

Social Scientist

410-411

**New data on the arrested development
of capitalism in Indian agriculture** Utsa Patnaik 4

Inclusive Growth? Focus on Employment Sheila Bhalla 24

**Primitive Accumulation via Global Production:
The Case only of Underdeveloped Countries?** Ahmet Alpay Dikmen 44

Book Reviews 61

Social Scientist

Volume 35

Numbers 7-8

July-August 2007

Advisory Editors

Ashok Mitra
Anandendu Guha
Irfan Habib
Amiya Kumar Bagchi
Kishore Thekedath
Jacob Eapen

Contributing Editors

Thomas Isaac
Atis Dasgupta
Javed Alam
V.K. Ramachandran
Venkatesh Athreya

Editorial Board

Madhu Prasad
Uisa Patnaik
D. Raghunandan
C.P. Chandrasekhar
Jayati Ghosh
Biswanoy Pati
(Book Review Editor)

Managing Editor

Rajendra Prasad

Editor

Prabhat Patnaik

Editorial Office

35A/1 (3rd Floor) Shalpur Jat,
Near Asiad Village
New Delhi-110049

Circulation & Advertisement

35A/1 (3rd Floor) Shalpur Jat,
Near Asiad Village, New Delhi-110049
Tel: 2649 1448, 2649 1625, Telefax: 2649 7999

Subscription Rates

Inland	
Issue Price	Rs. 40
Annual (individuals)	Rs. 225
Annual (institutions & libraries)	Rs. 400
Annual (Students)	Rs. 150
2 years (individuals)	Rs. 350
3 years (individuals)	Rs. 450
(Rs. 50 extra if by outstation cheque)	

Foreign (in US Dollars)

Annual:	
Air mail	75
Sea mail	65

ISSN 0970 - 0293

Social Scientist is listed in the
International Current Awareness Services
and its contents are indexed in the
International Bibliography of the
Social Sciences.

Design: Alpna Khare
Printed and distributed by
Tulika Print Communication
Services Pvt. Ltd.
35A/1 (3rd Floor) Shalpur Jat,
Near Asiad Village, New Delhi-110049

The Grant for Publication from Indian Council of Historical Research is gratefully acknowledged.

Entire files of *Social Scientist* are available at:
<http://dsal.uchicago.edu/books/index.html>

Primitive Accumulation via Global Production: The Case only of Underdeveloped Countries?

Ahmet Alpay Dikmen

1. Introduction

Today many manufacturing processes get fragmented and relocate geographically all over the world (Dicken, 1999; Gereffi, 1995). Almost every production factor -money, technology, information, goods- moves across frontiers. Corporations, capital, products and technology are becoming increasingly disconnected from their home nations, as investors, manufacturers, traders and buyers scour simultaneously the globe for profitable opportunities (Gereffi, 1994).

The production patterns of countries have thus changed under the new global division of labour. In the classical core-periphery relationship the developing nations were the suppliers of primary goods to the industrialized countries while exchanging these goods with manufactured ones. Today this relationship has profoundly changed; "the most developed countries are no longer the most industrialized ones" (Gereffi, 1994). The core economies have shifted toward services and non-profit sectors (Fukuyama, 1995) while industrialisation has gained momentum in the periphery, or at least in certain parts of it. On that account, the production overflow has created a new hierarchy in the world where peripheral producers are more in need of and more dependent on the core countries.

Contemporary industrialisation is the result of an integrated system of global trade and production. Goods needed by consumers at the core are produced in peripheral countries where cheap labour forces and other economically feasible production capabilities are available. International production and trade are globally organised by corporations at the core that represent both industrial and commercial capital (Gereffi, 1994: 217). On the other hand the increase in the mass of cheap labor in the peripheral countries is not benign. The dirty hand of capitalist accumulation processes adversely affects the underdeveloped countries and their uneducated, poor people. This is different from what had happened in the era of Welfare states, since the "new" states of today are facilitators of the increase in the masses of cheap labor both in theory and in practice. For example, the privatization of state enterprises in these countries causes massive job losses, with retrenched workers thrown into the labor market. Every newcomer to the labor market contributes to the

lowering of wages. Moreover, the dynamics of the wage levels do not operate only nationally. Labor of the underdeveloped countries are in severe wage competition in the global arena. If labour in any country gives lowers its reservation price, labour in other countries is forced to follow the trend. Even if the advocates of neo-liberal economy insist that the wage is not the real source of competition in the global market for underdeveloped countries, actually, wage competition becomes the means to subcontract their production units to TNCs, because all other facilities are provided by the state on similar terms across countries to attract foreign investors. Countries are forced by the IMF and World Bank to improve their "investment environment" for foreign investors. There is almost nothing different, for example, between Turkey and Romania, in terms of the investment environment other than the level of wages. So, when the general level of wages is decreasing in Romania, the investors leave Turkey and rush to Romania, generating a crisis in the Turkish economy and a fictitious process of growth in the Romanian economy, as was the case between 1997 and 1999 (Dikmen, 2000).

Crisis here means the decline of some producers, or what Marx termed "the dissolution of private property based on the labour of its owner" (Marx 1990: 927). So the question whether primitive accumulation continues or not still has a meaning for our times. We may refer here to two trends in the analyses made by the followers of Marx: the way Lenin saw primitive accumulation as a historical phase in his work *The development of capitalism in Russia* (1899), and the way Luxemburg analysed primitive accumulation, as an inherent and continuous element in the evolution of capitalism in her *The Accumulation of Capital* (1913) (for a better discussion see: Massimo De Angelis 2001, Werlhof, 2001). In the last two decades there has been a revival of the discussion on primitive accumulation in the Marxist literature; and almost all writers emphasize the continuous character of primitive accumulation. In this paper, I will not discuss whether primitive accumulation has a historical or inherently-continuous character. The trend of discussions in the articles published in *The Commune*, which points to the continuous/permanent character of primitive accumulation is a given for me. I will additionally try to analyse the instance of primitive accumulation in the underdeveloped countries provided by the growth and crises of global production processes. The assertion of Luxemburg (1963) that primitive accumulation derives from the contradictory logic of capitalist accumulation which needs the realization of value extraction from the workers in form of profit is of immense relevance for our era. "Primitive accumulation is a feature of the crises-ridden character of capitalist accumulation" (Bonfeld 2001: 2). Thus, the relation between crises and the need for value extraction by opening

new markets to extract surplus value in exchange as well as the shift of petty-commodity producers into the global labour reserve, is the subject of our concern. This paper is based on field research conducted between 1998-2000 in Turkey.

Beginning in 1980, the measures for the transition to an open economy affected different areas in Turkey differently and paved the way for the rise of certain new provinces as opposed to the traditionally industrialized ones. The research, therefore, pays specific attention to these new provinces.

Turkey's provinces may be classified into three groups according to their industrialization patterns (Köse and Öncü, 1998). The first group includes Adıyaman, Çorum, Denizli, Edirne, Gaziantep, Kahraman Maraş, and Konya commonly referred to as the 'Anatolian Tigers.' These were industrialized after the adoption of the 1980 export-oriented development strategy. The second group is the Traditional Industrial Provinces constituting twelve areas already industrialized prior to 1980: İstanbul, Bursa, Kocaeli, Sakarya, Tekirdağ, Özlü, Manisa, Ankara, Eskişehir, Kayseri, Adana, and Samsun. The third group consists of the remaining provinces, labeled Other Provinces, which still remain unindustrialised.

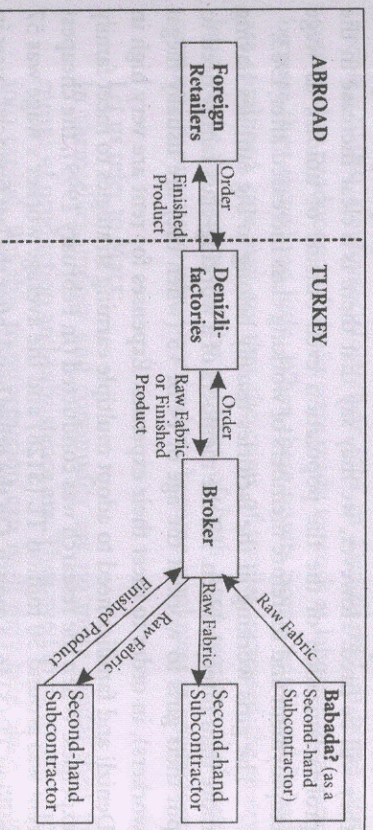
The research setting chosen was Denizli (a province in "Anatolian Tigers" group) and Babada (a small town in Denizli province), where not only the current situation of the textile and apparel industries but also actual improvements in them were analyzed. Different levels of employees in work processes were interviewed in different types of textile and apparel organizations. The research is concerned with the organizational basis and functioning of subcontracting production in Denizli and Babada. It provides takes a picture of global production system and its effects on Turkish economy.

II. Production and Crises of Textiles in Turkey

Factories in Denizli may be classified in two groups: the first group (identified in the figure below as "Denizli factories") includes integrated (where all necessary processes from yarn to final product are made in its integral units), first hand subcontractors subcontracting with TNCs; and the second group (identified in the figure below as "Babada") includes unintegrated (only a small portion of the whole production is carried out by these group), second hand subcontractor work groups subcontracting with the integrated factories in Denizli when they could not meet the foreign demand.

The subcontracting with foreign buyers is usually based on a one-to-five or one-to-four price ratio which means, if the subcontractor sells goods for \$1, they will be priced at \$5. For example, Sears sells the bathrobe made by Factory A of Denizli approximately for \$100 in its USA stores but pays only

\$20 to factory A. Probably it is not a coincidence that the difference between purchasing power between Turkey and U.S.A. is approximately one-to-five, and between Turkey and Europe, one-to-four. TNCs earn basically under global production systems from the differences of purchasing powers among countries.



The household strategy of ensuring multiple earnings of family members is relevant in Denizli. On the other hand the tissue of relations is close with a community-like structure. Woman workers are provided to the factories with the approval of their families until marriage. After marriage they usually leave their jobs. The relationship between young girl employees and their managers or journeymen is based on a sort of 'trust association' which stems from being in the same traditional/social group, or usually from the same village. These girls treat their managers as a father or an elder brother. Work activities are distributed as if they are family activities which are shared by all family/workplace members. Under this model, workers do not need to unionize because every problem has the potential to be resolved in the "family-like structures of factories."

A critical question here is, "does the local structure of Denizli threaten the global production system?" It seems, it does no". The multiple earning strategy ensures a decrease in the labor costs. The young girls are ready to work for lower wages than others in the labor market because they are not obligated to maintain the whole family but only cover their own expenses with their wages. Similarly, every member of the family, including fathers, works with the same objective and nobody aims to meet the whole family budget, but only cover a part of those expenses. The result is a combined shrinkage in labor costs. It is hard to say that there is any challenge from the 'local system' to the 'global system'. The local, traditional, patriarchal system harmonizes with the global system so that no tensions arise between them. The paternal system enables deferential workers to submit to managerial

authority with lower wages ensured by the multiple earnings strategy.

Only 3 percent of the labor force has joined unions in all sectors in Denizli. This rate of unionized workers for textile industry, being around 0.5 percent, is much smaller than that of all sectors in the city, because textiles workers are not permitted to unionize. As a rule, if employees join any union, they will be fired. However, we may say that there is a clear increase in the proletarianization of the the population even outside of unions, as wage employment and therefore members of working class increased after 1983.

The girls working in the factories usually belong to big families having more than three children. All the members of a working-class family need to put their girls to work at the age of 14 or 15 (when they are usually illegal workers), in order to meet their expenses. Expenses for rent are very high in Denizli and families need to adopt multiple earning strategies to meet family expenses. When the research was conducted (in February 1999), the cheapest rent was around 50 million TL (\$128) and the average worker's wage was 57 million TL (\$146) a month. On the other hand, after the last financial crises in Turkey in February 2001, the legal minimum wage of workers fell to around \$90 (120 million TL) and the cheapest rent in the city rose to around \$100 (140 million TL) because of the devaluation of Turkish Lira.

The difficult living conditions are not the only reason why young women are going to work. They usually like working in the factories because most believe, "working is better than being at home waiting for a marriage" and "they also have close friends in the factory."

Beginning in 1980, after the adoption by Turkey of the export oriented economic system, some new provinces caught up with the chance for industrialize by catering to foreign demand. After 1984 the same trend, affected Denizli, where private enterprises, utilizing the high amounts of public incentives, established integrated textiles and garment plants to meet the foreign demand for textiles, i.e. apparel, especially towel and bathrobes. Between 1984 and 1994, the textiles and garments industry was the rising star in Turkey; therefore, many were eager to invest their money in this area. Ironically, not only the entrepreneurs or investors but also lawyers, doctors, dentists, in short, anybody who had money enough to start a business entered the textiles and clothing sectors.

This certainly created an excess of production units, which was one reason for the textiles crisis in Turkey. On the contrary, both the producers in Denizli and the Aegean Region Chamber of Industry Report asserted that the crises arose mainly because of global trends. According to the Aegean Region Chamber of Industry Report, the main reason for the textiles crises in Turkey was the decline of foreign demand for the Turkish textile products owing to the increase in the cost of Turkish labor relative to the other garment

producing countries, e.g., China, India and Rumania (E.B.S. Odas1 Raporu, 1999: 32).²

Ten years ago there was no unemployed person either in Denizli or in Babada (a town in Denizli province) where factories had been trying to hire workers from outside. After the crises of 1997 and 1998, large numbers of people (10.000 employees) lost their jobs in Denizli and in-home petty commodity producers in Babada were ready to work as laborers in factories because they earned too little. When these results from Denizli and Babada are combined, one may say that the crises of textiles increased the reserve labor force by expanding the number of both fired workers and petty commodity producers who were ready to become employees in any factory.

Let us refer to Marx:

In themselves, money and commodity are no more capital than the means of production and subsistence are. They need to be transformed into capital. But this transformation can itself only take place under particular circumstances, which meet together at this point: the confrontation of, and the contact between, two very different kinds of commodity owners, on the one hand, the owner of money, means of production, means of subsistence, who are eager to valorize the sum of values they have appropriated by buying the labour-power of others, on the other hand, free workers, the sellers of their own labour-power, and therefore the sellers of labour. (...) The capital-relation presupposes a complete separation between the workers and the ownership of the conditions for the realization of their labour." (Marx, 1990: 874).

Does crises create "particular circumstances" (what Marx indicated as the source of "a separation between the workers and the ownership of the conditions for the realization of their labour") for "great masses of men" who "are suddenly and forcibly torn from their means of subsistence, and hurled onto the labour-market as free, unprotected and rightless proletarians" (Marx, 1990: 876)? I believe yes. The only change from the time of Marx and ours, is that "the process of forcible expropriation of the people" (Marx 1990: 896-904) has been transformed into "the expropriation of the people by crises". The new force, probably, is not as real and bloody as what Marx mentioned in Chapter 28 of Capital I, but very similar.

The crisis creates a category of workers, a new form of slavery, who are ready to work under any conditions. Workers in Denizli lost their jobs and were facing hunger. Having a job is the most privileged thing people can have. There are no governmental guarantees or support systems such as unemployment insurance. In Turkey, as in many underdeveloped countries,

the “choice” is between working and starving. Not surprisingly, many believe that it is better to have a job under any conditions rather than not having one.

One of these factory managers disclosed two important things about Denizli. First, the workers in the factories are working for subsistence wages, because most factories did not pay their workers for more than three months. The workers were hoarding food from their lunch trays to bring home to their family. But, workers could not leave their jobs. Every one of the three workers lost his/her job in the city and looked for a new job. So, if they left their jobs they could not find even their free lunch. They think, “it is better to work just for food than starving.” In the towns and villages of Denizli this paradox is clearly observed. Second, many of these factories are looking for cheap labor reserves in Azerbaijan ready to work for \$30 per month. A manager said:

A worker in Azerbaijan is working for \$30 in a month, lets say it is \$40 with his/her room; on the other hand, right now, a Turkish worker costs almost \$150-200 in a month. Thus, an Azerbaijani worker lets us save at least \$110. Nowadays, I am negotiating with the government in Ankara on whether I can import some Azerbaijani laborers, or not.

As Marx (1990: 925, 926) wrote “The sycophant, who, in the pay of the English oligarchy, played the part of romantic opponent of Augier, ‘comes into the world with a congenial blood-stain on one cheek,’ capital comes dripping from head to toe, from every pore, with blood and dirt”. The globally differentiated wage model creates competition not only among countries but also among workers of different countries looking for a job anywhere in any condition. “Taking them as a whole, the general movement of wages are exclusively regulated by the expansion and contraction of the industrial reserve army, and this in turn corresponds to the periodic alternations of the industrial cycles” (Marx 1990: 790). However the industrial reserve army is not totally confined within national frontiers, new global slavery comes from the illegal immigration of the people from lower purchasing power countries to the higher ones.

The global production system has actualized the same paradoxes at the global level: there are always some countries ready to work cheaper, which results in the shift of production from one country to another. The crises in the textiles of Denizli are only a reflection of these global tendencies. Lower purchasing power countries can propose lower wage levels to TNCs. As a result, a country with lower purchasing power can draw any country's contract of production if the former country has enough means of production.

The case of Babada, gives important clues about how petty commodity producers are transformed into a reserve labor force through global

production crises. This process is certainly primitive accumulation of the type what Marx mentions in Capital I. Babada with its population of 5,200 is a small mountain town having no arable land. It is approximately an hour's drive from Denizli through very tight and tangled roads.

Babada was the most important textile center of Turkey beginning with the Ottoman Empire in the 15th century and lasting till the 1960s. After the Motherland Party came into the power in 1983, the government adopted an export-oriented development strategy. Following this, some government incentives were given to the textile industry which caused both the immigration of petty commodity producer using these incentives from Babada to the center of Denizli, and the construction of new mass production factories, especially, those interested in bathrobe and towel production. The houses emptied in the town because of immigration were owned or rented later by new comers migrating from the villages closer to Babada.

The houses in Babada are petty commodity production centers constructed on two floors where only raw clothes and towels are woven. The first floor is for production with one or two weaving looms take part, especially very old ones, either of the straight looms variety (commonly called, "black looms") or jacquard looms. Black looms just weave fabric without motifs, while jacquard looms put some motifs on the fabric, using some skimmer papers to define motifs. The second floor is for living and contains only one or two rooms for the entire family.

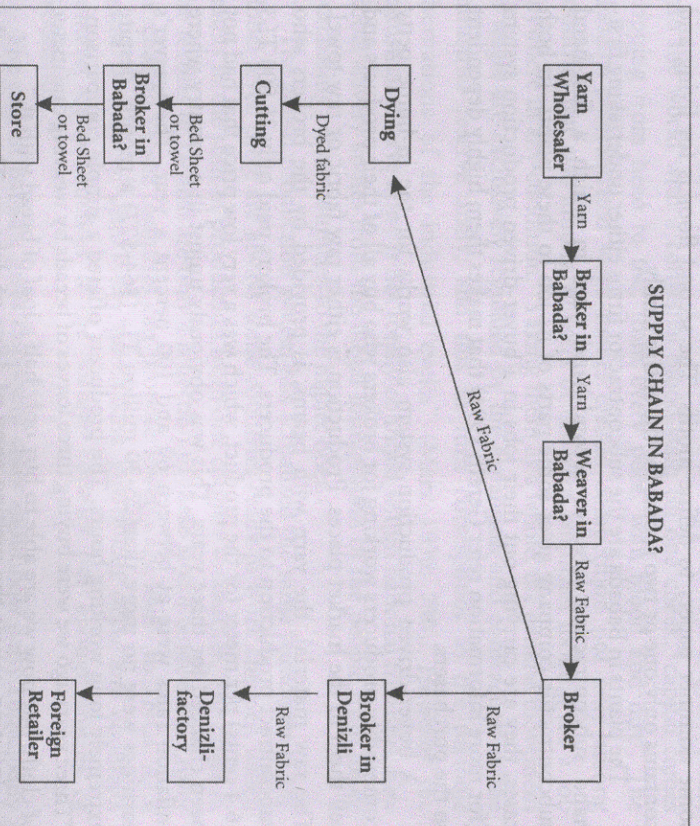
The plants in Babada are the subcontractor firms either undertaking first-hand subcontracting jobs, or second-hand ones in which a first-hand subcontractor company gives some parts of its job to these plants. In both cases, they are carrying out their jobs in a buyer-driven production system (for more information refer Gereffi 1994) that makes them highly dependent to the purchasers.

A buyer-driven production system also works for the in-home petty commodity producers working for brokers who buy all of their products and sell them in the market places. Production is either raw fabric or raw towel. The raw material, the yarn with beams, is provided by the brokers who subcontract production to the producers. The brokers paid only 25 000 TL3 (6.4 cents) per meter for the product, which was a very low price that had not been changed for three years. This was obviously unjust in a country where inflation rates were at between 60 and 100 percent a year. The weaver's earnings were no more than 25-30 million TL. (\$64-\$77) a month, despite extremely long working hours. The producers offered a simple comparison: "Three years ago we were buying three loaves of breads by weaving one meter of cloth; but now we are able to buy only half a loaf of bread with it."

Inflation causes the melting away of debts of debtors. The state is the

leading debtor in Turkey, so, basically, inflation supports the state by stealing money from wage earners. Up to 2004, inflation was manipulated, primarily, for that reason. After 1989, the state supported foreign or well as national financial investors and banks, who fed the state with loans at higher interest rates to achieve the sustainability of foreign debts. In sum, the Turkish state mainly supported the financiers who earned money from money; this undermined the ideal of export orientation, because the general level of wages exceeded the levels of competitors, such as Romania, Egypt, Bulgaria etc. That certainly caused both a decline in real investments in production units and an increase in the number of unemployed people in Turkey. The dance of the state with financial investors was a conscious choice that created more reserve labor. Between 1999 and 2003 financial crises era had started. When the crisis of February 2001 resulted in the devaluation of the Turkish Lira (TL) by 220 percent against the US dollar, labor costs effectively decreased more than 2 times. "The great part that the public debt and the fiscal system corresponding to it have played in the capitalization of wealth and the expropriation of the masses (...). The original capital for industry here come in part directly out of the state treasury" (Marx 1990: 921-922). The State, by working either as a transformation belt or a direct subject, is augmenting the

SUPPLY CHAIN IN BABADA?



primitive accumulation processes. Through the high inflation rates and the financial crises, the Turkish state played an important role in throwing the mass of workers into the reserve labor force and lowering the wage level of Turkish employees relative to global labor markets.

Kemal, one of the in-home petty commodity producers in Babada, spoke of his life conditions as follows:

I have a son, 13 years old. My wife is pregnant and will deliver in one month. I have two black looms on the first floor of my house. The Jacquard looms would not work in my house because the ceiling would have to be at least 5 meters higher. If they could have fit, perhaps I would earn a little more, but not significantly more. At the second floor, we have only one room for everything, i.e. kitchen, dining room, bedroom, and study room for my son's schoolwork. However, he really cannot study under these conditions. My son and I are working all the time. The machines, day or night, do not stop. While I am sleeping my son operates the looms. These are not automatic machines, the oldest ones you have ever seen; and if the yarn break in either the black and Jacquard loom, the machines do not stop, they just keep on running, so someone always has to watch them. I do not really permit my son to work more than 6 hours, because he should go to school and study hard; however, in these days his mother does not always feel well, so he helps out more. We earn so little that we are hardly making ends meet at about 25 million TL (\$64) per month. We could not pay our electricity bills for three months and my insurance premiums for two years. Legally, I am an entrepreneur, and the machines in my home are my capital. Look at them; if I want to sell them I cannot even get 10 million (\$26) for each loom while I am paying every year for each of them 80 million (\$205) in taxes. I could not even pay the taxes for three years. Right now I am, as an entrepreneur, ready to be a labourer in any factory for 25 million TL, but there are no jobs available.

In-home producers reflect the same mood in Babada. All are ready to work in any factory for a minimum wage plus lunch. Some sell their looms and emigrate to Denizli to work in factories, others go mad and break looms at the center of Babada because the money they would get if they sell the looms is so little. Breaking the loom is a kind of ritual repeated almost every day in the center of Babada and some have developed a talent for breaking the looms while they cry and swear at the looms, the brokers or the state which marginalized them.

"What does the primitive accumulation of capital, i.e. its historical genesis, resolve itself into?" asks Marx (1990: 927) and answers, "it only means the expropriation of the immediate producers, i.e. the dissolution of private property based on the labour of its owner" (Marx 1990: 927). In Babada it is clear that the process of primitive accumulation is still alive, so,

"its historical genesis", even if changed in character, continues. Primitive accumulation reproduces itself in global production through surplus value transfers from the underdeveloped to the developed countries. The petty commodity producers in Babada are being transformed either into free workers or members of the reserve labor force, resulting in a decrease in the wage level of textile workers in Turkey and an increase in the profits of TNCs. The crises hit the small producers in Babada extremely adversely. After the crises second hand subcontracting ended, because foreign demand was only adequate to support the first hand subcontracting factories in Denizli. In the chain of global production, the weakest link – the in-home producers in Babada – was affected most..

The living conditions of the in-home producers are very similar. They have a Weaver's Association, in Denizli. In 1998 they went on strike, and did not produce any product for three months, and finally came to an agreement with the Broker's Association on a 5,000 TL (1.3 cents) increase per metre in the total price for the woven cloth to 30,000 TL (7.7 cents) per metre. However, this price lasted just one week before brokers reduced prices to 25,000 TL again, using the financial crisis of 1998 as an excuse. Subsequently, in-home producers got what brokers were willing to pay for their products because they did not have the resources for another strike.

Petty commodity producers wove and manufactured textile products not only in the centre of Denizli and Babada but also in the villages closer to Babada. Wondering whether in-home producers in these villages were trying to stabilize prices, I went to three of them, Bekirler, Kelleci and Aydılnca. The hunch was that since these villagers had some land, poultry, cows, lamb, etc., they may be stronger than the producers in Babada who had no chance to plant crops, or raise animals. The surmise was that since the villagers raise their own food, they do not need weaving for everyday survival; thus, they could afford to work at cheaper rates than the producers in towns. However, this suspicion was generally wrong. The villagers' living standards were the same as the people in Babada having no land, poultry, cow, etc., for the villagers were settled on mountains similar to Babada without any possibility of farming.

The only exception was Kelleci where people had enough agricultural activities. Hence they could afford automatic machines since they produced all the food they needed from their land. What they earned by weaving was extra income that they usually spent for their children's marriage or on "luxury goods", e.g., new refrigerator, TV, satellite antenna, weaving looms, etc. The new looms have many advantages; operators can do other things when weaving was occurring, because the machines stop automatically when the yarn is broken and some of them can also lubricate themselves

automatically. However, no one had the ability to "transform themselves into small capitalist(s) and by gradually extending their exploitation, into 'capitalists' without qualification" (Marx 1990: 914). These situation of these villagers was far from the ideal capitalist accumulation process, because they don't exploit wage labor in their in-home 'factories' and because they are still peasants and produce textiles just for extra income. They only increase their consumptions adding items of luxury consumption to items of subsistence. Transforming into small capitalists in the textiles sector still required state incentives in Turkey.

Poorer villages cannot affect unit prices. How much money they will earn is always determined by brokers. Most of the weavers who were working at half-capacity accused the brokers of not giving them enough work. Most of the villagers were very angry for being so dependent on the brokers. The brokers also face tough conditions in Babada and complain about the poor quality of weaving:

We do not have enough market shares to sell our products, and also nobody wants our product. 20 years ago almost thirty different types of clothes were woven in Babada where everybody used traditional hand-loom. However, only two or three different models are now used here. Old hand-loom were flexible machines providing the opportunity for diversifying the products. However, these black looms are rigid, and are technologically obsolete; so, nobody wants to use them. In short, Babada's producers have been defeated by technology. They could not update their machines while, on the other hand, they could not save their traditional weaving techniques. That is our paradox that not only affects the weavers but also the brokers. I am working in this shop because I cannot do anything else. If I could, I would not wait for a moment. Even brokers do not earn much money in Babada. Sure, producers are in much worse conditions than ours. However this is a whirlpool that takes both producers and brokers down.

The brokers also are ready to be labourers in the factories. Speed of technology affects brokers as well as producers. A production system with its totally obsolete technology is declining, taking with it the people taking part in that system. According to Marx, "the expropriation of the direct producers was accomplished by means of the most merciless barbarism, and under the stimulus of the most infamous, the most sordid, the most petty and the most odious of passion" (Marx 1990: 928). The barbarian, in our time, is the speed of the technology which expropriates producers with "its most merciless barbarism". Everybody is seeking for the new models of not only machines but also every product coming into the market. The "clockspeed" (Fine 1998) of the products is getting higher and higher, and the economic life of products is shortening. Everybody looks for new models of products resulting in a

model-sensitive consumption pattern, favouring design and trademark-based soft technologies controlled by first world companies.

III. CONCLUSION

Conventional business activities, namely marketing and production, have been broken down by creating a new international division of labour between the core and the peripheral countries. The current organisation of global production processes has created a twofold competition pattern in the production of the same good, that is, while the core country businesses set the rules of the production process and specialize in soft-technology activities, e.g. marketing, design and creation and promotion of brands, peripheral businesses become 'workers' in the assemblage of goods and compete to have a larger share in production of commodities.

TNCs and the big retailers in the core countries determine the shares of the peripheral countries in the global production chains. Several factors are prominent in this process from the labour cost to the stability of state organisation and the financial system in the particular country. Similarly, it is observed in the field study that the transnational retailers setting the rules in apparel market determine how and to what extent Turkey will participate in the global apparel chain.

The global production system has created a threefold world hierarchy, namely, *the core*, *the periphery* and *the others*, based on the roles of the countries in the global assemblage of goods (Dikmen, 2000). The first group, *the core*, includes the developed countries from where the global production is controlled and directed. The second group, *the periphery*, embodies the underdeveloped countries, new production centres, utilizing from their cheap labor forces. And the third group, *the others*, which have not had much opportunity to become a production centre, like the African Countries⁴.

When turning to Turkey's experience with the globalization project, one can observe that almost all textiles and apparel companies in Turkey are working as subcontractors for foreign firms. In our threefold world hierarchy, Turkey is in the second category, a peripheral country, but when looked at more closely it seems that workers and petty commodity producers in textiles sector always live with the danger of moving to the third group countries in terms of living standards. This is the main risk for a country in the second group. Another risk that threatens the peripheral countries is that no matter how cheaply they produce, there are always other countries ready to produce even more cheaper. This second risk forces the peripheral countries to reduce their labor prices gradually. The reality of the second risk facing the peripheral countries was observed in the case of Denizli, experiencing a crisis in textiles production. Other countries, e.g., China, India, Pakistan, Rumania,

and Bulgaria, are ready to produce cheaper than Turkey, and have compelled Turkey to reduce its wage rates and costs in textiles. And as is often the case, the most efficient ways of reducing the wage costs in a country are,

- a) devaluation of national currencies,
- b) regional or sectoral crises which increase the number of unemployed people and reserve labor.

After the crisis of February 2001, the Turkish Lira (TL) depreciated by 220 percents against the US dollar, which decreased the average labor cost by more than 2 times. However, according to the Istanbul Garment Exporters' Association, this level of labor costs was still not adequate for Turkish producers to compete with the East Asian Countries. The head of the Association, Nuri Artok, discussed the problems of the sector in a TV program6, and pointed out the following:

1. Turkish garment exporters, because of their high labor costs, could not compete with East Asian or former socialist exporters. Although the devaluation of TL in February 2001 provide a better level of labor costs for Turkey against other countries, high levels of taxes and the social security premiums enfeble the industry. Average cost of an employee with taxes and social security premiums is about \$300 in Turkey, however, it is just about \$120 in the East Asian or former socialist countries.
2. Turkish banks did not support the garment exporters enough with their financial credits.
3. Uncertainty in the economy obstructs the planning of economic activities even for one or two months in Turkey. Furthermore, garment customers in the world could not trust bid prices.

Therefore, even after the devaluation of February 2001, Turkish garment exporters could not reach East Asian and former socialist countries' labor cost levels in the garment industries; because global markets are so volatile and unevenly structured, there are no guarantees of success. As shown most clearly in the poorer regions of the world, finding a niche in the global marketplace through specialization often results in the "export trap", e.g. in the case of Africa, leading to a process of economic marginalisation (McMichael, 1996). It seems that the Turkish garment exporters face this trap since they earn less by exporting more these days.

....adverse circumstances prevent the creation of an industrial reserve army, and with it the absolute dependence of the working class upon the capitalist class, capital, along with its plitudinous Sancho Panza, rebels against the 'sacred' law of supply and demand, and tries to make up for its inadequacies by forcible means (Marx 1990: 796).

The current world hierarchy does not only make relations more

complicated, but further confounds the subject/object dialectic of the relationship. The new hierarchy does not cause a zero sum game between the core and the periphery (or the others for that matter). The zero-sum game is played either among the countries of the periphery or between the peripheral ones and the others. When workers loose in Turkey, other workers gain in Romania, China, Bulgaria or Egypt. However, the amount that Turkish labour force loses is not equal to the amount that others gain; gains are always smaller than looses. The difference between looses and gains are added to the books of the TNCs' or retailers' located in the core countries. The global accumulation of capital is financed with the blood of underdeveloped country workers. This is certainly "primitive" accumulation. On the other hand, both the peripheral countries and the others do not have the option of quitting the game because there is no option of not playing. If any country is pushed out of the game, it means extreme poverty for that country. The 'game of global power' is so uneven that peripheral countries cannot even play with the real sources of the Power, the core countries.

Ahmet Alpay Dikmen is at Ankara University, Faculty of Political Sciences, Cebeçi/Ankara, Turkey.

References

- Bonefeld, Werner, (March 2002), "History and Social Constitution: Primitive Accumulation is not Primitive", <http://www.thecommoner.org> (March, 08, 2005)
- De Angelis, Massimo (September, 2001), "Marx and Primitive Accumulation: The Continuous Character of Capital's "Enclosures"", <http://www.thecommoner.org> (March, 08, 2005)
- Dicken, P., (1998) *Global shift: Transforming the world economy*, third edition, The Guilford Press, New York.
- Dikmen, A. A. (Güz 2000). "Küresel Üretim, Moda Ekonomileri ve Yeni Dünya Hiyerarşisi," *Toplum ve Bilim* No. 86, pp. 281-302.
- E.B.S.O. (1999), *1999'a girenken global krizin Ege bölgesi imalat sanayiine etkileri: E.B.S.O anket raporu*, Ege Bölgesi Sanayi Odası Araştırma Serisi 99/7, EBSO Yayınları, Özmit.
- Fine, C. H., (1998). *Clockspeed: Winning industry control in the age of temporary advantage*, Perseus Books, Massachusetts.
- Fukuyama, F., (1995), *Trust*, Free Press, New York.

- Geteffi, G., (1994), "The organization of buyer-driven global commodity chains: how US retailers shape overseas production networks, in Geteffi, G., and Korzeniewicz, M., (eds) *Commodity chains and global capitalism*, Praeger, Westport, CT, Chapter 5.
- Geteffi, G., (1995), "Global production system and Third World Development", in Stallings B., (ed.), *Global change, regional response: The new international context of development*, Cambridge University Press, New York, pp. 100-142.
- Köse, A. H. and Öncü, A., (1998), "Dünya ve Türkiye ekonomisinde Anadolu imalat sanayi: zenginlemenin mi yoksullamanın mı e.indeyiz?" *Toplum ve Bilim*, 77 Yaz, pp. 135-159.
- Luxemburg, (1963), *The Accumulation of Capital*, London: Routledge.
- Martin, R. and Fryer, R.H., (1975), "The deferential worker? In Bulmer, M. (ed.), *Working-class images of society*, Routledge & Kegan Paul, Boston, pp. 98-115.
- Marx, K. (1990) *Capital, Volume I*, London: Penguin Classics.
- McMichael, P., (1996), *Development and social change: A global perspective*, Pine Forge Press, California.
- Mutuer, M., (1995), *Gelişimi, yapıları ve sorunlarıyla Denizli sanayi*, Özmir: Denizli Sanayi Odası Yayınları.
- Perelman, Michael, (September, 2001), "The Secret History of Primitive Accumulation and Classical Political Economy", <http://www.thecommoner.org> (March, 08, 2005)
- Rifkin, J., (1995), *The end of work: The decline of the global labor force and the dawn of post-market era*, Putnam Book, New York.
- Werthof, Claudia Von., (2000), "'Globalization" and the "Permanent" Process of "Primitive Accumulation": The Example of the MAI, the Multilateral Agreement on Investment", *Journal of World-System Research*, VI, 3, pp. 728-747.
- Sites, William, (2000), "Primitive Globalization? State and Locale in Neoliberal Global Engagement", *Sociological Theory*, 18:1, pp.121-144.

Notes

- 1 Although the research conducted in 1999 includes miscellaneous lines of inquiries (such as, job characteristics, work attitudes and behaviors, perception of creativity, perception of technological change, perception of global production processes, attitudes on diversified products, quality, fashion as well as job seeking attitudes and the basic political attitudes of the interview group), this paper simply analyses the integration of Turkish textiles and garment industries to the global commodity production..
- 2 Additionally, the decrease in foreign demand followed by the financial crises caused by some Turkish banks, like Pamukbank, Oktisat Bankası, and Yapı Kredi Bankası, strengthened the crisis.
- 3 The prices belong to the price levels of 1999.

4 The last category, the Others, is an abstraction, because, in fact, even African countries have the opportunity for being a member of global production using their cheap labor forces.

5 TL/\$ parity which was 1/680.000 before February 2001 became 1/1.500.000 in August 2001.

6 Ekopazar broadcasted by Star TV on 5 August 2001.