments; the type of work done by one kind of machine complements that done by the others. For instance, one turning lathe is useful in giving a multitude of shapes to different kinds of raw materials but all its operations are confined to metal turning alone. Thus, it is not a universal purpose machine which can be used invariably in all phases of metal goods production. Therefore even the smallest turning workshop contains several turning and drilling lathes, a milling machine and possibly a polishing lathe. This technologically determined inter-dependence between the specialised turning workshop machines makes division of labour essential in the production of metal goods. That is, the latter requires the combined efforts of several workmen each of whom carries out some of those necessary operations as milling, turning, drilling or polishing. From this point onwards, production in the turning workshop gains a collective nature. Whether the tasks are interchangeable among the workforce as in the case of the small turning workshop or they are divided among the semi-skilled workers each of whom carries out only a single operation as in the case of the large plant is a matter of only secondary importance. In both cases production is maintained not by the isolated workman but by the collective labourer. This on the other hand is one of the fundamental features of the typically capitalist labour process.

Another crucial aspect of transition to modern factory production is the separation of the direct producers from the means of production.

"In small scale production as it was, as far as the individual labourer was concerned, an accident and not of the essence that he lacked the means of production. This is still true of some forms of manufacture. In a sweat-shop garment factory the girl (usually) who

works the sewing machine could easily own such a machine herself. The scale of capitalist production based upon manufacture may make it difficult for new individual capitalists to arise out of the ranks of the working class; but it does not make it impossible. There is still a certain fluidity between capital, artisanal groups, workers etc; and it is not necessary to the actual labour process itself that it be supervised by some agent of capital" (Brighton Group: 1977, p.11).

The majority of the successful entrepreneurs in the metal industry were the ex-employees of the Aircraft Repairing Centre. These however were the sons of well -to- do traditional middle class families e.g. shopkeepers artisans, bazaar merchants, and as such they often used family resources to establish and expand their businesses. On the other hand, some skilled workers lacking such resources were able to emerge as successful entrepreneurs thanks to partnership offers made by others who wanted to make use of their skills. Other than these two instances, it was always difficult or nearly impossible for any skilled worker to set up a turning workshop of his own.

Setting up a turning workshop requires ten times as much capital as it does in setting up a small workshop for stovemaking and five times as much as it would to set up a carpet manufacturing enterprise. What raises the minimum entry requirements here is the cost of machinery. Thus, the workers in this branch of industry seem to have the least chance of rising as small entrepreneurs. The mechanisation of turning threatens the fluidity between capital and labour so common in other branches of the Kayseri metal industry.

The other area which I want to look at is control in industry. Does machinery endow the management with any significant means in its attempts to speed up production, to reduce

its dependence on manual skills and to impose a technical unity or integration onto the productive activity? I shall limit this discussion to the case of the large plants where the relationship between the workers and the management is largely impersonal.

Even in the large plant however the primary concern of the management is the skill composition of the work force. On the one hand the majority of the tasks are defined according to skills; the turning work needs to be done not by a miller nor by any other skilled worker but by the semi-skilled turner. If the management fails to recruit people with the right qualifications work may be seriously disrupted. The problem however is not solved simply by training the un-skilled workers. Technically, it is the semi-skilled worker himself who sets the rhythm and intensity of work; that is, he is by no means a mere attendant of the turning lathe or the milling machine.

This kind of dependence on manual skills often creates dilemmas for the management. To increase efficiency the management takes measures to reduce the physical mobility of the worker: like the machine that he operates the worker too has a fixed place in the workshop from which he is not allowed to move during work. In the large plants the pace of activity in the different departments is not always the same. Hence, the peak season of work in the assembly or foundry departments may be matched by inactivity in the turning department. Given this condition of dependence on specialised semi-skilled workers, the management cannot maintain a smooth flow of workers either between or even within departments; therefore some departments suffer from labour shortages whilst others have redundant workers in them. The other alternative, that is, training workers in all

the necessary sub-processes and frequent re-allocations of tasks among the workers creates such problems as reduced speed, inefficiency and inadequate supervision.

This question of the regulation of the speed of production or the intensity of work is an extremely important one from the point of view of the management in the metal industry. The turning lathe itself has a motion of its own that is independent of the worker himself, but it is the worker who decides when to set the machine in motion and when to stop it. To speed up the pace of work the management has to resort to non-technical means. One measure often taken is economic in nature; in this case the management attempts to stimulate the semi-skilled workers either by setting piece-rates or rewarding extraordinary speed through bonuses. The second measure is close supervision which often amounts to what workers, themselves call 'police control'.

The key element in this relationship is the foreman who watches every move made by the workers. The numerous foremen in the large plant often define their mission as one of preventing laziness. This involves instructing as well as bullying the workers. Although they have other important functions such as giving technical advice, training young employees, rectifying the mistakes made by the workers, their job is primarily one of speed control.

Although the labour process has a collective nature, it does not lead to a self imposing integration of the technical activity. Let me make this more clear; unlike the system of continuous flow as in the case of modern chemical plants or the indivisibility of the progress of work as in the automated industries and the assembly line, manufacturing in this section of the metal industry is comprised of separable operations and

sub-operations. In order to ensure that the separate operations are united effectively and to overcome the apparent technical disunity, the management promotes a kind of hierarchy among the work force; the authority of management is established fundamentally by means of the foremen and not through the independent actions of a system of machinery. Still, much remains with the workmen in relation to specification and control of work. Therefore, we can conclude that the type of machinery which was first introduced to Kayseri metal industry some twenty years ago, did not bring a substantially calculable, standardized or objectively organised work process.

As I have tried to indicate the identification of this second type of labour process is problematic in many ways. On the one hand, the labour process assumes a collective nature and this facilitates the enlargement of the scale of production: the machinery has skill reducing effects and it makes entry difficult for small entrepreneurs and; the introduction of machinery has also led to the conscious application of science to production. All such evidence shows that the handicraft basis of the artisanal production, the putting-out system and capitalist manufacture is altered to a large extent. But unlike the case in the modern factory, the management is too dependent on the manual skills of the work force and it has to apply external or subjective measures eg. piece-rates, control of work through the foremen, to regulate the quality and pace of work. Therefore I think that the machinery is only towards about half way in bringing what Marx called the specifically capitalist labour process.

THE PRESSURE TECHNIQUES

Where sheet iron products or components can replace pig iron products, the pressure technique becomes a viable substitute for casting. In the Kayseri metal industry many plants reverted to this less costly method. In other words the shift from casting to pressure techniques marks a significant increase in the productivity of labour. Here the typical machine used is the heavy and bulky hydraulic press machine. Workers can be trained to use this machine in a matter of a few months and this makes skilled workers redundant. But it should be mentioned that this technique is useful in the production of light metal goods or components alone e.g. sheet iron kitchenware or the body of electric ovens.

COMBINED DEVELOPMENT

The mass production of metal goods requires the combination of a multitude of skills, tools and machines. The development of only a few of these skills may give rise to the production of a limited number of goods e.g. the production of aluminium saucepans would require no more than a press machine and a guillotine. Thus, even a small workshop of three or four hands can produce aluminium pans with minimal or no assistance from outside.

But, this is not so in the case of milk separators which necessitate either large plants or the combined efforts of several small workshops united through sub-contracting links, that is, specialists and machines are needed in greater numbers. Similarly, product diversification in a local industry requires a considerable increase in the numbers of skilled workers and specialised workshops equipped with the necessary tools and machines. This development took place in the Kayseri metal

industry only gradually; on the one hand skills were gradually diffused among the work force and on the other small entrepreneurs extended their equipment slowly by adding bits and pieces. The take-off in the metal industry really started only when accumulation in both fields reached a level at which the mass production of a multitude of goods became possible. This was the late 1960's.

The carpet manufacturer accumulates capital without altering the handicraft basis of the industry. On the other hand, the capital intensive large scale industries rely on sophisticated but imported technology; industries of this kind grow without making extensive use of local resources. The pattern of technological development in the labour intensive metal industry was neither of these; it could grow only to the extent that it could develop. Its techniques, however modest these innovations were, and could utilise local skills and capital.

CHAPTER 12

CAPITAL ACCUMULATION IN THE METAL INDUSTRY

Goods produced by the Kayseri metal industries compete with both the artisanal products and the products of large scale capital intensive industries. Only twenty or thirty years ago the majority of these products were unknown to the Turkish population at large. By 1977 however, durable consumption goods, coal burning stoves, pressure cookers, steel furniture and electric ovens began to be regarded by many people as necessary items of consumption. This rapid upsurge in demand was mainly due to increases in incomes. A good many of these goods are produced for consumption by low income groups, I should emphasize that on the one hand they are more expensive but on the other they are of ^{higher} quality than the traditional substitutes which they largely replaced.

The coal-burning stove is the leading product of the Kayseri metal industry. Fifty-two Kayseri firms take part in the production of nearly 500,000 stoves each year. In many Turkish villages and in the towns, the coal burning stove replaced the traditional fire place and other traditional heating methods. The coal burning stove is more expensive than the sheet-iron stove but a worker on the minimum wage would spend only one half of his monthly income to buy a coal burning stove. Moreover, the product would last for a minimum of seven or eight years. What matters for the consumer is not the absolute cost of the two competing products so as much as the comparative costs of fuel. Coal is nearly twice as expensive as wood and at least the poorest families have to take into account this price difference. Moreover, coal is in short supply and is always under

strict Government rationing. On the other hand coal is cheaper than fuel-oil and electricity, which are the fuels consumed by the more expensive substitutes for the coal burning stove i.e. electric stoves, central heating. Since the type of dwellings which the majority of the urban and the rural poor use is not particularly suitable for central heating, the coal burning stove has a further competitive advantage in this respect as well.

The electric oven too has both cheaper and more expensive substitutes i.e. the traditional fire place, and electric and gas cookers. The output of Kayseri's metal industry in electric ovens was 130,050 in 1975. [Kayseri Chamber of Industry Records]. In the villages and in the urban low income areas the electric oven became an important item among wedding gifts. A medium sized oven cost only 275 TL (\$ 11) and due to its cheapness even the poorest households could afford it provided that they had electricity in their districts or villages.

The demand for steel-furniture e.g. desks, chairs, office equipment, wardrobes, cupboards, comes from Government Offices, schools, shops, restaurants, coffee-houses, open-air cinemas and industrial enterprises. The steel furniture industry has destroyed almost completely the artisanal enterprises which used to produce wooden substitutes. Since wood is more expensive than steel, furniture made of good quality wood became a luxury item bought by the middle and upper income groups and this type of furniture is produced by small and large capitalist industries.

In 1975, the output in pressure cookers in Kayseri was 269,000 and 5,000 of these were exported [Kayseri Chamber of Industry Records]. The market for this product expanded continually and it is not difficult to predict that it will expand in the coming years. The retail price for the average size pressure

cooker was 250 TL (₺ 6) in 1977, a price which any family could afford and the product is long lasting. Moreover, the pressure cooker helps the family to cut down on fuel expenses and it saves time.

The demand for milk separators and sewing machines is not very promising. In the eight years from 1968 to 1975 the production in milk separators first increased and then remained stable. The reason is the rapid growth of large scale dairy industries. The milk separator is used by small scale dairy farmers to make butter. However, due to difficulties in marketing these small farmers prefer to sell their produce to the large dairy industries instead of processing milk into butter and cheese themselves. Thus, one can expect the market for milk separators to shrink in the long term.

In the case of sewing machines the challenge came from superior quality and more advanced substitutes. Kayseri metal industries produce only manual sewing machines but in the past years the growth in demand was mainly for electric machines. Thus the industry lost its market among the tailors almost completely.

Some enterprises produce spare parts and investment goods but the demand for such products is highly irregular in that mass production is nowhere the norm; each item is demanded only in small quantities and this takes place in the form of specific orders. This makes product standardisation something difficult to achieve and this delays the centralisation of capital in this branch of industry.

The metal industries produce cheap and sometimes inferior quality goods for the consumption of the urban and rural poor. The major exception is the pressure cookers which appeals to

all sections of the population. Given the competitive structure of the industry, many large and small enterprises compete among themselves in the product market.

THE EMERGENCE OF THE LARGE METAL INDUSTRIES:

THE NUCLEUS WORKSHOPS

The growth of the Kayseri metal industry has two major aspects; the emergence of some twenty-five large enterprises on the one hand and the proliferation of small workshops on the other. Since centralisation of capital in the industry facilitates decentralisation these can be seen as inter-related developments. Many small firms have neither backward nor forward linkages with the emergent large metal industries but nearly one third of the small enterprises produce primarily for the twenty-five large firms.

The pattern of growth in the metal industry was in the past one of growth from small to large. This pattern sharply contrasts another which is also common in Kayseri; the enterprise is established as a large one at once. For instance, the giant Kayseri metal processing factory had a work force of 2,000 and a very sophisticated plant from the day it started production in 1978.

The first pattern by contrast is marked by organic and gradual growth. The enterprise reinvests its profits into machines, buildings marketing and labour to expand its size and productive capacity. Thus, the twenty-five large metal industries had to rely mainly on internal sources of finance to grow in size; loans from banks or raising funds through the capital market played only a negligible role. Capital accumulation within the enterprise was the major source of finance. This growth pattern that is, from small to large, has also its distinctive spatial

features; the factory buildings are made of parts built at different times and with different materials and designs and the machines and equipment are of different age. In this pattern of growth, short term changes in demand constitute the major factor in deciding new investments.

The sheer number of large metal industries tells us that a considerable proportion of small firms did manage to grow into large capitalist enterprises. But, was this selective? Is it possible to find a certain relationship between success in business and particular types of industrial organisation? To analyse the growth dynamics of small firms in the metal industry I distinguish three types of small firms; nucleus workshops, subsidiary workshops and independent small firms. Although all three of these types can be found in the Kayseri metal industry at present, the nucleus workshops are few and this type is disappearing. However, the majority of the twenty-five large enterprises were initially founded as nucleus workshops.

The early small firms had problems and difficulties which the present day metal industries do not have. Skilled workers and many of the basic raw materials were in short supply and an adequate marketing and transport network was largely missing. Moreover, machines were difficult to obtain and credit supplies were even scarcer. All these factors made rapid centralisation and technical integration practically impossible. The typical mass production enterprises which emerged in the early days of the Kayseri metal industry attempted to cope with these difficulties by developing certain organisational features.

Each enterprise used to keep a central, or what I call a nucleus workshop which specialised in one or two of the necessary sub-processes. The majority of the operations were however

sub-contracted to other workshops.

Both the nucleus workshops and those with whom orders were placed were registered as separate enterprises. The owners of the nucleus workshop used to co-ordinate the activities of several small firms which rarely employed more than fifteen or twenty workers. The nucleus workshop itself was not always the largest of all and nor did it have superiority over the others in terms of productive capacity. Each nucleus workshop was specialised according to the area of specialisation of its owners hence, if the owner himself was a metal turner the nucleus workshop took metal turning. Due to this, the area of specialisation of the nucleus workshops varied throughout the industry e.g. among the stove producing firms some nucleus workshops were foundries whereas some others were turning workshops and still others were finishing and assembly workshops.

This sub-contracting system helped the owners of the nucleus workshops to avoid investments in buildings and machinery at a time when capital was too scarce in the industry. Since centralisation was not the norm in the industry at that time, mass production of certain durable consumption goods was possible only where this sub-contracting network was established. In some cases the owners of the sub-contracted workshops were made partners in the enterprise, but this practice was not widespread.

In production organisation a crucial step in the development of industry is separation of skill and control. This was due to de-skilling which was an outcome of the introduction of machinery and the increase in specialisation. In case of Kayseri metal industry, these developments led to a kind of centralisation of control. The small capitalist could play a significant role as the organiser of production in the different workshops

under his control thanks to partial de-skilling which took place in the metal industry. Thus, the first distinguishing feature of the nucleus workshop owner was his ability to organise and control production which was carried on in different workshops.

Secondly, the owner of the nucleus workshop used to hold the upper hand in marketing and finance. In fact his enterprise was partly industrial and partly commercial. On the one hand he employed wage workers to maintain part of the productive activity in his own workshop but on the other he marketed the produce of other small firms. In the case of these enterprises mercantile and industrial activities were closely interwoven. Thus, the owners of the nucleus workshop accumulated capital in industry as well as in trade. Indeed, this was one of the main reasons why nucleus firms evolved into larger firms so rapidly. They did this either by extending the productive capacity of the nucleus workshop through buying more machines and employing more workers or through incorporating the sub-contracted workshops into the main firm.

Below, I give three examples to elaborate on this nucleus workshop model in some detail.

Case 1: Ali and Hasan used to be good friends in KTHS and after they graduated both worked for a period in the Aircraft Repairing Centre. Later Hasan was able to set up a small automobile repairing workshop of his own whereas Ali found a job as a supervisor in a small workshop in the old industry quarter. Hasan offered Ali a partnership to set up a turning workshop. For Hasan this required nothing more than a change in the organisation of work since he planned to make use of his previous workshop and equipment. Ali on the other hand welcomed the offer for Hasan expected his contribution to be quite small.

The new workshop was founded in 1961 with only few employees and lathes.

This small enterprise pioneered the making of milk separators in Kayseri. The owners told me that the first separator they produced cost them 450 TL. but they could sell it for only 250 TL. (₺ 10). But they thought at that time that this was a big achievement for the sophisticated milk separator was not an article that was easy to produce. Soon however, they discovered that costs of production could be lowered considerably by producing separators in larger quantities.

The nucleus' workshop that is the one owned by Hasan and Ali carried out turning work whereas the small firm resorted to sub-contracting in the other necessary operations. These were casting, polishing, painting and assembly. The first major turning point in the history of the enterprise was in 1966 when Hasan and Ali bought five new lathes and the two adjacent workshops to extend the size of their work premises. These changes made the enterprise almost totally self-sufficient except in casting. To achieve this however, the two partners had to sell all the property they had. These included an old style house in the town centre a flat and two 'bağ evi' (summer houses). As Hasan and Ali put it they sold even their mattresses and quilts. On the other hand, I was often told by some of my other informants that the two partners' venture was financed by a Jewish Istanbul merchant. However, I should note that there are similar stories about almost all the successful industrialists and these usually originate from their schoolmates or workmates who have been less successful as entrepreneurs. The large entrepreneurs themselves also mention Istanbul merchants in certain contexts. Indeed, many of them had close links with

some Istanbul wholesalers: since until the early 1970's they marketed their output through them. These wholesalers were previously importers; when the Government began to restrict the import of some consumption durables, these people turned to domestic trade trying to persuade and encourage small Anatolian manufacturers to produce these goods domestically. But I do not have sufficient evidence to show whether or not these merchants did in fact support local manufacturers financially.

Six years after it was founded that is, in 1967, Hasan's and Ali's firm was able to produce 7,500 milk separators. In the same year however a large enterprise began to produce milk separators thus initiating a price war which shook the two competing firms. Hasan and Ali attempted to circumvent the rival firm by producing cheap and inferior quality coal burning stoves imitating the design and the trade mark of their competitor. The owners of the large firm accused Hasan and Ali of using their own trade mark and took the case to court. The uncertainty created by the legal dispute and the increasing financial strain due to cut-throat competition between the two firms arrested the growth of the two partners' firm for several years.

During these crisis years it occurred to Hasan and Ali that their firm could challenge its rival only by reducing costs in the production of coal burning stoves. Since this depended largely on integrating the foundry work into the main plant, the owners bought new land in the town's outskirts to build larger work premises. In 1971 they moved the plant out of the small industry quarter to their new factory buildings. Since casting was extremely labour intensive, the firm had to employ 120 additional workers. This brought the number of workers to two-hundred and Hasan and Ali's firm became an enterprise of considerable size.

The firm's rapid growth in the past six years is unprecedented in the history of the Kayseri metal industry. In 1974 Hasan and Ali founded a large scale enamel covering plant. Since it was only the second of its kind in Kayseri and since the demand for enamel covering was huge, the plant received orders from many large metal industries and it proved highly profitable. In 1975 Hasan and Ali invested in a large marketing firm to distribute their own products as well as those of some other enterprises. Only one year later the two partners bought a silk thread producing factory for which they paid 30 m TL. (§ 1.5 m). In the same year they invested in a large-scale aluminium processing plant which is to start production in 1979.

By 1977 the firm's output in stoves was 70,000 and that in milk separators 40,000. I was told that the 120 lathes in the firm's main plant were worth 15 m. TL.(§ 750,000). In this plant alone Hasan and Ali employed 420 workers and so they were the leading industrialists in the metal industry.

Case 2: Turkey's and Kayseri's largest pressure cooker producing firm has some distinctive features in terms of its ownership. Its founder and its major owner, Rıza, was also a graduate of KTİS who worked for the Aircraft Repairing Center in the early 1950's. His wife's family provided him with money and a small workshop and Rıza used these to found a small tar producing factory. Although the enterprise proved profitable Rıza had to close this business for good following the death of his brother who was poisoned while sleeping in the workshop.

In 1953 Rıza initially founded a small turning workshop and later in the same year he began to produce pressure cookers. He says the idea came from an Istanbul merchant. This was a time when private enterprise was almost absent in the town and

the small industry quarter was not yet built. Trade and transport facilities were undeveloped and poorly organised. Although the idea of producing pressure cookers stimulated Rıza, he nevertheless had to consider all the difficulties involved in investing in such an enterprise.

Several times each year Rıza went to Istanbul taking all his wares with him. He sees it as ironical that some of these pressure cookers found customers in the nearby provinces as Kırşehir and Niğde but it was almost impossible to remove the urgency of selling these goods to Istanbul merchants for people ready to trade in these products were almost non-existent in these towns. Maintaining a steady supply of raw materials was also difficult. For instance, sheet aluminium, the basic raw material for pressure cookers, was provided by the Aircraft Repairing Centre alone. The latter sold aircraft parts through auctions but since these took place sporadically the producers could never tell when aluminium was going to be available. Thirdly, the costs in producing pressure cookers were high due to backward techniques. Although casting is an efficient technique in making iron products, this was not so in the case of pressure cookers. Hence, this industry had to await the introduction of pressure techniques to reduce its costs considerably.

Rıza's workshop specialised in welding but it also contained a small foundry. All the other sub-processes e.g. turning, polishing, nickel covering, the production of some components and casting were sub-contracted to other enterprises. Rıza tried to bring all these workshops under a single firm and for this purpose he made the owners of these workshops his partners. What he had in mind was to overcome the problem of shortage of

capital on the one hand and keep the skilled people in the enterprise, that is, the owners of the small workshops to whom he used to sub-contract work. These also included two of his skilled employees and a man who came from Ankara with a press machine of his own. In doing all this, Rıza was always keen to keep the majority of the shares with himself.

In 1954 Rıza's small enterprise produced one-thousand pressure cookers. Rıza points that until the end of 1950's his profits were exorbitant. He was able to sell a pressure cooker for 80 TL. which cost him only 30 TL. With the emergence of rival firms however these profit margins were reduced considerably.

The major technological change was the introduction of the press machine which replaced casting and thus removed foundry work completely. The effects of the new technology were striking; the output of the firm increased from ten to 50,000 in the course of two years after the press machines were installed. This also involved considerable reductions in labour costs since the new machinery made the foundry workers redundant. By 1968 the enterprise emerged as Turkey's leading pressure cooker producing company. In the past seven years the annual output of the firm never fell below 70,000 pressure cookers.

In these years the firm founded a milk separator producing factory and bought shares in joint stock companies, a food producing company, another a cement factory and the third a basic metal processing industry.

Nevertheless, Rıza is largely disappointed with the past performance of the firm. His view is that the short-sightedness of his partners in making new investments and their extravagance in spending e.g. buying luxury cars, apartments, summer houses,

curtailed investments in productive and more profitable areas.

Case 3: Yakup, the single owner of a large-scale stove and milk separator producing plant, is neither a graduate of Kayseri Technical High School nor an ex-worker of the Aircraft Repairing Centre. He inherited a small wholesaling company from his father. Initially, Yakup pursued his father's trade, that is, buying and selling dry foods e.g. beans, chickpeas. Later however he traded in such products as oil seeds, leather and finally durable consumer goods.

In the early 1960's, the Istanbul merchant who supplied him with the durable consumer goods persuaded Yakup to invest in manufacturing to produce sewing machines. Since his savings from the previous work were considerable, it was not difficult for Yakup to set up a small workshop of twenty workers and to finance the purchase of raw materials and marketing for several small workshops to whom he subcontracted work.

Although Yakup himself had no previous training as a manual worker, he used to know a lot about the technical features of the sewing machine, a product which he had bought and sold for many years. Since the major and especially the sophisticated parts of this product were imported from Japan Yakup organised casting, painting and assembly work. In other words what was actually produced in Turkey was the large metal body of the sewing machine. On the other hand Yakup's own workshop confined its efforts to assembly alone. This was not unusual in view of the fact that this was the only aspect of production which did not require skilled supervisors and that Yakup had no particular manufacturing skill of his own. Yakup made the owner of the painting workshop a partner in order to prevent him accepting orders placed by other firms. When he invested in painting

equipment however, Yakup forced the painter to sell his shares and recruited him as a foreman with a very high salary. The owner of the turning workshop however rejected Yakup's offer on similar terms and moved his business to Ankara where he became a large industrialist. Finally, the owner of the foundry who also refused partnership with Yakup later emerged as Kayseri's most prominent dealer in iron products.

Yakup's enterprise suffered from competition which came from large-scale sewing machine producing companies in other parts of Turkey. He began to lower the output of sewing machines gradually while attempting to extend his foundry in order to start the production of coal-burning stoves. This however forced Yakup to find a partner who would finance his new undertakings. Yakup's first and last partner was a wealthy merchant who provided for the firm a large area on which new factory premises were built. Moreover, Yakup's partner used his credit to draw extensive loans from commercial banks. By 1968 the firm was of considerable size; it had thirty expensive lathes, a large foundry, three big lorries, new and spacious factory buildings and eighty-five workers.

This partnership lasted until 1976. In the two years before 1976 the factory was largely inactive due to a strike which lasted twenty-two months. During my field work I heard some people arguing that this strike was deliberately initiated by Yakup himself. It is said that he used this dispute to his own advantage in order to alienate his partner, a man who always regretted his decision to become an industrialist. Whether this was true or not, when a settlement with the Union was reached Yakup bought his partner's shares and became the single owner of the firm. When I visited the firm in 1977 Yakup was modernising his foundry

by installing new machines and conveyer belts. The firm's work-force was around 200 and it had an output of 10,000 sewing machines, 25,000 coal-burning stoves and 15,000 separators in 1977.

These three examples are largely typical of the large metal industries which grew from small workshops into integrated production units of considerable size either through incorporating subsidiary firms or through centralising production by means of introducing labour-saving technologies. On the other hand this type of growth had also as one of its corollaries the growth of small dependent workshops and the growth of subcontracting links between these and the large metal industries. It is this second phase that I now turn to examine.

SUBCONTRACTING

Some small metal industries produce input goods for Kayseri's large scale metal industries. This kind of subcontracting relations develops mainly between the foundries and the turning workshops on the one hand and the large metal industries on the other. In this relationship the small enterprise exists as an appendage or an extended department of the larger enterprise which places orders to the smaller one. Therefore, in analysing the subcontracting relationship one should take into account the total situation which includes the party which places orders, the sub-contracted party and the nature of the relationship which develops between the two.

In terms of employment it is possible to distinguish between direct employment, the labour required by those industries that produce intermediary goods for the subcontracting industry and direct employment, the labour required by an industry to produce a given output. (Meller and Marfan: 1981). On

the other hand, both the direct and the indirect employment reflect the labour requirements of the particular industry taken as a whole. Thus, if production in a certain plant leads to an increase in employment in other enterprises, it would be wrong to assess the employment creation capacity of the subcontracting plant on its own. In the case of subcontracting, an adequate understanding of the mechanisms of capital accumulation requires an understanding of the nature of the relationship between capital and labour in both the subcontracting and the sub-contracted enterprises as well as the nature of the relationship between the two.

In the Kayseri metal industry the larger enterprises resort to subcontracting for several reasons. In the first place, competition in the product market leads to increased diversification of the product range in the industry. Although the extension of the product range beyond certain limits is difficult to achieve in the case of Kayseri metal industry, it is not difficult to see that those firms which did diversify their product range have benefited enormously from it. Diversification is a safety-valve against short-term fluctuations in demand and in profits; it will help the firm to compensate for losses made in certain products with high profits made by producing another group of products. Therefore, the metal industries adapt the innovations in the products fairly quickly. But, once the enterprise extends its product range, it finds its productive capacity insufficient to meet a given production target and this forces the firm to subcontract work to other plants or enterprises. Thus, it is possible to conclude that the competitive nature of the industry is one essential cause of the growth of subcontracting relations.

The technological basis of subcontracting is a situation of permanent over-capacity in the large-scale Kayseri metal industries. The production targets set by these enterprises are too high to be met without farming out part of the work to other enterprises. The sub-processes in which subcontracting develops may vary from one enterprise to another. I do not know of any Kayseri metal industry which relies entirely on subsidiary workshops in case of all the necessary sub-processes. What is common to the large metal industries however, is an unevenness in the different departments of the plant in terms of productive capacity. Usually, the productive capacity in some departments lags behind those in others. Thus, many large metal industries seek outside help only in those sub-processes where productive capacity of the plant falls short of meeting the production targets. On the other hand, the high capacity departments are usually the high productivity departments of the plant. For instance, the productivity of labour will be relatively high where press machines are plentiful and in the case of this sub-process subcontracting relations hardly develop. But, the labour intensive casting will make sub-contracting almost unavoidable.

In setting output targets, the large metal industries aim at maintaining full-capacity in the high productivity departments. Since this creates *under* capacity in the low productivity departments, sub-contracting will follow. If the opposite conditions prevail that is, if the out put is set according to the lowest productivity department, the plant will be self-sufficient in achieving its output targets. In this case, there will be under-utilised capacity in all the departments except the low-productivity ones. This situation which is detrimental

to the growth of sub-contracting relations is a rarity in the case of the Kayseri metal industry.

What regulates output in the larger enterprises is demand. Therefore a change in the demand for the products of these industries is the most important factor in determining the nature of the relationship between the large industries and the subsidiary workshops. Thus, sudden expansions in demand will lead the firms to increase their output and this will create *under* capacity in the low productivity departments of the large metal industries. This will promote subcontracting arrangements and the large firms will compete among themselves to get hold of small workshops to maintain steady supplies. The increased demand for the intermediate goods produced by the small workshops will also effect increases in the piece-rates. Undoubtadly, the opposite conditions will prevail if the market for the products of the large metal industries contract.

The negotiations for piece-rates reflect the relative strength of each party at the time when the negotiations take place. The large enterprise will always compare the piece-rate with the 'internal' production costs. The owner of the large enterprise will attempt to agree on a piece-rate lower than what it would cost to the parent company if it had to produce those goods on its own. As I will argue later on, they do not always get this.

The owners of the large enterprises try hard to get the best price. They watch every move made by the owners of the subsidiary workshops; the wages they pay to their employees, the money they spend for the purchase of raw materials. They advise the small entrepreneurs on ways of increasing efficiency, cutting down on waste and reducing production costs. Such

measures are always to the advantage of the parent company which will benefit from lower costs of production in the subsidiary firm. These issues are often brought by the large entrepreneurs in the piece-rate negotiations. Hence, the owner of the parent company may accuse the small entrepreneur who bargains for a better price for his products for mis-management and inflated production costs.

The large entrepreneur is always keen on the profits made by the small workshop owner. In this context, he gathers information about the small entrepreneurs business performance. If the latter accumulates sufficient capital to finance new ventures this arouses great hostility and anger among the owners of the parent company for this indicates that the piece rates he receives enables the small entrepreneur to expand his enterprise. The owner of the parent company also attempts to prevent the subsidiary workshop owner from receiving orders from other firms. In this case he fears that the time of delivery for his order might be delayed.

Some large entrepreneurs also keep an eye on the private consumption of the small workshop owners. In their view the purchase of luxury cars, expensive dresses and new houses by the owners of the subsidiary workshops are all indicative of the excess profits' made by the small entrepreneurs. They try to make it clear to the small workshops owners that they will not tolerate such excessive profits which they assume have been stolen from their pockets.

On the other hand, the small entrepreneurs always tend to give false information as to their expenditure on wages and raw materials. Thus, in the piece rate negotiations many would complain that they pay exorbitant rates to the speculators and

the usurers. Their arguments are always difficult to disprove since the owners of the parent company have little access to their books and can do little to keep accurate accounts of their purchases. Moreover, the small entrepreneurs often play the competing large metal industries against each other to get higher piece-rates. However, the most important weapon which the small entrepreneur can use against the parent company is the time of delivery. Thus, the small entrepreneur will tend to delay the time of delivery in order to gain some advantage both during the initial piece-rate negotiations and offer them when he needs to adjust the piece rates to subsequent price changes.

However, neither the growth of subcontracting itself nor the fluctuations in piece rates are always determined by the immediate market circumstances. Indeed, one must try to understand the kind of investment policies pursued by the larger enterprises in order to find out why many firms have preferred not to attempt full technical integration. One has to go beyond the analysis of supply and demand mechanisms to see how subcontracting has contributed to capital accumulation in the metal industry.

Here, the fundamental question to ask is whether piece rates are lower than the costs of production in the main plant ; although I have no systematic evidence on comparative costs, many of my respondents pointed out that the differences were often negligible in the two cases. This means that subcontracting does not help the large enterprise in the way of reducing costs of production. If this is the case, then we must seek answers to two main questions. In the first place, why do the larger enterprises promote subcontracting instead of adapting the

alternative policy of centralisation of ownership.

The answer however is not too difficult to find^{since} subcontracting removes for the large enterprise the urgency to invest in machinery and buildings; output can be increased without any need for additional capital outlay. Secondly subcontracting prevents the under-utilisation of the productive resources in the large enterprise.

Thirdly, subcontracting enables the large enterprise to make the most profitable use of its capital resources. For instance, many large metal industries tend to direct their investments into marketing, an area of business which in the past fifteen years proved more profitable than production itself. In this way the large metal industries recaptured some of the profits which went previously to the merchants. Fourthly, subcontracting helps the parent company to reduce its labour costs. This is most apparent in casting where production is seasonal. During the idle three months, the owners of the parent firm do not pay for workers which would otherwise be redundant. Due to such factors, the large metal industries resort to subcontracting where piece rates are lower than or equal to internal production costs or even where the latter is slightly higher.

The second question is, given equality in comparative costs, can the small entrepreneur profit and thrive? Indeed, one can safely assume that the small entrepreneur has major cost disadvantages; his expenses for raw materials will be higher than those of the large industrialist who buys in bulk and directly from the producing companies and hence cheaply; due to the scale of production, advanced division of labour, and the application of scientific principles in the organisation of work the

productivity of labour is higher and the costs of production are lower for the larger enterprise. Some recent studies on subcontracting emphasize the exploitative nature of the relationship between the large and the small scale industrial enterprises. For instance, the BSA group tended to identify subcontracting with proletarianisation; the large scale industries who place orders with small scale producers exploit the latter and reduce the petty entrepreneurs to disguised wage labourers. According to this view what distinguishes the petty entrepreneur from his workers is only a difference in incomes; the returns to labour are slightly higher in case of the petty entrepreneurs compared with their employees. Does this argument hold in case of the subsidiary workshops in the Kayseri metal industry?

The piece rate includes the production costs of the subsidiary workshop and the revenue of the small entrepreneur himself. If the piece-rate is equal to or in cases lower than the production costs of the parent company, how can the small entrepreneur make a profit out of something which the owner of the parent firm cannot? I have already mentioned that the productivity of labour is higher and the expenses for the raw materials are lower in the large industries. In other words, one must show that despite this the costs of production are lower in the small subsidiary workshops. And this has to do with the wage differences in the two sectors.

The average wage in the small industry quarters varies between one half and one third of that in the organised large industry sector. Moreover, social provisions for the majority of workers in the small industries hardly exist. Thus, any workers under eighteen will cost his employer not more than 700 or 800 TL. a month, an amount not more than only one half

of the Government set minimum wage. On the other hand, the skilled workers in the small enterprises earn some 3,000 TL. or only one half of the amount paid to their counter parts in the larger enterprises.

Moreover, the workers in the small industry quarter are not paid for over time and this takes place ⁱⁿ a context where the working day in the peak seasons of activity might extend to fourteen hours. More important however, is the fact that the workers in the small enterprises are not organised, in the absence of trade unions and collective bargaining wages are settled through negotiations which takes place separately between each individual worker and his employer. Thus, wages are determined entirely by the free operation of the supply and demand mechanisms in the labour market. But, in a context where jobs are few and labour power is abundant that is, unlike the case in the carpet industry, the market forces tend to favour the small entrepreneurs. Hence, organised labour is cheap labour. Since the small entrepreneur can evade his legal obligations towards his employees and since he can avoid collective bargaining, he can make considerable profits despite his weak bargaining power vis à vis the parent firm.

This weakness of the labour force in small industries in Third World Countries is pointed out by various authors who identify areas of cheap labour supply with those sections of the labour market where the workers are unorganised. (Roberts: 1978, Portes: 1978, Schmitz: 1979). In case of Peru, Roberts raises the following points.

"The increasing intervention of the Peruvian Government in the economy and the continuing strength of labour unions have restricted the operation of large firms. Size is crucial in this context, since it is only

the smaller operations that can easily escape Government regulation or labour organisation... These various costs (security, health precautions, indemnities on separation) do not seriously limit the profitability of large firms with sophisticated machinery: but they mean that centralisation of economic enterprise is limited by the inability of the large firm to compete effectively with small enterprises on a variety of low priced services and products". (Roberts: 1975).

At this point, it will be useful to distinguish two types of capital accumulation in the Kayseri metal industry. The first type is common to almost all the workshops in the two small industry quarters and it is based on the exploitation of an unorganised and cheap labour. The second type is common to large metal industries, the workers in these industries belong to trade unions and the employers tend to carry out their legal obligations towards the workers. Moreover, these enterprises are in constant search of ways of increasing the productivity of labour through rationalisation of work and the introduction of labour substituting technologies i.e. new machines, conveyer belts.

However, these two sectors are highly interdependent. In the first place the nucleus workshop, the embryonic form of the present day large metal industry, benefited from the exploitation of cheap labour in the small workshop sector and indeed this was the major cause of the rapid expansion of many nucleus workshops. Secondly, the cheap labour supply in the small industry quarters helps the present day large metal industries to reduce their labour costs. For instance, the large firms supply two thirds of the output in casting through small foundries. In other words to produce the same output the large firm has to employ twice as many workers as it already does

to not subcontract foundry work at all. Thirdly, in those cases where the piece rates are lower than the internal production costs, the large firm participates directly in the exploitation of cheap labour of the small workshop sector. Thus, these two types of capital accumulation are closely linked and they reinforce each other. Despite its dependence on the large firm, the subsidiary workshop also thrives thanks to its exploitation of cheap labour.

Many small workshop owners are relatives or former employees of the large enterprise owners. In founding their workshops these small entrepreneurs were encouraged and supported by the large entrepreneurs. Here, one can see the articulation of two different interests; the young relatives or the skilled employees who wanted to become small capitalists and the large enterprise owners who wanted to subcontract work to small workshops whose owners they could depend on as trustworthy, reliable and familiar people. Thus, the small entrepreneurs received help from the large enterprise owners in the form of small loans, technical aid and cooperation, purchase guarantees, advance payments and borrowing second hand machines and equipment.

But, conflict between the two parties is also immanent in this kind of relationship. The fundamental aim of the large industrialist is always to make the small entrepreneur personally dependent so that he can always draw business contracts on his own terms. The small entrepreneur on the other hand, tries to gain autonomy and financial strength which would save him from his dependence on the large industrialist for he himself aspires to become a large entrepreneur. Therefore this domination subordination relationship is always one of tension and conflict at the level of inter-personal relations.

If the small entrepreneur is skillful in manipulating the owner of the parent firm and in playing large entrepreneurs against each other he can get the most out of them and if he invests his savings wisely, he can become an independent industrialist himself. However, there are also structural constraints imposed on him by the wider economy. In the first place, the large enterprises promote the proliferation of small subsidiary workshops. This increases competition among the small enterprises for the orders placed by the large industries and this in the long run might result in reductions in the piece-rates. In the past ten years however the small enterprises had considerable freedom in choosing among the large enterprises. On the other hand, it was always difficult to eliminate the large firms altogether. The proliferation of small subsidiary workshops will contribute only to their vulnerability; increased dependence on the larger firms, reduced bargaining power, and depression of piece rates will follow. This would mean decreases in revenues on the part of many small entrepreneurs and increased constraints on capital accumulation. Since wages in the small industry quarters are extremely low, the small entrepreneur can do little in terms of reducing wages further to compensate for declining revenues.

Contractions in the market for the goods produced by the Kayseri metal industries might produce similar effects. In this case, orders will decline, some small workshops will become redundant and competition among the surviving subsidiary workshops will increase. Again the outcome will be the depression of piece rates.

Another threat to the subsidiary workshops is technological change which would increase the productivity labour in the large

plants. In 1977, some large enterprises were installing conveyer belts and more efficient furnaces in their foundry departments, developments which threaten the survival of some small firms. Full automation in casting is obviously more dangerous for the subsidiary workshops but since this requires huge investments, the owners of the large metal industries conceive this only as a distant possibility. Indeed, one or two automated foundries will be sufficient to eliminate not only the small workshops but also many of the large firms. If this takes place, the structure of the metal industry will be altered, that is the competitive nature of the industry will then be undermined.

Thus, the structural conditions which impose limitations on capital accumulation in the small workshop sector are three-fold; technological change, the proliferation of small enterprises and the intensification of competition in the industry and the saturation of the market for some goods produced by the Kayseri metal industries. These forces are likely to become stronger as the industry grows. In the short term however, it is difficult to say that capital accumulation for the subsidiary and other small workshops is entirely blocked. In addition to the vast supply of cheap labour, the small industrialists have some other advantages.

In the first place the industry is still young and expanding. There are positions yet to be filled by people with the required qualifications. For instance, experienced skilled workers are in short supply and because of this they are highly rewarded. The foreman can still work his way up to become a small capitalist, thanks to ease of entry into the industry. Secondly, the industry is largely competitive and this enables the successful small industries to prosper and evolve into large ones. There

have been no major slumps in this branch of the economy and due to this there have been no massive failures or bankruptcies. On the contrary, many skilled workers have managed to become small or large industrialists. The image of the industry that many skilled workers and small industrialists have in mind is one of continuous expansion and upward mobility.

This does not mean however that all skilled workers and small industrialists will have a chance. The competitive nature of the industry brings not only advantages but also some disadvantages in terms of rapid upward mobility. The increase in competition among the small firms tends to reduce profit margins and this reduces the savings of the small entrepreneurs. Therefore upward mobility will become increasingly difficult in the long run. Thus, many small entrepreneurs may thrive although they may not be able to become large industrialists. In fact, I met many small industrialists who do not attempt to expand their businesses. These middle-aged people believe that they can never become large industrialists. Instead they invest their savings in the joint stock companies to buy shares and to buy blocks of flats and shops to rent. In other words the only alternatives to capital accumulation are not proletarianisation or self-employment. Some small industrialists accumulate considerable wealth in a relatively short period of time although they cannot manage to become large industrialists.

CAPITAL ACCUMULATION IN THE DEPENDENT

WORKSHOP SECTOR; TWO CASE STUDIES

Case 1: Hasan, Kayseri's largest metal industrialist, persuaded his cousin to found a workshop to produce accessories for coal-burning stoves e.g. tables, pincers. He gave his word to Yılmaz, his cousin, that he would buy everything the small

workshop produced. Yilmaz was a graduate of KTHS and he was working as a technician for the Kayseri Municipality at the time his uncle came with this offer.

When they reached an agreement Yilmaz sold the house which he inherited from his father to buy raw materials as well as some workshop and office equipment. Hasan provided the new workshop with a secondhand furnace and payed the workshop rent for one year. Since minimum entry requirements are comparatively low in the case of establishing small foundries, neither parties had any major difficulty in financing the new enterprise. Thus it took Yilmaz only few months to make the necessary preparations and he found himself at the head of the new workshop by the winter of 1971.

Until 1973, the workshop produced only stove accessories and these were bought by Hasan. In 1973 another large firm asked Yilmaz whether he could produce stove components and accessories for them. Yilmaz was stimulated by the favourable terms of the offer and he decided to consult his uncle. Although he did not expect it his uncle did not bring any objections and allowed him to accept the order placed by the large metal industry. Yilmaz soon discovered that his uncle's goodwill was due to a joint investment which he was planning to undergo with the firm which wanted to place orders to Yilmaz's workshop. But this deal made Yilmaz recognise that his interests would be best served if he did jobs for firms other than that of his uncle. Indeed, this proved profitable and in two years time Yilmaz was able to double the size of his foundry by renting the adjacent workshop and to employ twice as many as the initial eleven workers he had. Once this was accomplished, he was in a position to meet the demands of his uncle's firm and accept those orders

which promised high profits. Yılmaz told me that in 1975 he marketed only one third of his workshop's output through his uncle's firm.

Hasan attacked while Yılmaz was making plans to terminate his contract with his uncle's firm completely. He asked his nephew not to accept any jobs offered by firms other than his own. He threatened and bullied Yılmaz and even managed to persuade some large firms to cut their business links with Yılmaz.

The young cousin tried to avoid open conflict with his uncle. He postponed some of his investment plans and diverted the majority of the output of his foundry to the initial parent firm. Meanwhile however, Yılmaz founded a small workshop to produce small coin-boxes for private telephones, a product less sophisticated than the public coin-boxes installed by the Turkish Post Office and hence easier to manufacture. He did his best to hide all this from his uncle. He rented a large flat in an apartment in the town centre and used this place as a workshop where he employed some twenty-two teenage girls. He appointed a woman in charge of the workshop which specialised in assembling alone while the casting of the small components of the coin box was carried out in the old workshop. The business proved so profitable that in two years time, Yılmaz was able to erect a factory building on a large plot of land on the out-skirts of the town which he bought for cash.

In the spring of 1977 Yılmaz bought himself a latest model Mercedes car of which there was only one other in Kayseri and that was his uncle's. The fight between the uncle and the nephew broke on this issue. Hasan saw this as emulation and told his cousin to sell the car at once. By this time however Hasan knew well that he could do little to restrain the growth of his nephew's

firm. The Mercedes car issue only marked the breakdown of the seven year relationship between the parent and the subsidiary firm. Early in 1978 Yılmaz was busy with installing new machines in his plant which was to produce telephone receivers.

Case 2: Tayfun and Hurşit, twin brothers from Kayseri's populous village Erkilet, came to Kayseri when they were only thirteen to find jobs in the small industry quarter. Their father was a poor peasant who could hardly feed his eight children. In their first few years in Kayseri Tayfun and Hurşit worked as cleaners or porters sleeping in warehouses at night. Then the twins managed to find temporary jobs in some small workshops where they had some initial training in metal processing. One of their previous employers who founded a large enamelling factory offered jobs for the twin brothers in his enterprise. Tayfun and Hurşit became permanent workers for the first time since they left their home village, Erkilet. This however did not last long for the twin brothers had to leave the job to do their military service. On their return from the army in 1974, they were employed as skilled workers by the same firm and this time with good pay.

One year later in 1975, the firm began to produce enamelled kitchen utensils. The owner who had deep personal trust in the twin brothers encouraged them to set up a subsidiary workshop to produce the main body of the enamelled pans and saucepans. The parent company supplied the raw materials for its subsidiary workshop and also advanced second-hand lathes. Tayfun and Hurşit saved some 30,000 TL. (₺ 1200) from previous work and borrowed 10,000 TL. from the People's Bank. They used the money to buy a new lathe which cost them 24,000 TL. and other equipment.

Initially Tayfun and Hurşit employed only two workers and they themselves carried out most of the manual work. In its first year the small firm diverted its output solely to the parent enterprise; at the end of the first year one of their neighbours, an aluminium kitchenware merchant, told the two brothers that he was ready to sell all their produce if the small workshop could supply him with aluminium kitchenware. In fact, the three lathes which Tayfun and Hurşit had in their workshop could be used for this purpose too. Thus, they employed three workers for the night shift and one of the brothers stayed in the workshop at night to supervise their work. The output which they maintained during the day was for the parent firm, that is, sheet iron kitchenware, and that produced during the night shift was sold to the aluminium kitchenware merchant.

However, it was mainly the merchant who profited from this business for he supplied the small firm with raw materials to under cut the prices for its wares. This made Tayfun and Hurşit look for ways of increasing their autonomy in marketing. They went into a temporary partnership with the accountant of the parent firm who provided them with a credit of 500,000 TL. [₺ 20,500] which they used to buy aluminium sheets. Tayfun and Hurşit saved some 150,000 TL. [₺ 6,000] at the end of the third year of their enterprise. They paid this money as a deposit to buy a small truck which they used to transport their wares to other towns. These investments proved highly profitable; when the twins and the accountant divided the revenues equally between them, each party ended up with 270,000 TL. [₺ 10,800.]

When I interviewed the twin brothers in late 1977, they had eight lathes in their workshop and were moving some of these to their newly rented and larger workshop. Nearly one quarter

of the small workshop's output was diverted to the original parent company. The twins were making plans to start the production of electric kettles.

THE INDEPENDENT ROUTE

Almost half of the small enterprises in the metal industry are neither subsidiary nor nucleus workshops. These began to increase in number only in the past seven or eight years. The majority of them produce steel furniture, a trade by and large new to the Kayseri metal industry. Some independent workshops on the other hand produce agricultural equipment and metal building materials. In other words, there are certain lines of activity where it is more difficult to find independent workshops e.g. the production of coal burning stoves, pressure cookers, sewing machines, and these are the traditional sectors of the metal industry. As I indicated earlier complementarity and sub-contracting are the norms in the traditional sector.

What actually differs in the steel furniture trade is technological organisation. Here, a few machines may suffice to bring about complete technical integration. For instance, the production of spring mattresses requires operations such as cutting, winding and welding and all these can be done in the same workshop provided that it has a few simple machines. Moreover, this would require an investment in machinery considerably lower than that in the case of a turning workshop. Or a workshop producing metal chains may achieve complete technical integration by installing a guillotine and a few welding and bending lathes. In the steel furniture industry the input goods are highly processed and the products are less sophisticated. Due to all these factors even small enterprises can achieve technical independence easily and because of this sub-contracting hardly develops in this

branch of industry. This on the other hand implies that the small firms in the steel furniture trade are not dependent on large-scale industrial enterprises.

Since these small firms produce finished goods for the market at large, problems that arise in marketing and shortage of capital are two major reasons why they often fall prey to wholesale merchants. In the steel furniture industry the growth of any small firms depends largely on the successful elimination of merchants capital in the marketing phase.

Large enterprises may emerge in this sphere in the next few years. Already there is a firm which employs one-hundred and ten workers. It seems however that the pattern of growth that I described in the cases of electric ovens, coal-burning stoves or milk separators will not be repeated in this particular case. Since technical integration is easy to achieve even for small enterprises, the emergent large firms will invest in fixed-capital to increase productivity of labour thus abandoning the present day labour-intensive methods of production. Obviously, this would leave little ground for the proliferation of dependent small workshops, a case which is simply the reverse of what happened in other sectors of the metal industry.

CAPITAL ACCUMULATION: SOME BASIC TENDENCIES

The following conclusions can be drawn from the study of capital accumulation in the metal industry. Firstly, none of the three routes of capital accumulation were entirely blocked for the small entrepreneurs that I interviewed in the years 1976-1978. However, the kind of workshops which were so common only ten years ago were becoming almost extinct.

Secondly, the growth of large scale enterprises seriously affects the growth of small firms. Some dependent workshops could

accumulate capital and some dependent workshop owners continue to prosper but these taken as a whole come increasingly under the domination of the larger enterprises.

Thirdly, despite considerable concentration of capital e.g. the growth of machinery, the exploitation of cheap labour continues to be a major factor which lies behind the rapid growth of the metal industry. All the three types of enterprises (the dependent, the independent and the nucleus workshops) fully exploit this opportunity and in this the large enterprises are partners to the dependent workshops.

Subcontracting is limited to this labour-intensive industry level. That is, such relations hardly develop between the labour-intensive and the capital-intensive industries. Hobsbawm describing the 19th Century European industry, makes the following point; 'the average new industrial establishment was small, surrounded by a great undergrowth of cheap, technically unrevolutionised domestic, putting-out or sub-contracted labour, which grow with the demands of the factories and the market.' (Hobsbawm: 1975, p. 219). In Turkey generally as well as in Kayseri however, this picture reflects the reality only in so far as the competitive, labour intensive sphere is concerned.

Finally, the chances of becoming small entrepreneurs are narrower for the present day skilled workers compared with the early Aircraft Repair Center workers. On the one hand, the technical innovations, the increasing concentration of capital and the increasing workshop rents tend to raise the minimum entry requirements in the industry. On the other hand, the intensification of competition reduces the profit margins thus making entry, if not a practical impossibility, a difficult undertaking for many skilled workers.

CHAPTER 13

THE INDUSTRIALISTS, THE WORKERS AND THE
MERCANTS IN THE METAL INDUSTRY

This section examines the differentiation of management in the metal industry, the social and occupational origins of the industrialists, the nature of employer-employee relations in the large and small industries and the effects of the operations of merchants capital on capital accumulation in the metal industry. In the last part I discuss the future of the industry taking into account the economic views of the industrialists themselves.

MANAGEMENT

The entrepreneurs in the metal industry can be divided into two as those who participate in the productive activity and those who do not. The worker-owners are most common in small enterprises but not all small entrepreneurs do manual work. If the small enterprise is a partnership, the usual practice is that only one of the partners undertakes the responsibility of organising and supervising production. But, it is important to note that those owners who take on this responsibility do not always do manual work.

In the small enterprises there are no managers, that is, salaried employers, other than the owners themselves. Here, the basis of capitalist cooperation and managerial differentiation is either family and kinship co-operation or friendship ties. If one of the partners takes the responsibility of the shop floor the other or the others will perform managerial functions such as purchasing raw materials, finance, planning, book-keeping and marketing. Other than this primary distinction between the 'worker' and the 'manager' owners, further differentiation of

tasks among the owners is nearly non-existent.

Kerr mentions five factors which promote the differentiation of management; growth in size and complexity, extension of the market area, growth of sophistication in products and technology, increase in complexity in the relationships of the enterprise with the external social and political environment and increase in the pace of innovation. (Kerr: 1973, pp.144-147).

In the case of the large metal industries the growth of firm size and the extension of the market area were by no means negligible but these industries have not gone far in terms of product sophistication and innovativeness. Compared with large-scale modern industries the differentiation of management in this section of the metal industry is only rudimentary. Following Kerr, we may describe this kind of management as patrimonial, 'ownership, major policy making decisions, and a significant proportion of other jobs in the hierarchy are held by members of an extended family. (Kerr: 1973, p.150).

Nevertheless, the increased scale of the operations does necessitate for the large enterprise the specialisation and the growth of managerial tasks. In the first place, all the large enterprises employed salaried specialists, usually University or Vocational school graduates.

Production management is the first area which falls into the hands of non-owners. As the enterprise grows the owners move away from production management employing university educated engineers and chief supervisors with experience and good training backgrounds. The latter are frequently consulted by the owners who always try to see that everything goes right on the shop floor.

Marketing is the other aspect that the large industrialists are least involved in. Their interest is only one of drawing up the basic framework of the marketing policy in which the crucial aspect is to decide the extent to which the enterprise will rely on wholesalers. Unlike in production, the owners are reluctant to employ educated managers to take care of marketing which they think is an ideal training ground for their heirs. If sons or relatives are not immediately available these positions are usually filled by lorry drivers or accountants in return for long service and loyalty to the company. University educated marketing specialists are often met with suspicion by the large entrepreneurs who think that specialists might deceive them. Many debated whether marketing specialists were of any use at all and those who believed that the kind of services which specialists provide are indispensable to the enterprise in the long run, saw the only solution in sending their sons or young relatives to universities to study business management.

The tasks involved in finance are divided between the owner managers and the accountants. The latter come from the graduates of the commercial lycee and a minimum of two were employed in every large enterprise that I interviewed. Many large industrialists offered permanent jobs with good pay to those experienced accountants who once worked for them in the small industry quarter. The accountants are trusted and respected by the owners and their participation in decision making is greater than that of the other paid specialists. The accountants are expected to be experts in dealing with the requirements of the Tax Law and its loop holes. On the other hand, dealing with the banks is the responsibility of the owners. This involves having intimate relations with the bank managers, giving dinner

parties in their honour and sending them holiday gifts.

One essential function of the owners managers in the metal industry is purchasing raw materials. Again, this may involve complicated relations. In view of permanent inflation and frequent changes in the prices of the basic raw materials, only the owner himself can decide when, how much and from whom to buy. The large industrialists make the point that if they were to employ a stranger in this job, there would always be the danger that they could easily deceive them through preparing false bills of exchange. The purchases from the SEE's requires access to government bureaucrats who according to the large entrepreneurs have to be bribed in order to get the job done. At least one of the owner managers spends several months each year travelling in Turkey to get hold of the 'right man'.

ENTREPRENEURIAL ORIGINS

Whereas the majority of carpet manufacturers had their roots in the villages, the entrepreneurs in the metal industry were overwhelmingly urban. That is, migrant entrepreneurs are few and these have enterprises of lesser size founded in the past three or four years. The townsmen had advantages in gaining early access to credit sources, training in business experience and useful personal contacts which many migrants had not. In the 1950's and early 1960's the work force in the metal industry was almost exclusively urban that is, the migrants appeared as workers in the metal industry only in the past ten or twelve years. Especially in the case of the migrant worker entrepreneurship requires considerable time: he has to accumulate money, technical expertise, personal contacts and knowledge in business affairs.

Various sources indicate that the industrial entrepreneurs in the Third World usually come from wealthy traders, import and export merchants and Government bureaucrats (Gerry: 1978, Soral: 1974, Alexander: 1960, Woddis: 1977). In the Kayseri metal industry however the worker origin predominates. There was at least one skilled ex-worker among the owners of each enterprise that I interviewed. Especially in the early days of the industry, that is, the early 1960's, high skill held out so much for entrepreneurial success. Of course, even some of the early skilled workers never became capitalists and the chances are not too bright for the bulk of the present day skilled workers.

On the other hand some traditional artisans also became small capitalists by moving into these new and dynamic areas; a few coppersmiths became aluminium kitchenware producers and a few blacksmiths and bicycle repairers became steel furniture producers. But these are only exceptional cases. The typical entrepreneur in the metal industry is the ex-foundry worker or the skilled turner. But, this point requires further elaboration. As Thompson observes in the case of 18th and 19th Century British industry, 'when we follow through the history of particular industries, and see new skills as old ones decline, it is possible to forget that the old skill and the new almost always were the perquisite of different people.' (Thompson: 1975, p.274). Although the traditional metal working artisan had wide personal contacts, a workshop of his own in the most distinguished section of the old industry quarter, a family house and possibly other property which he could use to finance new investments, it was not him but new people who took the lead in finding capitalistically organised metal industries. Kennedy's remarks on a similar issue can provide us with further insights. In his

study of Ghanaian small capitalists the author points to two kinds of educational-occupational experience. Entrepreneurs with little education, commercial or administrative experience and apprenticeship background had major difficulties in accumulating capital and they had very poorly organised firms. By contrast a second group of small entrepreneurs who 'in addition to receiving some secondary school education had obtained a diploma through full or part-time further education... had occupational experience as salesman, clerks, lower level managers or supervisors... It was mainly from the ranks of this group that the more expansionist businessmen had come. (Kennedy: 1977, p.26).

In the Kayseri metal industry, the new technology did not grow out of the traditional one. The turning workshop for instance is not the product of local traditional skills. On the contrary, it was introduced by the KTHS and the ARC in a very short period of time; the turner is not a descendant of the blacksmith but a breakthrough from him. Therefore, the traditional metal working artisan never had the kind of skills that some students acquired in Kayseri Technical High School and the two had very little in common. If the new skills had any role to play in entrepreneurial success, the traditional artisan did not have many of them. This is the major reason why the new class of capitalists in the metal industry were not recruited from among the ranks of traditional metal working artisans. To understand how few of them had done so, one has to look to other factors such as family wealth or entrepreneurial talents.

But, one should also explain why skill became in this particular context a major prerequisite of entrepreneurship. In the first place, what maintained this fluidity between skill

and entrepreneurship is the ease of entry (though relatively speaking) which is sustained by the competitive nature of this industry. This enables the skilled worker with even very little capital to start business. On the otherhand, the smallness of the scale of enterprise in the metal industry makes it less attractive as an area of investment for those merchants with considerable capital. The latter when they do so, prefer to invest in large-scale capital intensive industries. Since their technologies are too complex and sophisticated the owners of such enterprises specialise in managerial functions thus leaving the task of organising production entirely to university educated engineers.

Under these circumstances people with little capital compete among themselves to set up small enterprises and here the guiding principle is the skilled master or worker investing capital in his own field of expertise.

The owners of small firms perform various functions e.g. labour recruitment, marketing, purchasing raw materials, accounting and production organisation, but it is on the latter that their success primarily depends.

This is the main reason why almost all enterprises where I held interviews had at least one skilled owner in them. Finally, it should be emphasized that the skilled workers in the metal industry have on the whole greater awareness of the particular conditions of business in their own trade than say shopkeepers or skilled workers from other trades. Such business knowledge helps the skilled worker to foresee the prospects for small investors and thus to gain priority in taking the necessary initiative.

At this point it might be useful to distinguish between two kinds of worker origin among the entrepreneurs in the metal industry; some went through formal education in the KTHS, and practical training in the ARC whereas others acquired their skills as workers in small metal industries. The skilled owners of the larger enterprises have mainly followed the first route. As entrepreneurs they were the early comers and as such they benefited from high profits due to absence of intense competition. Secondly, the majority of them used family resources to finance their investments. It is to this aspect that I now turn.

The ARC workers came from the traditional urban petty bourgeois families e.g. the sons of shopkeepers, local merchants, artisans. These families proved highly enthusiastic in sending their sons to technical schools. It was believed that such schools gave students not useless diplomas but useful skills, a golden bracelet on the arm as the much referred local proverb goes. Moreover, the traditional petit bourgeoisie used to have various kinds of property in the town i.e. shops, houses, and gardens on which they raised fruits and vegetables. When the town economy began to grow and diversify and when the town population began to increase with the influx of immigrants in the late 1950's, the kind of real estate owned by the petty bourgeoisie, including the gardens which were usually in the outskirts of the traditional town, grew in value due to increased demand for urban land. Thus, these families gained considerable wealth by selling their property to building contractors, wealth which many former ARC workers used to set up and expand their businesses. Alternatively, some used family property as security in borrowing money from the commercial banks.

However, the traditional petty bourgeoisie has played another crucial role in developing the metal industry; those entrepreneurs who had no skill in the trade were also recruited primarily from among the ranks of the petty bourgeoisie. The ways in which the managerial tasks are divided among the owners in the small firms often reflect the differences in the occupational origins of the entrepreneurs. The skilled partner specialises in production management whereas the ex-shopkeepers and the merchants usually carry on tasks as marketing or the purchasing of raw materials. This distinction disappears in the larger enterprises where all partners divorce themselves from production completely.

Partnership involves above all, a combination of individual assets. So as to increase the resources available to the enterprise. These assets are of various kinds, although many would join the enterprise with their skills and money, others would offer anything from ready cash and land to workshops warehouses, lorries, and equipment to be used in production. The relative contributions of skilled and non-skilled partners in terms of capital varies according to both the age of the enterprise and the line of activity. Those enterprises founded in the 1960's, that is to say the present day large firms, were financed mainly by entrepreneurs of worker origin. A practice which became more widespread in the 1970's is one whereby one or two non-skilled partners finance the enterprise thoroughly, and give a small share e.g. some ten or twenty percent, to a skilled worker who does not contribute financially. However, a basic distinction should be drawn between small sub-contracting workshops, jointly financed by skilled workers and the owners of larger enterprises and the independent small firms which

adapt the above mentioned practise.

Whatever the case, the partnerships in the Kayseri metal industry are neither stable nor long-lasting; strife among the partners, breakdowns of partnerships, changing of partners and continuing legal disputes with one's previous partners were all recurrent themes in my interviews. Conflicts among the owners of the small firms are usually expressed in personal terms; hence, many partners accuse each other of disloyalty, cheating, selfishness, ignorance, childishness, laziness. Even kinship ties which exist among many partners are often ineffective in mitigating disputes which get out of hand quickly. The relatively short period during which the partners make the necessary arrangements to found an enterprise is one of peace among the partners. At this stage personal ties closely merge with common objectives and each partner knows well that his dreams could not come true without the assistance of the other. But, running a firm jointly^{is} something very different; it requires mutual respect, collaboration and tolerance, open mindedness, a spirit of cooperation among the partners, attitudes which are not always easy to bring about in everyday business life. Moreover, each partner aims at maximising his share and profits sometimes even at the expense of the other. Thus, fissile tendencies are intrinsic to all partnerships in the metal industry and every partner has somewhere at the back of his mind an independent enterprise of his own.

The relations among the partners in the larger enterprises are not very different. But with the growth of the enterprise there seem to emerge other sources of conflict. Each major upturn involves critical or strategic decisions. At such times the partners might take different stances as to the kind of

policies to be pursued e.g. purchasing urban land, developing the securities of the firm, investing in machinery or new factory buildings. Hence, one might criticise his partner for playing safe or for lack of initiative or alternatively, he might see his partner as an adventurer. More significant however is the increasing age of the owners and the growing concern of each as to who is to inherit the enterprise. Each partner wants to see his own son, that is, if he has one, as the top manager of the enterprise holding the majority shares.

Given these fissile tendencies the maturing of the enterprise shows a turn from partnership towards family firm; the ideal picture that many entrepreneurs have in mind is their own family members filling in all the important managerial positions e.g. the father as the general director, the son as the head of the finance department, the son in law carrying out marketing. But, it is often the relative smallness of the capital of each partner that restrains them in breaking their ties with their partners. In this sense, partnership provides a financial solution not only during the formative stages but it is also essential for staying in business and expansion. In addition to family resources and partnership another important source of finance is borrowing credit from the commercial banks. All large firms use this source extensively. Keeping in touch with the bank officers becomes one of their major pre-occupations. The possibilities for the small firms are less in this respect because many of them are unable to quote securities.

Since minimum entry requirements are higher in the metal industry than in carpet manufacturing sources such as borrowing from friends, savings from previous work and selling the wife's ornaments are less crucial items in raising capital. Neither

do credit purchases play an important role. On the other hand, borrowing or buying second hand equipment is quite common and proves useful in overcoming financial difficulties.

WORKERS IN THE SMALL INDUSTRIES

Kayseri metal industry provides employment for nearly five thousand people. All these workers cannot become small or large scale industrialists although many think that upward mobility is the rule in this industry. The best that the majority of the workers can get in the long term is regular wage employment and even this is doubtful in case of many workers. In other words the major current which the industry generates is not the growth of small entrepreneurs but massive proletarianisation. The latter however is not a part of this study. I limit the discussion on the work force in the metal industry to employer-employee relations in small and large enterprises.

It is difficult to trace master-apprentice relations even in the case of small capitalist enterprises. The small entrepreneurs commonly recruit their workers from among young migrants. Some of these young boys are from Kayseri villages but the majority are from Eastern Anatolia. During this initial phase of recruitment the relationship between the small employer and the job seekers is direct and personal. In other words, formal organisations or informal labour contractors hardly intervene. The job seekers visit many workshops to inquire about vacancies and try for several days before they are actually employed.

The small employer always wants to avoid the recruitment of acquaintances. In their view friends relatives or neighbours may prove difficult to resist and this may disrupt work discipline. Moreover, they believe that sons of acquaintances.

may not accept pay that others accept willingly. Thirdly, the small entrepreneurs do not want to take too many responsibilities for their workers. For instance, support for ex-employees when they find enterprises of their own can not be explained within the framework of master/apprentice relations. On the contrary, this takes place only where the employer has pecuniary interest in supporting a new enterprise. Thus, the small employer will not even support the cousin which he himself trained, if this pecuniary interest is missing. On the other hand, the young workers can leave their jobs freely at will and they do not have to do any personal services for their employers outside work.

Liepmann points out a duality common to apprenticeships; the master pays for the productive work of the artisan but he also trains him and the apprentice is paid but also trained by his master. (Liepmann: 1960, pp. 1,2,187). This duality disappears rapidly in the small capitalist sector of the metal industry where systematic and longterm training is vanishing. This is due to the nature of production; the workers are normally given detailed tasks which prevent the full development of their abilities and skills.

Employer-employee relations in the small capitalist enterprises are highly personal. The employer would normally call his employee by his name and know him well personally. The worker can always walk into the office of his boss, usually a small room separated from the rest of the workshop by metallic walls and glass, without even knocking on the door. The boss and the employees often drink tea together and chat during the breaks. But, the employer expects from his employees some respect and deference. This can be seen in the manners and talk of the employees when their employers are present.

When the worker comes with a good excuse, the boss would normally give him a day off with normal pay. Of course, this depends above all on the past performance of the employee. On the other hand, the employer might ask his employees to stay over-time during peak seasons of activity. The workers would consider themselves lucky if they get any bonus at the end of such busy seasons, but usually they are not paid for over-time.

Nevertheless the core of the relationship between the small entrepreneur and his employees is the wage relation. In every small workshop there are significant wage differences among the workforce. The adult skilled workers are usually paid ^(A) _{found} the average wage in the organised sector of the metal industry.

There are not more than one or two in each enterprise. More numerous are the semi-skilled workers who carry out the specific or the more detailed operations. They are usually between seventeen and twenty years of age. Other than the few insured semi-skilled workers, the majority of them are paid two-thirds of the Government set minimum wage, that is only 1200 TL. a month [§ 48]. The worst paid however are the young teenagers who have little experience and training; some of these unskilled workers are paid as little as one sixth of the minimum wage. Thus, age and skill are the two basic criteria which the small employers always have in mind in recruiting and paying their employees. Out of this emerges the division of the workers into unskilled, semi-skilled and skilled.

The small employers have no organisations of their own such as to pursue a common pay policy. The Chamber of Industry is not particularly keen on this issue. But the rates are almost uniform in the two small industry quarters, any small industrialist would know what his neighbours or the industrialists in the same

branch of industry pay. They visit each other frequently to discuss rates and they often draw informal agreements which indicate ceilings for the different grades of workers. This type of class solidarity indicates the sharp distinction which many small capitalists draw between themselves and their employees.

The small employers attitude towards the workers is one of hostility as well as personal sympathy. Factors such as common work experience and intimate personal relations in the workshop help to create certain common beliefs and views among the two parties. Moreover, since many small employers have worker origins they have little difficulty in reading their employees' minds, comprehending their problems and understanding their expectations and aspirations. The image which the small employer develops in this context is one which concentrates upon his employee as an individual. Here, he would know his employee by his home town, or his sick mother or joint acquaintances and personal problems.

This image sharply contradicts another one which is marked by enmity and hatred. Thus, the workers are often described as destructive forces detrimental to the well-being of the industry and the nation. Disputes and conflict which originate at the workshop level aggravate the unavoidable tension which develop between the small employers and their workers. But, the origin of this second image which envisages the worker as a destructive force is the emergent class ideology shaped mainly by the right wing political party propoganda. In other words, class consciousness among the small capitalists develops as a result of intra-class relationships and ideological currents at the national level more than it does through inter-class relations at the workshop level. Thus, it is not difficult to realise ^{that} this relation-

ship will be less antagonistic in a small town where strife and conflict among political parties is less intense and where industry is undeveloped.

The small employers see Trade Unions as the main threat to business. Since, the workers in the small industry quarters are not organised, this reflects the fear of the small employers to confront organised workers. Obviously, they are affected by what they hear from large industrialists. But, they also consider the possibility that the social democratic Republican Peoples Party may attempt to extend the activities of Trade Unions into the small industry sphere if it comes into power. Moreover, the prosperous small industrialist who expands the scale of his business knows well that once the number of his employees goes over a certain limit it would be impossible to avoid confrontation with organised workers. For many small employers, the workers are destructive not as individuals not as an unorganised group but as members of Trade Unions. In their minds the reason is obvious; the individual worker can bring only personal problems but Trade Unions whether rightist or leftist will bring communism.

These inconsistencies in the views of the small entrepreneurs reflect the deeply rooted contradictions in the employer-employee relations in the small industry quarters. Here, the traditional patterns gradually disappear but new institutional frameworks are slow to come by. The intimate nature of the personal relations at the shop floor level and his participation in the productive activity draws the small entrepreneur towards the workers. Against this however his main interest is to keep wages particularly low. His second stance vis à vis the workers is dominant over the first in so far as it is accompanied by a fear of organised workers and Trade Unions. These forces pull

him away from the workers.

Kennedy points out that the BSA group developed a model which 'insists on the overriding importance of the similarities between those engaged in the labour process in the sphere of petty commodity production in terms of their common relationship to dominant capitalist enterprises'. (Kennedy: 1979, p.6). In the case of the Kayseri metal industry however, I can safely conclude that despite some centripetal forces which draw them together, the relationship between the small entrepreneurs and their employees is primarily one of conflict and this often precludes any possibilities of their common action against other interests or social groups.

THE ORGANISED WORK FORCE

The labour market in the metal industry is particularly vigorous. From the point of view of the larger enterprises the small industry quarters are vast training pools for workers. This aspect of the Kayseri metal industry seems to contradict what Scott found in Lima (Peru) where there was considerable job stability among the workers of small enterprises. (Scott: 1978). The author explains this by means of the balkanization of the labour market; since the employees of the small firms have only little chance of finding jobs in the large industries the mobility of labour between these sectors is negligible. This in fact is what Quijino saw as a general feature of Latin American capitalism. In Kayseri too, the mobility of labour is low between the capital intensive and the labour intensive sectors. But the workers in the small enterprises can and do find jobs in the large scale labour-intensive industries.

The workers of the larger industries are recruited in the following ways. In the first place, they recruit the graduates

of vocational schools as foremen and clerks. The majority however, come from the small industry quarter which acts as a training pool for the semi-skilled workers who are in great demand from the larger industries. For these workers, the large industry brings secure wage employment. On the other hand, the latter is also attractive for the skilled workers in the small enterprises. Thirdly, the large industries recruit their employees among a floating work force. These are employed only temporarily during the seasons of peak activity and they do not belong to Trade Unions. Finally, the Trade Unions might ^{do} interview in the recruitment of workers. However, these recruits recommended by the rightist Unions arouse much resentment protest both among the rival Trade Unions and the rest of the workers. This kind of recruitment is limited to cases where the employers want to prevent strikes or when they come to terms with the rightist Unions to increase the membership of the latter in order to win the ballots.

In the larger enterprise the employer-employee relations are highly impersonal and always mediated through the Trade Union officials and the worker's representatives at the shop floor. The latter is held responsible by the Trade Union for reporting the workers' complaints, grievances and protests to either the chief supervisor or the employer himself. Although the latter might visit the shop floor to talk to the workers, the major negotiations are held between the workers and the employers' representatives during the collective bargaining phase.

The large employers too emphasize that they sympathise with the workers' problems. Unlike in the case of the small entrepreneurs however, they refer to social justice, living standards, and health and educational problems of the workers. These often exclude any references to individual workers. As to what

needs to be done to improve the living standards of the workers, they suggest two things. First, many large entrepreneurs emphasize that it is the responsibility of the Government to educate the workers' children, to provide them with houses, and raise their incomes by lowering the income tax and the deductions from wages for insurance. Secondly, they emphasize that the exploitation of workers by the Trade Unions ought to be abolished.

In the opinions of many large industrialists, the Trade Unions make the workers irresponsible, undisciplined, and greedy. Some argue that they are willing to pay more to the workers if they agree to break their ties with the Unions. Those who think that they take a more liberal view, assert that Trade Unions are indispensable in industrialised countries but not in Turkey where the industry is still nascent. On the other hand, they also make the point that the Trade Unions in the West act responsibly whereas the Trade Union leaders in Turkey subscribe to socialist and communist ideas. Thus, some large industrialists claimed that the union officials were indoctrinating their members with a certain theory of surplus value and giving them false information about the profits of various companies under the banner of 'workers education'. Hence many identify workers with the Trade Unions and the latter with communism claiming that their wage increase demands conceal their main purpose which in their opinion is to undermine the Turkish Republic. In other words, Trade Union action is seen by the employers as something politically rather than economically determined.

The employers often discriminate between the Trade Unions. Many distinguish the 'nationalist' from the 'communist' ones. But their suspicion and hatred often cover both. Even those leaders whom they say they bribe are seen as wicked and dishonest.

people. The latter are criticised for their very existence; although such Trade Union leaders are moderate, they still claim something from them for the workers and they claim something for themselves either for personal or organisational ends. Dealing with such people is seen as a waste of time and energy, and the money they claim for themselves as stolen from the workers. Thus, finding the right man and bribing him is only a partial solution. The desirable one is to abolish Trade Unions altogether.

The employers of the large metal industries sometimes take an active part in Trade Union politics to play one Union against another or to strengthen some in order to weaken others. They often attempt to force their loyal workers' to vote for particular Unions or they recruit those 'militants' recommended by the leaders of the 'friendly Trade Unions'. This kind of intervention in Union affairs takes place during elections when workers vote to elect the Union which will represent their particular branch of industry in collective bargaining. In one case for instance an employer sacked one half of his employees who belonged to the local branch of the leftist confederation of the Revolutionary Workers Unions (DISK), a union known for its tough bargaining with the employers, in order to recruit new workers recommended by the extreme rightist Nationalist Workers Unions (MISK). On various occasions I observed some employers making plans to oust DISK from their plants and to weaken its power in the metal industry as a whole in order to consolidate the power of the rival MISK. They took a step in this direction by means of bribing the local leader of DISK who consequently joined MISK much to the delight of the employers.

Next, I will discuss the work conditions in the large industry sector which taken as a whole compares favourably with the workshops in the small industry quarters and which resulted mainly from the unionisation of the work force and collective bargaining. As I pointed out earlier, the major difference is in wages; the large enterprises conform to minimum wage regulations and the average wages are six times higher for unskilled workers, and three times higher for semi-skilled and skilled than in the small metal industries. Even temporary workers are paid the Government set minimum wage. Secondly the workers earn an additional amount, some one third of their money wages, in the form of 'social benefits'. However, it should be emphasized that the Government set minimum wage was only one half of the amount that the Ministry of Labour declared as necessary to maintain the minimum living standard.

Unlike their counterparts in the small industry quarter, that is, those workers who have only cheese and bread for lunch, the workers in the larger enterprises have a proper lunch of four dishes. The working day is eight hours and overtime is paid regularly. More important however, the workers are insured with provisions for accidents, sickness and retirement. The workers' representatives defend the workers' rights and interests e.g. to prevent assigning the workers tasks for which they are not fit or tasks not indicated in the contract, to see that the tea and meal breaks are not violated and to make sure that the employers conform to the regulations in defining the tasks to be performed by the workers. The health and sanitary conditions in the larger enterprises were superior compared with those in the small industries, e.g. clean floors, high ceilings, plenty of space, gardens on the site and lounges with decent

chairs and tables and tea service, facilities none of which were available to the small industry workers.

Job security continued to be a major concern for all workers since arbitrary sacking is common to both sectors of the metal industry again, the workers in the larger enterprises could have redundancy payments when sacked. Redundancy payment is calculated by multiplying the current wage of the worker by the number of months he worked for his last employer. This leads the employers to keep files for each worker and to keep an eye on the age distribution of their employees. With the exception of a few skilled workers who are valued for their loyalty to the company, the large entrepreneur sacks those workers who have been employed for more than six or seven years. Many argue that if this is not done, the redundancy payments for the old workers might ruin any enterprise if they ever attempted to sack a large number of workers in an emergency.

This is an area where the Trade Union is particularly weak in protecting its members.

The majority of the skilled workers, that is, the foremen and the supervisors, do not usually belong to Trade Unions. However, they do not regret this, rather they think that this is a way of showing gratitude and respect to the employers. Undoubtedly, many are rewarded for this; the supervisors are paid around 10,000 TL., an amount three times higher than the average wage in the organised section of the metal industry. Some had cars of their own and were helped by their employers in buying houses. They do not see themselves as workers. I often heard them complaining about the harmful activities of the Trade Unions which in their opinion only make workers disobedient and rebellious. These foremen and supervisors are

invited to meetings where the employers discuss business affairs, the employers consult their views before taking important decisions and they are given full responsibility in running the shop floor.

THE MERCHANTS AND THE INDUSTRIALISTS

The case of pig iron apart, the metal industries suffer from extreme shortages in the raw material markets. The large enterprises which obtain their raw materials directly from the State Economic Enterprises and the large Istanbul import companies eliminate Kayseri iron merchants. For the small industries however Kayseri merchants are the major source of supply of raw materials. This dependence is highest in the case of those industries which consume sheet metal in large quantities e.g. steel furniture and electric oven producers.

First I will indicate some exceptional cases. The foundries, whether large or small, have direct access to the sheet metal produced by the state owned iron and steel complex in Iskenderun. Here, shortages are less common and the intervention of merchants is a rarity. Secondly, not only the small but also the large enterprises have major difficulties in supplying enamel. In this particular case, all industrialists are dearly the victims of shortages and wild speculation. Thirdly, the turning workshops provide some of their raw materials through Kayseri merchants but in their case the effects of speculation is negligible since they use iron and other metals in very small quantities. In the case of aluminium, the small industrialists have direct access to either the producing company itself or Istanbul importers. In fact, there are no aluminium merchants in Kayseri. To summarise, in some areas the large industries are also dependent on merchants to provide them^{selves} with raw mate-

rials and in some areas the small industrialists can eliminate merchants and speculation in the commodity markets.

In Kayseri big metal merchants are largely absent. The numerous small scale merchants compete among themselves to sell goods to artisans and small industrialists. Kayseri merchants are only the last link in the extended chains of distributors which exist in certain lines of activity. This was discussed in the chapter on artisanal metal industries.

Next I shall look at marketing. The large metal industries market their goods either through whole-salers or through retailers in Kayseri and in other Turkish towns. It is difficult to know on a priori grounds which method is more profitable for the producing company. If the large enterprise can maintain permanent customers in other towns, that is, retailers and several trucks to carry goods, then it can capture some of the surplus which otherwise would go to big whole-salers or large distribution agents. Although there was no consensus on this issue, many industrialists see this as the more profitable way. Some however disagree. Thus, Kayseri's and Turkey's largest pressure cooker producing company maintains direct links with numerous retailers in different towns and Provinces whereas Kayseri's largest stove producing company relies on a single distributing agent to market its whole output. In the latter case, the company invests heavily into production to increase its output and profits from increased sales. This shows that the system of marketing adapted by any particular enterprise is not always indicative of its size and financial standing. Excessive reliance on wholesalers in marketing can not be interpreted at the outset as the weakness of industrial as against merchants capital. However, this may not be so in the case of the small industrial

firms; here, dependence on merchants in marketing is a sign of the financial weakness of the small industrial enterprise.

The small enterprises use several channels to market their goods. In the first place, some small industries sell their goods to other industrial firms. In subcontracting the intervention of merchants is avoided. Secondly, the repairers and the spare parts producers who work for individual orders also eliminate the merchants completely.

Many small industries and especially those that produce consumer goods market their wares mainly through wholesalers i.e. steel furniture, oven and pressure cooker producing firms. In the past five years some well-to-do small industrialists rented or bought shops in the old small industry quarter in order to put their goods on display. A parallel move was made by merchants from other towns and Provinces who came to Kayseri to buy direct from the producing firms. Since this requires additional capital outlay many small industries were unable to do this. Some on the other hand, bought trucks to distribute their products to retailers in distant towns. In both cases however, the small industrialists continued to rely on wholesalers; the truck and the shop owners told me that they market at least one third of their output through wholesalers. Thus, for the majority of the small industrialists dependence on merchants capital in marketing is a fact and this relationship is often detrimental to the small industrialist who has a weak bargaining power against the large wholesaler. In this sense, one essential pre-condition of the expansion of firm size is the elimination of the merchants in marketing.

Finally, there are a few semi-mercantile enterprises which subordinate small industrialists through advancing them

raw materials and marketing their wares. These merchants are few in numbers, in fact only three but they control seventeen small workshops. The merchants do not have workshops of their own but they keep large warehouses. This arrangement can be seen only in the case of the steel furniture industry. Since this is a very recent development it is difficult to comment on the prospects for capital accumulation in the case of those seventeen workshops subordinated by the steel furniture merchants.

THE ECONOMIC VIEWS OF THE INDUSTRIALISTS

The local population has a deep pride in the achievements of the metal and wood-working industries, that is, the two industries rooted in the small industry quarters. By contrast the large-scale capital-intensive industries are of interest to Kayseri people only in so far as they plan to buy their shares or to find jobs in them. In other words it is the more indigenous metal and woodworking industries which many townsmen see as a product of their own traditions and culture. It is largely believed that these are innovative industries; Kayseri people, rightly or wrongly, assert that with little assistance from outside especially the metal industry took the lead in introducing new products to the national market. Here, the reference is mainly to the artisan who makes a fridge or a rotating chicken grill on his own. Since such things are highly valued household consumption articles which many have either recently acquired or still aspire to get and since many people see them as very sophisticated products, those artisans who can make them are seen as mechanics of unusual talents. As many would put it, 'fridges today and airplanes tomorrow'. In this view, all material and non-material support should be diverted to this small and modest but apparently innovative sector.

In fact, the emergence of skilled workers in areas such as metal casting and metal turning opened the way for the production of a multitude of metal goods. Due to severe competition in the product markets, the metal industry has made almost full use of the capabilities of this skilled work force and it has exploited the benefits of the new technology to the almost extent. But, the industry also had to suffer from those limitations intrinsic to this new technology itself.

In the first place, the new technology was of little use in producing sophisticated products; for it was largely inadequate for making components of some precision or components of excessive strength. In other words, the industry had specialised since the very beginning in the production of coarse and bulky metal goods. Unlike other metal industries with more sophisticated technologies it had to operate with a relatively narrow product range.

Secondly, this technology does not have an autonomous growth dynamic of its own, that is, it can hardly evolve into higher and superior forms. The latter are available in the world market and any large firm in Turkey with sufficient funds would always prefer to import the superior substitutes rather than investing money into research to develop these backward techniques. For instance, some large Kayseri metal industries were trying to import automatic casting systems without due regard to the possibility of building on the existing technical base. The difference in terms of productivity between what is imported and what exists is too wide; the advanced stage can never be reached through making slight modifications in Kayseri foundries or turning workshops.

Both factors limit the possibilities of bringing new combinations into the metal industry. The large number of enterprises which produce very similar goods, the cut-throat competition among these firms and the declining profit margins in the industry are all manifestations of this technological deadlock.

If the firms are to maintain capital accumulation under these circumstances of intensified competition and falling profit margins, this is only possible by holding wages constant against inflation or increasing them only modestly. The majority of the entrepreneurs are well aware of this and they dream of a business world where organised labour, trade unions, workers representatives and the Labour Law do not exist. Given the absence of dramatic changes in productivity which would result from increased use of machinery, the employer's aim is to get more out of labour. He wants to see the legal and the institutional framework which enables the workers to get wage increases made redundant or eliminated. In this sense, the change-oriented, innovative and the 'puritan' entrepreneur is a reactionary.

Kayseri metal industrialists do not conceal their hostility towards import merchants and the large industrialists who advocate further integration of Turkish industry with foreign capital. Against these two groups they emphasize independent economic growth. Their conception of a good Government is one which would increase the dependence of the industry on domestic resources; a Government which would fight against speculation and blackmarkets, eliminate large import merchants, stimulate indigenous accumulation and protect the economy against the evils of international capitalism. Furthermore a good Government is one which would abolish the Trade Unions. This undoubtedly is the conception of a labour repressive protectionist state.

CHAPTER 14

CONCLUSION

As I have indicated earlier, the BSA Development Group rejected dichotomic interpretations of the urban economy of the Third World Countries and the emphasis that they placed on differentiation in the urban economy. It is true that this neo-Marxist approach did maintain a first order distinction between capitalist and non-capitalist enterprises but instead of treating these two spheres as separate entities, the BSA Development Group has attempted to identify the relationships between them. This can be contrasted with dualistic interpretations which focus on the distinguishing ideal-typical features of the various sectors in the urban economy.

In Chapter 2, I have summarised Gerry's, Scott's and Moser's views on differentiation within the non-capitalist sector. To these can be added Middleton's distinction between the artisans who produce for the individual customer's orders and the petty commodity producers who produce for the market, and Kennedy's emphasis on the differences between the employers and the employees among the small scale enterprises. [Middleton: 1978, Kennedy: 1979]. On the other hand, differentiation within the capitalist sector is an issue which is largely ignored by the BSA Development Group.

One major exception is the frequent reference to industrialists and merchants as essentially distinct capitalist agents. Nevertheless, the BSA group neither developed a theoretical account of the relationship of merchants to small scale producers nor made this distinction a core problem in their empirical research. Gerry, for instance, points to the important role played by the

'intermediaries' in the exploitation of small scale producers but at best this remains as a descriptive term not integrated into his theoretical framework in any significant way. Lastly, I should mention a host of terms used by the various authors around the BSA Group to identify production systems other than the non-capitalist ones; what subordinates the small scale producers is 'the capitalist mode of production or capitalism and capital or capital-intensive large-scale industry. If my understanding of their writings is correct for the BSA Development group capitalism or capitalist production means essentially capital-intensive large-scale industry, and perhaps nothing else. To come back to this matter at a later point, I shall conclude that for the BSA Group there is no important differentiation within the capitalist sector itself.

In criticising the informalist assumption that the informal sector is largely an autonomous one, the BSA view stresses the relationships between the capitalist and the petty commodity sectors. The nature of this relationship is one of domination and subordination. There are however, according to the BSA view, different types and various degrees of subordination e.g. to use Gerry's terms it is possible to say that the disguised-wage labourer is more subordinate than with the dependent producer. But, this introduces ambiguity into the analysis. If subordination or proletarianisation is divisible, that is, if, there are different degrees of subordination, what types or degrees of domination correspond to these different subordination types? The framework developed by the BSA Group can provide us with only two answers; the large-scale capital-intensive industry and the merchant. To give only one example, the proletarian outworker, a direct producer whom the BSA Group view would

consider within the petty commodity sector, is subordinated neither by the merchant nor by the capital intensive industry.

But, this point needs further clarification. In the case of both the carpet and the metal industries, I have tried to show that the proletarian outworker or the worker in the small capitalist workshop are subordinated by the capital-intensive industries as well as the merchants. I am not trying to question the validity of the BSA assumption that the capital intensive industries subordinate the small industries through their backward linkages. But, often the immediate capitalist agent who subordinates the direct producer is not the large scale-industry. Adequate understanding of this domination-subordination relationship requires not only the identification of the overall nature of capitalist domination but also the identification of the immediate capitalist agent who subordinates the direct producer.

Similar arguments can be put forward in the case of merchant capital. The activities of the latter are confined to the sphere of exchange, to the acts of buying and selling. If it is not the large-scale capital-intensive industry which is responsible for the immediate subordination of the direct producers as the disguised wage-workers, casual workers or dependent producers, neither can it be merchant capital. The disguised wage-labourer for instance, is described by Gerry as an artisan who has lost at least part of his autonomy over the ownership and control of the means of production. In other words, the capitalist agent who subordinates him has extended his control into the sphere of production. The activities of the 'merchant' is no more limited to the sphere of exchange. Capitalist penetration into the sphere of production means that the nature of

capitalist domination is changing, from a certain type of domination limited to exchange into something else. Undoubtedly, Gerry's argument is not that the semi-proletarians as the disguised wage-workers are subordinated by merchant capital. But, in his work one can see no serious attempt to specify the capitalist agent who subordinates the disguised wage-worker. If this agent is not the merchant, Gerry should clarify what he is. Similarly the specific natures of the capitalist agents who subordinate the short-term wage-workers, the casual workers and the dependent producers should all be pointed out. As I tried to indicate however, the BSA Group locates this domination-subordination relationship only at the macro-sectoral level and the capitalist sector is identified as the sector of large-scale capital-intensive industries.

According to the BSA group the dominance of the capitalist mode of production is manifest in the following areas: the production of input goods for small scale industries and subcontracting. The former pertains to that section of the capital intensive industries which produce capital and intermediate goods or means of production. Do these industries really take steps in advancing raw materials to individual direct producers, financing them and marketing their *products*? I have not come across any empirical study which supports this argument and I think this can rarely be the case (Ch. 2.). On the other hand, I will come back to sub-contracting, shortly.

So far, I have tried to show the insufficiency of the two-sector model in explaining the actual mechanisms of subordination of the small scale producers. The major theoretical weakness of the neo-Marxist approach lies in its confusion of the different levels and units of analysis. This approach

assumes that the direct or the immediate forms of subordination of the semi-proletarians are immediately deducible from the nature of macro-scale inter-sectoral relationships. Given the absence of the study of the nature of dominance, the typologies of casual workers or petty commodity producers as developed by the BSA Group remain as conceptual frameworks to analyse employment situations. As such, these frameworks are of little help in understanding and studying forms of production. The analysis of the latter would require not only the study of the direct producer and the dominant sector of the economy but also the capitalist agents who subordinate the direct producer as well as the nature of the relationship between the former and the latter. Theoretically, one cannot reduce this two sided relationship to the analysis of employment situations or the study of casual workers.

Unlike the neo-Marxists who concentrated solely on the relationship between the dominant large-scale industries and the petty commodity producers, the earlier Marxists focused on the mechanisms of capitalist penetration through the study of less developed forms of capitalist production. A comparison of Lenin's work, for instance with those of the neo-Marxists could be illuminating. (Lenin: 1974). For Lenin small commodity^{production} is a definite stage of production which has distinguishing characteristics of its own. Technically, it is marked by backward instruments and undeveloped division of labour, that is, the form of work is basically individual in nature. Secondly, this stage is identified by the production of goods for the market, commodity production and it is this aspect which distinguishes the small commodity producer from the artisan who produces goods for individual orders. Thirdly, the small commodity producer cannot accumulate

capital because he does not employ wage workers in large numbers. For instance, when Lenin talks about larger small commodity producers he mentions a maximum work force of ten which include the family labourers, the apprentices and the hired hands.

The neo-Marxist concept of small commodity production is, however, a highly ambiguous one. One can hardly see in their work any reference to technology or work organisation; indeed, although the neo-Marxists often refer to their point of view as the labour-process approach, it is difficult to come across in their writings to any detailed account of technical relations of production. Other than Middleton's emphasis on the other hand, the neo-Marxists hardly mention the fundamental difference between production for individual customers' orders and production for market. More important however is the neo-Marxists' total neglect of 'the problem of size' in the case of petty-commodity production. In reading their writings one gets the impression that the small commodity producer may be employing anything from one to fifty workers. In fact, it seems that it was this ambiguity in definition which allowed them to speak of any production unit other than the large scale industry as petty commodity production. That is, only such a lucid definition would enable one to conceive of huge petty commodity spheres as the neo-Marxists do.

Lenin contrasts the proletarian outworker of the capitalist domestic industry with the independent artisan and the small commodity producer. In case of the capitalist domestic industry, an entrepreneur owns the means of production, takes care of the marketing of the finished goods while paying wages to the workers who usually work at their homes. With the capitalist domestic industry work organisation also changes considerably; the capitalist

entrepreneur divides the work among his employees and he takes steps in determining the immediate organisation of production through such measures as quality control. All these indicate that the capitalist agent involved does not limit his activities to buying and selling alone but he penetrates production. Unlike the small commodity producer who at best works with a few wage labourers, the entrepreneur of the domestic industry employs workers in large numbers i.e. even as much as several thousand as in the case of Kayseri carpet industry. Now, the entrepreneur is not a merchant but an industrial capitalist. The specific way in which he subordinates the direct producers is surplus appropriation not in circulation but in production itself, although rudimentary in many ways, this is a form of capitalist production.

In the present day Third World Countries capitalist domestic industry may never play that significant role that it once did in the development of capitalism in Western Europe. To know how widespread the putting-out system is we have to have more empirical data than there exists now. Indeed, such studies are extremely few. (Schimitz: 1979, Schildkrout: 1979, Staley and Morse: 1967). But, if the 'disguised wage-labourers' and the 'casual workers' are as numerous as Gerry suggests there is no reason to suppose that the putting-out system is extinct in the present day Third World Countries.

Thus, on the one hand there is the independent artisan and the small commodity producer and on the other the proleterian out-worker of the capitalist domestic industry. Lenin mentions six stages to indicate how the direct producer loses his autonomy to become a wage-worker under the putting-out system; subordination in marketing, subordination in the purchase of raw materials and instruments and the loss of access to the means of production

in various degrees [Lenin: 1974]. Here, Lenin depicts two major tendencies; on the one hand, the direct producer gradually loses his independence moving in the direction of becoming a wage-labourer and on the other, the merchant capitalist increasingly assumes the role of the industrial capitalist as he subordinates the direct producer in one area after the other. However, in all this variety of diverse situations the capitalist agents are not yet industrial capitalists just as the direct producers are not yet proletarians. In other words, capitalist relations of production are not dominant yet, they are only nascent.

It seems to me that Gerry's dependent producers and Scott's dependent petty commodity production can be situated somewhere in this area. Here, the wage relation has not emerged clearly and appropriation of surplus takes place both in production and in exchange. Although the merchant takes steps in penetrating production the out-work situation or the putting-out system is yet non-existent. I would argue that the theoretical framework developed by the neo-Marxist approach is applicable in this sphere, to borrow a term from Scott, the grey area where small commodity production and capitalism co-exist. The neo-Marxist thesis of subordination of the direct producers to capitalism through backward linkages and their contention that such small scale producers have no autonomous capacity for growth seem highly illuminating in reflecting the economic conditions of those small scale producers who are neither independent as Gerry's truly self-employed who nor as dependent as the proletarianised out-workers.

A third sphere can be conceived as that of capitalist manufacture, the sphere of capitalistically organized labour-intensive industries. As the putting-out system or the capitalist domestic industry the study of this form is also neglected by

the BSA Group. As I tried to show in the case of the Turkish economy the majority of the work force concentrate in those sectors where labour is formally subordinated to capital, that is, where capitalist manufacture predominates; railway and road construction, medium scale textile and metal industries, building industry, woodworking, tobacco processing, food industry, the processing of forestry products and mining to mention only the most significant.

Thus, the subordination of labour by the large-scale capital-intensive industries (whether these are the small scale producers who buy input goods from them or the industrial proletariat who are directly employed by these capital-intensive industries) is not the only way that capital subordinates labour. To the 'grey area' which I have just mentioned and direct employment by the capital intensive industries ^{we} have to add two other forms of capitalist domination, capitalist domestic industry and capitalist manufacture. Lenin approaches the study of the early 19th century Russian industry through these four basic forms of capitalist penetration and domination. Since capitalist domestic industry and capitalist manufacture still play an important role in the development of capitalism in many Third World Countries, Lenin's approach seems to have greater explanatory power than the more simplistic neo-Marxist, two-sector model. The strength of the latter lies in its identification of the capital-intensive level as the dominant sector which shapes the course of development in the other spheres. Its major weakness, however, is its neglect of differentiation within the capitalist sector itself and the neglect of the study of the mechanisms through which capital subordinates labour within what is called the informal or the petty commodity sphere.

A NOTE ON SUB-CONTRACTING

According to Gerry direct subordination of the petty commodity producers by the capitalist mode of production takes place in the case of industrial sub-contracting. (Le Brun 1976). In fact this is another important area where the views of the dualists and the neo-marxists widely differ. For instance those who criticise the cottage industry view often note the absence of sub-contracting links between the modern large scale and the traditional small-scale industries. Similarly, the informalists see industrial sub-contracting as something to be created and promoted rather than as something already developed [Chapter 2]. Against these however, the BSA approach holds that 'exploitative sub-contracting' is a major link between the two modes of production, capitalist and non-capitalist. Neither of the sides however present statistical data to support their arguments. My interest in this issue on the other hand, is limited to some of its theoretical aspects and implications.

In very broad terms industrial sub-contracting is an exchange relationship between two industrial enterprises. Of course, one of these parties might be sub-contracting work to more than one enterprise, the one usually referred as the parent company and the second party or the subsidiary might also establish sub-contracting links with other enterprises, this time itself acting as the parent company. The latter case, represented by a chain of hierarchically organised sub-contracting firms was once very common in the Japanese industry (Lockwood: 1954). Secondly, this relationship is more or less stable, that is, the parent company keeps placing orders to its subsidiary unless the formal or the informal contract which binds both parties is terminated for one reason or another. Thirdly, the contract

binds the subsidiary as to the quality and quantity of its output and the time of delivery, and the parent company as to buy the goods produced by the subsidiary on ^a price which the parties have agreed upon in advance. This arrangement helps the parent company to meet its production target by making use of the extra productive capacity available in the subsidiary plant and the latter to maintain a steady market for its products. All these descriptive aspects however, tell very little about the exact nature of sub-contracting in industry.

To proceed one step further, we might distinguish between two types of industrial sub-contracting; sub-contracting between capitalist enterprises on the one hand and sub-contracting between capitalist and non-capitalist enterprises on the other.

Sub-contracting between capitalist enterprises is widespread in those industries where manufacturing processes are easily separable e.g. the car industry, ship-building or metal industry. Indeed this is the norm in the car industry where large corporations work with tens of thousands of subsidiaries. Here, even the subsidiary firms are of considerable size e.g. employing over three or four hundred workers and also that they are themselves highly capital-intensive industries. (Staley and Morse: 1965).

It seems that a subsidiary which works for a large-scale capital-intensive industry must itself have a sophisticated technology. This is essential for two reasons. First, the parent company orders the production of a component or two, in fact only one or two among the many which would later be assembled with other components. Here, the requirement is that each component should fit the standards of size, quality and shape set by the parent company so that it would match with those components produced in other plants. This in turn requires

precision in production usually attainable by fairly sophisticated techniques. The latter however necessitates large number of workers, sophisticated capital equipment and expertise on the part of the subsidiary firm.

Secondly, the productivity difference between the parent and the subsidiary plants must not be too wide. Where this is the case sub-contracting may lose most of its advantages. For instance, an extremely labour intensive subsidiary firm would operate with production costs too high to be accepted by the parent firm. On the other hand, wide productivity differences might also introduce additional difficulties for the parent company which always tries to match output in the different sub-processes of production. [Chapter 12]. To give an example, a large-scale carpet factory can weave ten tons of wool and cotton into carpets in a day. Imagine how many hand-spinners or small labour-intensive workshops it would need if it does not provide ~~its need~~ through mechanised spinning plants. Of course, this would be too costly and almost impossible to organise. Hence, the absence of wide productivity difference between the parent and the subsidiary company is essential both economically and technologically.

If this is so, then it becomes extremely difficult to accept the neo-Marxist contention that wide sub-contracting links exist between the capital-intensive and the non-capitalist industries in the case of Third World economies. The emphasis in the neo-Marxist approach is on the economic aspects of sub-contracting, the parent company saves from investments in buildings and machinery by making use of the available capacity in the subsidiary plant; the parent company does not have to employ additional workers in cases of sudden increases in demand since

it can find such a work force readily available elsewhere and; where the smaller subsidiary workshops can make use of cheap labour e.g. where legal provisions to protect the work force are absent, the parent company benefits from lower labour costs and hence lower production costs. The important point however is that such relationships are not universal aspects of sub-contracting. In fact, these economic relationships cannot be considered without taking into account the technological aspects involved in the sub-contracting relationship itself. This is precisely what the analysis of the BSA Group has ignored.

To summarise the points I have made so far, the subsidiary firm which receives orders from a large-scale capital-intensive industry must meet the following requirements: precision in work and the ability to produce standard products and a certain level of productivity not too lower than that of the capital-intensive parent company. Such technological sophistication requires in turn a certain degree of capital-intensity on the part of the subsidiary plant too. Since the capital-intensive industries in the Third World also use highly advanced techniques it would be highly unrealistic to suppose that they would sub-contract work to petty commodity producers who operate with extremely backward techniques. This, of course means that capital-intensive industries sub-contract work to other capitalist industries though the latter are usually smaller in size compared with the parent-company itself.

Birbeck's highly illuminating study of the garbage-pickers of Cali(Colombia) is accepted by some authors of the BSA Group as a typical example of the exploitation of petty commodity producers by large-scale capital-intensive industries. (Birbeck: 1979, Gerry: 1979). In this case, the large-scale paper producing company provides a minor section of its raw material

needs through people who dig and sort garbage. Does this case violate my basic argument or is this a significant exception? I would argue that it is neither. Digging and sorting garbage is not a sub-process of production as such, that is, the paper producing company has not a department of its own organised for this purpose. It is a way of providing raw materials and as such it is no different than providing raw materials through small-scale miners or agriculturalists e.g. the small-scale farmers growing sugar-beets for a capital-intensive sugar producing company. If sub-contracting is defined in this broad-way then one should also subsume all kinds of direct exchange between the industrial crop producers and the industrial plants which process them, under this relationship.

Moreover, even in the case of Birbeck's garbage-pickers, the re-cycled material is first gathered by a capitalist industry which processes it before it can be used by the large-scale paper producing company. Again this shows that the rule of similar productivity levels which I have just indicated is not violated.

There is one more important aspect, however. The capital-intensive plant and the large firm which owns this plant are two different things. The interests of the large-scale firm may be diverse; other than running the capital-intensive plant which it owns, the firm might extend its activities as to take part in the less mechanised phases of raw material production. This could be anything from the extraction of the raw material to the latest processing phase. At this point however, the large firm operates as a merchant company or as a contracting firm which coordinate the activities of a multitude of labour-intensive industries. However, all these are essentially distinct

functions not immediately deducible from the nature of the capital-intensive plant itself. Nevertheless, the present day large scale, capital-intensive industries of the Third World tend to resort to such means in relatively few areas. One classic example I can think of is packaging. For instance the large industry may have a packaging department of its own, though a highly labour intensive one compared with its other departments; to match the output of the other departments part of the packaging work may be sub-contracted to labour-intensive subsidiary workshops. But, note that here what gives rise to sub-contracting is not capital-intensity but lack of it. In fact this is the last but the most important point I would like to make. There could well be one or two less mechanised departments in the 'large-scale capital-intensive plant' and only in these areas work may be sub-contracted to labour-intensive industries or petty commodity producers. This however will be nothing but a relationship between two labour-intensive units.

In relation to its views on sub-contracting there is another major inconsistency in the BSA approach. On the one hand, the authors are unanimous in stating that the large-scale capital-intensive industries of the Third World have extremely limited employment creation capacities. On the other hand, they maintain that these industries sub-contract work to large numbers of petty commodity producers. If one accepts the second argument a consistent view would be to say that the imported advanced technologies do create considerable employment but only in an indirect way e.g. through sub-contracting. It is difficult to understand why the BSA Group has not come to this conclusion if as they argue sub-contracting is so widespread in the Third World.

I think modernisation theory had a more realistic account of this situation. Staley and Morse and others have pointed that only the growth of 'modern small industry', that is, highly mechanised small and medium sized capitalist industries can determine the base on which capital-intensive industries can establish wide sub-contracting networks. (Chapter 2). On the other hand, I would argue that they were quite wrong in under-estimating the role that sub-contracting can play in the Third World economies.

As I tried to argue in the case of Turkish economy sub-contracting between capitalist industries and petty-commodity producers is extremely widespread. However, this does not contradict what I have said so far. In Turkey, capitalist manufacture, the labour-intensive capitalist industry, is the predominant form of production in terms of employment in such branches of industry as textiles, building, wood and metal working. Capitalist manufacture operates with techniques not too different from those of the artisanal industries and the putting-out system; the predominance of hand techniques and the absence of mechanisation on a wide scale. Although this form of production has on its side the advantages of developed division of labour its lead over the artisanal and the putting-out industries in terms of productivity is not too great. Moreover, small-scale artisanal industries may even have some cost advantages on their side due to cheaper labour costs; the use of family labour, longer hours of work and the absence of social provisions for workers. All these conditions make it ideal for relatively larger labour-intensive capitalist industries to establish sub-contracting links with smaller labour-intensive capitalist industries and petty-commodity producers. In fact,

as is often put forward, historically capitalist manufacture far from uprooting the more backward forms of production e.g. peasant agriculture, small commodity production in industry, the putting-out system, helped to expand and consolidate them. (Dobb: 1972).

I think it is essential to make a basic distinction between sub-contracting which takes place between two highly mechanised capitalist industries and sub-contracting between the labour-intensive industries and petty commodity production. This however requires that technology should not be considered as a static element; an adequate understanding of the nature of sub-contracting relations in industry requires that this element should be taken as problematical. One major reason is that what helps us to distinguish factory production from other types of capitalist production is, above all, technology. Thus, the major weakness of the neo-Marxist approach in its conceptualisation of sub-contracting is again its failure to distinguish the different types of capitalist production.

CAPITAL ACCUMULATION

Lastly, I will comment on the most important part of the debate that took place between the neo-Marxists and the informalists; is the informal sector or the petty commodity sphere capable of economic growth? This question is closely inter-related with another one: is capital accumulation within the petty commodity sphere possible? The neo-Marxist answer to both questions is negative and against this the informalists emphasize the autonomous growth capacity of the informal sector. The underlying assumptions behind both views are not difficult to trace. For the informalists it is the very autonomy of this sector which gives it the capacity for growth whereas for the neo-Marxists what prevents capital accumulation within the petty

commodity sphere is its dependence on the capitalist mode of production.

The neo-Marxists's however, do indicate that the petty commodity sphere is capable of generating surplus. At this point we should ask another question: how is this surplus appropriated, or, what are the mechanisms of appropriation of the surplus created within the petty commodity sphere? I have to note that at this point I am not concerned with the question of who appropriates this surplus. In other words, the initial step is the identification of the different types of surplus appropriation. This in turn brings us back to the question of differentiation within the capitalist sector itself; how and in what ways are the petty commodity producers and semi-proletarians subordinated to capital.

According to Gerry the petty commodity sphere consists of the following: the casual workers, the disguised wage-labourers, the dependent artisans and the truly self-employed. The casual workers and the disguised wage labourers, perhaps numerically the most significant section in this sphere, are proletarians or semi-proletarians. As I tried to show, these people are often employed either in the seasonal labour-intensive industries e.g. the building industry or they work for capitalistically organized domestic industries. In their case then the question why the petty commodity producers cannot accumulate capital takes the following form: why cannot the proletarians accumulate capital? And this is nonsensical. Empirically, it is always possible to find examples of upward mobility among wage-workers. However, the neo-Marxists were not dealing with this. Otherwise, how can one expect from 'underdeveloped capitalism' something contrary to the logic of the capitalist system; the transformation of proletarians as a class into the ranks of capitalists?

The cases of the dependent artisans and the truly self-employed are different, however. Judging from my own evidence on the blacksmiths, coppersmiths and stovemakers I would agree that such small scale producers who do not employ wage-workers and who operate with backward techniques are seriously handicapped in terms of upward mobility. There is also an abundance of evidence in support of this argument. (Schimitz: 1979, Middleton: 1978; Peil: n.d).

Gerry and Scott use other terms to describe various sections of the petty commodity producers; Scott's autonomous petty commodity production and Gerry's lumpen-capitalists. Gerry for instance, never mentions whether the lumpen-capitalist and the truly self-employed are the same or different people. If one understands by the lumpen-capitalist a small scale entrepreneur such as the owner of the turning workshop in the Kayseri metal industry, there is no reason to suppose that his prospects for accumulation are too gloomy. Due to increased productivity of labour in this industry e.g. the turning lathe, the drilling lathe, a small entrepreneur employing five or six wage labourers can easily transform his business in a matter of few years. The neo-Marxist analysis has never gone so far to examine the differences among the self-employed and the very small capitalists in terms of work force size or capital intensity and this makes it extremely difficult for the reader to understand what they mean by such terms as 'lumpen-capitalists.

Moreover, when the neo-Marxists say that petty commodity producers can not accumulate capital are they actually referring to petty commodity producers as individual people? In the cases of the Kayseri metal and carpet industries the number of small scale producers who managed to become carpet manufacturers,

wealthy merchants and industrialists was not at all negligible. The situation seems no different in some other rapidly expanding labour-intensive industries in Turkey e.g. knitting, ready made clothes, woodworking, shoemaking etc. (Velzen: 1977, SPO: 1971, Bademli: 1977). On the other hand there might be contradicting evidence too. How many small-scale producers in the Third World could manage to become capitalists is essentially an empirical question that is, the answer is not immediately deducible from certain general features which some theories attribute to the Third World Capitalism.

Let me make this point clearer. When the neo-Marxists argue that small-scale producers of the Third World are unable to accumulate capital they seem to have some kind of comparative reference in mind; the case of the Western European industry in the 18th and the 19th Centuries. But, I think it is important to ask how many of the hundreds of thousands of the 18th century English knitters, spinners or weavers did evolve into larger capitalists and how many of those that actually did could survive into the 20th century? For instance, 240,000 weavers were wiped out in England only in a matter of two decades. This, above all, is a rule of the capitalist system not specific to its Third World type in any way. Secondly, to the extent that there is a significant difference between the two systems in terms of individual or group mobility, this should be a quantitative difference. Unfortunately however, such comparative statistical data is non-existent.

As I argued earlier, if petty-commodity producers as dependent artisans, casual workers and disguised wage-labourers are so numerous then the merchants, merchant manufacturers and industrialists who trade with or employ them should also exist in considerable numbers. Among whose ranks are these people

recruited? The study of the Kayseri metal and carpet industries is suggestive in that the occupational origin of such people can be traced in most cases to small-scale producers. Then considered as individual people mobility is not entirely blocked for small-scale entrepreneurs. Whether it is higher or lower than it was in the 18th and 19th century Western Europe is an important empirical question to be investigated. Thus, the difference seems largely as one of degree and therefore it might be an important error to present the European experience as one of high mobility and the case of the present Third World capitalism as one where no such mobility takes place.

I think the neo-Marxists make a simple but very important methodological error. To find out whether some small entrepreneurs do evolve into larger ones, one has to study those that had done so. The study of small entrepreneurs themselves is important in understanding the difficulties which these people face and in identifying those economic constraints which block capital accumulation for the majority of the small scale producers. But this approach may not be very helpful in explaining how small minorities do overcome such barriers. In other words one has to study the small and medium scale capitalist industries; their social, occupational and family backgrounds. In fact, this was the central theme in the entrepreneurial theory but the majority of those who carried out empirical studies had concentrated on the psychological and ethnic origins of entrepreneurship. The few studies that investigated the occupational origins found that medium-scale capitalist entrepreneurs came from artisans and skilled workers. (Chapter 2). Nevertheless, the question of individual and group mobility among the artisans requires further investigation and research.

The neo-Marxists also did too little to study the forms of surplus appropriation within the petty-commodity sphere. The authors around the BSA Development Group have concentrated almost solely on the surplus value appropriated by the large-scale capital-intensive industries; the 'unequal exchange' that takes place between the capitalist and the non-capitalist modes of production. However, the capitalist agents which claim portions from this surplus are extremely diverse; the merchants who market the wares of the small-scale producers, the merchants who sell them, input goods and the industry which produces these goods. For instance, since artisans are so numerous the intermediate and capital goods producing industries must rely on wide networks of merchants and distributors to reach them. Hence, the surplus generated by the autonomous artisans is shared between the merchants and the industrialist. The chain of iron merchants in the case of Kayseri metal industry is highly illustrative.

We can identify a second group other than the large-scale industrialists who also take part in the exploitation of the small-scale producers. This group includes the prosperous artisans who can make modest savings through making use of advanced techniques and employing small numbers of wage-workers, the small-capitalist entrepreneurs and the owners of labour-intensive industries. All these three types of industrialists may be dependent on large-scale capital-intensive industries and merchants in providing their input goods. Of course, part of the surplus-value created in such enterprises may flow to larger industrialists and merchants. Although they suffer from this, they still capture part of the surplus value. At this point it might be significant to remember that such industries make use of cheap labour power and this gives them important cost advantages e.g. the foundry owners, the welders in the Kayseri metal industry.

Thirdly, the capitalistically organised subsidiary workshops with whom orders are placed can also accumulate capital under certain circumstances. Once again however this depends on the availability of large reserves of cheap labour power. [Chapter 13].

In case of capitalist domestic industries four types of agents are involved: the industries which produce the input goods, the merchants who sell raw materials to the putting-out manufacturers, the putting-out manufacturers themselves and lastly the chain of merchants who take part in marketing. In the case of the Kayseri carpet industry I tried to show that capital^{accumulation} is a real possibility for such people as the yarn dealers, the well-to-do carpet manufacturers and the wholesalers. In fact their case seems a good example for capital accumulation taking place outside of the sphere of capital intensive industries.

Lastly, there exists the vast sphere of capitalist manufacture itself; the sphere of the small and medium-scale labour-intensive capitalist industries. The possibilities for accumulation was not seriously blocked for a good part of the metal industrialists in Kayseri and for the merchants who sold them raw materials and those who marketed their goods.

I draw two conclusions out of this. First, there exists a multitude of capitalist agents who are involved in the vast exchange network which develops between the capital-intensive industries on the one hand and the artisanal and the non-capital-intensive capitalist industries on the other and in that network which emerges in the various exchanges that take place within what Quijino calls the intermediate and the artisanal levels. Secondly, the prosperous artisans, the small capitalists, the putting-out manufacturers and the owners of the labour-intensive

capitalist industries do capture part of the surplus created by their work force, that is, the surplus value created in these industries do not flow en masse to the capital intensive industries.

But, what do these people do with this surplus? In Turkey, capitalist domestic industry, capitalist manufacture and some artisanal enterprises have expanded in the last twenty years and signs of immediate collapse are not visible in these sectors. This indicates that some of the profits made in business are re-invested into business; indeed, this must be so because in Turkey the access to bank credit is limited for small industrialists.

There is a second possibility however. My own evidence on the two Kayseri industries show that profits made in business do go to unproductive investments e.g. houses, apartments, urban land, conspicuous consumption, usury. At this point it may be useful to distinguish capital accumulation and accumulation of wealth. Thus, people who capture a part of the surplus created in the informal sector may not use their money to modernise their equipment and to enlarge the scale of their businesses. Instead they prefer to expand their wealth; buying with their money expensive cars and apartments, shares in large companies, shops, urban land and other real estate or investing their money in speculative trade. In Kayseri, these people made up the numerically most significant section of the bourgeoisie. In terms of their position in the class hierarchy they were well above such groups as the semi-proletarians, the organised working class and the shopkeepers and artisans.

Gerry points out that 'success stories' have wide appeal among the poor urban small scale producers. (Birbeck and Gerry n.d).

According to him however, social mobility in Third World is limited to one out of a million. If this was really the case then one can easily assume that the appeal of the success stories would not have been so wide. In fact it may be only one out of a hundred thousand who actually manages to become a large-scale industrialist. What some of the poor small scale producers and the workers in the factories aspire is not necessarily this kind of wealth. Instead, they aim at moving into this lower stratum of the urban bourgeoisie in order to live in a good apartment and to drive a Mercedes car. In Kayseri I observed that this does happen to one worker or small-scale producer out of every thousand, or even hundred people. This is what keeps the hopes of the remaining ninety nine *alive*.

On the other hand, it is extremely difficult for this stratum of the bourgeoisie to move into the next ladder to join the ranks of the big industrialists. The small workshop of the prosperous artisan might undergo a phase of organic growth to become a larger labour-intensive plant e.g. using more of similar equipment, employing more wage-labourers, extending the workshop space. In the 19th Century England for instance, the innovating entrepreneurs were even able to establish large factories through such organic growth. This requires however that there must be some kind of technological continuity between the artisanal, the intermediate and the factory levels. In the case of Third World Countries, the high technology which is often imported from the developed capitalist countries has undermined that fluidity which once existed between these spheres. It is not any more possible to create a capital-intensive plant out of a large-scale labour-intensive one. For the plant itself, if not necessarily for the enterprise or its owners, this route is decisively blocked. On the other hand, some wealthy entrepreneurs who

initially accumulate capital in the non-capital-intensive spheres may later play an important role in financing large-scale capital-intensive plants. However, this route is often indirect.

1st Stage: Accumulation of capital in the small industry sector.

2nd Stage: Expansion of this wealth through investments in unproductive areas e.g. speculation in urban land, wholesale trade.

3rd Stage: Investing this capital in large industrial ventures e.g. forming partnerships in order to afford the huge import cost of the advanced technology and employing managers and engineers to assist the owners in running the business.

A FINAL NOTE ON SOCIAL CLASS

Thus, the BSA Development group does not only present a two-sector model of the economy but also a simplistic-two-class model of the urban society in Third World Countries. The latter consists of a class of monopoly capitalists on the one hand and a class of organised workers and petty commodity producers or casual workers on the other. Theoretically, the BSA Group's conception of the urban class structure (Birbeck, n.d) derived from their conception of the urban economic structure. I have argued in this thesis that the BSA Group approach had important short comings in its ^{inter}pretation of the urban economic structure. If future research on social classes takes for granted the economic assumptions of the BSA Group approach, it may come up with unrealistic interpretations of the urban class structure in Third World Countries.

APPENDIX A

I carried out my field work in Kayseri between 1976 and 1978. Most of the interviews on which the major part of my evidence is based were done in the six months between August 1977 and February 1978. Collecting data on Kayseri industries in general and carpet and metal industries in particular involved the following stages.

Survey: This preliminary research covered 150 enterprises registered by Kayseri Chamber of Commerce and 50 enterprises registered by Kayseri Chamber of Industry. The records of the Chamber of Commerce are classified according to occupations of which there were twenty two. The number of registered enterprises was somewhere in the area of 6,000 in 1976. I do not give an exact number because not all businesses that had closed down and not all members who have I either died or changed occupation were carefully recorded. I have enumerated 6,532 firms in the records of the Chamber but the authorities there suggested that some five hundred ought to be regarded as cancelled.

My sample was narrow including only 2.5% of the total registered firms: this was due not only to that my interest in the study commerce and services was only secondary but also that I had neither the money nor the time to make a preliminary survey more comprehensive. I used random sampling in selecting the firms to be interviewed picking every fortieth enterprise in succession. In view of the above mentioned fact that some firms could be missing I wrote on each questionnaire form the addresses of every thirty-ninth and forty first enterprise in succession.

The number of enterprises registered by the Chamber of Industry are 520. In this particular case the sample represented 10% of the enterprises and I used similar techniques in selecting the enterprises to be interviewed. On the questionnaire forms

for industry, I added three more questions to inquire about the type of instruments and raw materials used and the capital outlay invested in machinery.

The questionnaire had 46 mostly open ended questions divided into five sections which inquired about the socio-economic background of the entrepreneurs, detailed account of the nature of work, commercial transactions with other enterprises, financial accounts of the firm, and the entrepreneurs vision of business and economy at large. The majority of the questions were short, simple and straight forward for I paid particular attention to avoid multiple choice questions. Here, I considered two main factors. The majority of the entrepreneurs included in the sample were retailers and in their case the interview time could be interrupted frequently by the customers they serve thus making the respondent quite unable to concentrate on long multiple choice questions. Secondly, I considered that closed ended questions may leave out the particular details which the respondents may want to reveal since they usually frame the contents of the conversation according to the priorities of the researcher. This was something which I wanted to avoid in a preliminary survey through which I aimed at gathering the kind of information that would inspire my later research rather than arriving at conclusive evidence which I could use to support or refute a developed hypothesis that I had in mind.

I have personally conducted only thirty of the two hundred interviews the remaining were carried by my wife who was at that time a postgraduate student in sociology and three paid interviewers who were undergraduate students in the Social Sciences Department of Middle East Technical University (Ankara).

Although the data was processed by computer I rarely used it in this thesis. Nevertheless, it provided me with detailed

information about the town economy which was of great significance as a background that I could always refer to in analysing the carpet and the metal industries. The survey also helped me to identify the expanding labour intensive industries in Kayseri and particularly the putting-out system in carpets of which I had no previous knowledge. Thirdly, since the firms in the metal industry were numerous in the sample, that part of the interviews on the metal industry were of some use in complementing the data that I collected later on the same industry.

The Village Survey: To study the carpet weavers I carried out a survey in Sakaltutan village which was studied by Stirling twice in the early 1950's and 1970's. It was the availability of background information on this village's economy and institutions from Stirling's writings that led me to study the workforce of the carpet industry here rather than some other place.

The survey covered all the weaving households in Sakaltutan. I have interviewed personally the household heads or where they were not present other adult men in the households and my wife visited every weaving household in the village to interview the weavers themselves, who were all unmarried girls or women. In many cases however, I too had the opportunity to talk to women but always in the presence of others. Other than some general questions on types of land tenure, production organisation on agriculture, and the conditions of work and employment in case of the seasonal migrants in these weaving households, the survey included very specific question on technical organisation production relations, and the systems of remuneration and the nature of the social relationships that develop between the weavers and the manufacturers in the city.

The Interviews: The main part of evidence presented in this thesis on Kayseri carpet and metal industry came from the 160

interviews I carried out with the entrepreneurs in these industries. The eighty interviews with entrepreneurs in carpet industry included 40 of the Provinces 520 manufacturers, 36 of the 356 carpet merchants and yarn dealers, two carpet factory owners, and two carpet export firms. In the case of metal industry I had two different samples; first, I interviewed thirty of the 310 artisanal enterprises and secondly I conducted interviews with fifty industrialists and iron merchants out of 290 in the town.

This part of the field work involved not only formal interviews but also participant observation. Where ever I was welcome I spent one day and in cases more than that with my interviewees. I travelled to villages and their distant 'işliks' with the carpet manufacturers, spent long hours with the supervisors and workers in the metal workshops, and stayed with the artisans while they carried on their work or talked to their friends and customers. I was particularly keen to observe various relationships on the spot whenever the opportunity has arisen; the merchants' negotiations with the artisans, the conversations between weavers and manufacturers and that between the latter and the yarn dealers and the wholesalers, the relationship of the small employers in the metal industry with their work force, and the procedures involved in decision making in the larger metal industries. I visited many firms more than once after reviewing the manuscripts from previous interviews seeking additional information and posing new question. I also tried to bring together my respondents in coffee shops or restaurants after work hours; this helped to arouse discussions among the entrepreneurs and stimulated people other than those in my sample to attend and give their views. On various occasions I visited entrepreneurs in their homes to have some idea about their family life and style of living. But, I

must emphasize that the interests of the entrepreneurs in my questions and their attitudes about my visits were not all alike, there were some who showed real interest and did their best in being helpfull even regarding this as one of friendship and at the other extreme were those who took it formally willing to carry on the conversation in so far as I came up with questions.

I had no questionnaire forms whatsoever nor any printed or hand written list of questions. I used the pen and papers that I carried with me only when my interviewees made it clear to me that they had no objections to written statements; which in many cases were limited to information of a technical or numerical kind. Therefore I usually spent the early afternoons and the evening in writing what I gathered from my respondents. Since this was quite time taking, I was not able to interview more than one or two people in a day.

I went to the field with some twenty basic questions in mind; each included several subheadings which I brought about during the interview not in any particular order but according to the natural flow of the conversation. Neither the particular questions were asked in a definite order of sequence other than the fact that I usually opened each conversation with questions about technical organisation, a subject on which many of my respondents were willing to talk and were not hesitant in revealing what they knew. I always felt that this initial discussion of technical matters helped to remove some of the suspicions that my respondents had in mind i.e. that I could be a Government Employee, or an officer from the Social Insurance Institution, thus contributing to the initiation of a friendly atmosphere and talk. On the other hand, I reserved my questions about income, output, profits and pay to the last moments of the interview when I could really see that the interviewee had developed confidence

in me.

In addition to the 160 interviews I visited forty seven firms in the carpet industry which did not take into account in formulating statistical regularities. Since the sample represented nearly 10% of the population, very few big manufacturers wholesalers and wealthy yarn dealers were in the sample. Therefore I decided to visit more of them seeking answers for specific questions. Nevertheless, the majority of these 46 firms were small manufacturers and small scale traders. The selection of these people were not random however; I visited those entrepreneurs referred frequently by those included in my original sample in relation various kinds of information that I was looking for. Often, there was consensus among my interviewees as to who knew best about the art of carpet making, who had profound knowledge about the organisation of the industry or who would be the best informant on the past developments and the changes that the industry has undergone.

Interviews with the Authorities: These were not limited to people in Government or in other institutions in Kayseri alone. I interviewed several civil servants in the Department of Small Industry of the Ministry of Industry the Department of Village Cooperatives in the Ministry of Village Affairs and the Institute of Standards in Ankara to inquire about policies towards small industry. In Kayseri, I talked to various persons from the Agricultural Office, the Chamber of Commerce, the Chamber of Industry, the Small Traders and Artisans Association and the People Bank. Finally a judge and Chief of Police in Bünyan and some lawyers, doctors and pharmacists in Develi were among my interviewees.

APPENDIX B
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