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Powering neoliberalization: Energy and politics in the making of a new Turkey

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ABSTRACT

Turkish energy infrastructures have recently gone through an unprecedented expansion. The country's energy production capacity more than doubled in a decade; the Turkish energy market became one of the world's fastest growing by attracting USD 50 billion between 2008–2015. This aggressive growth was met with opposition in the countryside, setting in motion an encounter between capital and society along energy infrastructures and land-use disputes, bestowing state a new role of brokerage along with new legal tools and authorities. In order to better understand this encounter, I first examine the fragmentary neoliberalization of the energy sector over the past three decades and highlight the uneven, variegated, piecemeal and conjunctural nature of its outcomes. Then I discuss, through the notion of energopolitics, the role of energy in enabling an authoritarian mode of power, which can help us to think through the arrival of a post-neoliberal future.

If the textbook definition of energy is the ability to do work, I pose a different question: Can energy do political work?

Matthew Huber [1], xi

1. Introduction: the *Milli Enerji* family

On April 6, 2017, Turkey launched a new strategic perspective to guide its energy policies. In a high-profile meeting, resembling more an Apple product launch than a bureaucratic gathering, Berat Albayrak, the Minister of Energy and Natural Resources, introduced the principles, goals, and the stylish logo of *Milli Enerji* (National Energy). Administered by a remote clicker and embellished by impressive data visualizations, the minister's hour-long talk attracted a large crowd of businesspeople and executives from energy, construction, and banking sectors and was broadcast by all major television stations. The minister praised the accomplishments of his government in the field of energy, most notably the three-fold growth in production capability during the last decade and a half under consecutive Justice and Development Party (*Adalet ve Kalkınma Partisi*; AKP) governments. He congratulated “all the shareholders of our energy family” for making this remarkable performance possible and asserted that they have been “the energy of the revolution,” establishing not only a causal but also a familial tie between the energy industry and the ruling party (cf. [2]). “However, at this critical time” the minister cautioned, reminding the audience of the coup attempt that had failed nine months before and the country's increased isolation on the world stage, “a new perspective is required” to

adequately meet the needs of, what AKP loyalists have come to call, “the new Turkey”.

In the weeks following the launch of *Milli Enerji*, I was able to observe how this new strategy was perceived by the energy community through a series of energy-related conferences I attended. The dynamism of the 38-year-old minister and his business-friendly approach was certainly loudly voiced and well received. “The minister is young, dynamic, and very knowledgeable”, said one energy expert in small talk. “I am all for it if they are serious about the market” an engineer responded. “He gets along nicely with the sector so far, maybe because he studied energy at college.” In private, however, I heard some shared hesitation. I asked Mr. Demir, a project manager of a hydro energy company, if he expected the new minister would change anything for them. “Well, it is good and bad that he is family” he responded. This time the use of the word family hinted at the fact that the minister is President Recep Tayyip Erdogan's son-in-law. The manager further elaborated: “It is good, as this means the value of energy is well understood at the highest level; it is bad as this also means that you may need to be even more *political* to get things done; it is not something all companies could do.” At one level, Mr. Demir knew that the future was bright for the energy company that he has been working for. Four small-size hydropower plants that it had built in the last eight years were huge successes. They had almost paid off the investment costs, and the company was looking forward to a constant stream of cash income for the remainder of the 49-year lease it has on sections of the river the plants are built over. However, there were three more production licenses that the company had already spent a fortune on but had not

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been able to turn into plants due to stubborn local resistance and pending court cases. Such interruptions could be avoided and projects could speed up under *Milli Enerji*, especially with the conditions of the emergency rule.¹ Mr. Demir was cautious, however as he knew that such a level of dependency on the government could be costly. “It is one thing to get along fine with a bureaucrat; being indebted to someone very high up is something completely different,” he concluded. What *Milli Enerji* asks from the capital owners is a commitment to invest in the future of the country and the political ambitions of an increasingly authoritarian government.

The aim of this paper is not to examine the *Milli Enerji* strategy, nor is it to evaluate if its goals are achievable or not.² I take *Milli Enerji* not as an energy strategy *per se*, but rather as a signifier of a new era in which the relationship among capital, state, and political authority is rearranged in a way that forces requires a new narrative about the contemporary shape of neoliberalization and rampant authoritarianism in Turkey. I claim that this new era can be read through – and, in fact, to a certain degree is shaped by – Turkey’s *energopolitics*, that is, the power over and through energy [3]. At one level, this era is a product of neoliberalization. The private sector’s involvement in the Turkish energy industry is a relatively new phenomenon; privatization of the industry was finalized throughout the 2000s under AKP. Since then, energy has been a reliable destination for accumulation of capital. The industry witnessed some USD 50 billion in investment between 2008 and 2015, privatization of state-owned electricity distribution companies generated over USD 10 billion, and the ratio of private ownership of energy production facilities jumped from 1:10 to 1:1 in a decade [4]. At another level, this new era is also conditioned by the Turkish state’s continual reliance on the merits of top-down developmentalism that equates energy with national progress while caring little to none about local participation, environmental justice, and sustainability. Add to that the country’s dependency on foreign oil and gas to meet 70% of its energy demands. The government’s preference to foster a lucrative private market that would boost domestic production is perhaps not entirely a surprising developmental strategy under neoliberal conditions. While I am interested in Turkey’s neoliberal developmentalism [5,6], I also assert that the lens of *energopolitics* helps us to detect a more politicized turn in this experience, as Mr. Demir indicates, and how energy infrastructure has been instrumental in AKP’s authoritarian hegemony (and its crisis).

In *Carbon Democracy*, Timothy Mitchell [7] suggests that energy extraction and modern statecraft are highly intertwined. He focuses on the connections between the history of democracy and that of hydrocarbon fuels to illustrate how “political opportunities were opened up or narrowed down by different ways of organizing the flow and concentration of energy.” In this paper, I build upon this research agenda at two levels. I trace the histories of neoliberalization and energy in Turkey and illustrate how they have been connected in various, sometimes predictable, sometimes unexpected ways. In doing so, I dispute the notion that the current energy boom (and subsequent socio-spatial conflicts) in Turkey can be either simply universalized as yet another inevitable result of neoliberalization, or localized and framed squarely within the developmentalist tradition of the Turkish state. While I illustrate how both neoliberalization and developmentalism are at play in Turkey’s energy discourse, I also point to a variety of conjunctural factors glued to one another by the power of energy in bringing neoliberal restructuring and the developmental state together

to make them particularly operational for the AKP hegemony and its current authoritarian face.

I start my discussion with Turkey’s early liberalization (1980–2001) and illustrate how energy has been key to both its arrival and its crises. Next, I focus on the deepening of neoliberalization under AKP rule and with an emphasis on the Energy Market Law enacted in 2001. Then, I devote a section on the coalitions brought together by the powerful discourses and incomes generated by energy throughout the course of deep neoliberalization.³ I read the rampant authoritarianism in Turkey through the changing dynamics in the energy sector and the increased intervention of central government to the markets. Finally, I conclude the article by providing a discussion on what post-neoliberal futures may look like. The article combines policy analysis with ethnographic data collected in high profile energy industry events as well as interviews with bureaucrats and engineers in the sector. The research is based on a 24-month long fieldwork that was conducted between 2012 and 2017 over multiple visits to Ankara, Istanbul (where the energy bureaucracy and industry is located), and the Eastern Black Sea Region (where a series of hydropower projects has met with local opposition).

2. The legacy of early neoliberalization

In *Lifeblood*, geographer Matthew Huber [1] focuses on American society’s addiction to oil and makes a compelling case for the role of the oil crises of 1973 and 1979 in the advent of American neoliberalism. Huber illustrates that as the American lifestyle was endangered by never-ending lines at gas stations and increasing oil prices, neoliberal ideals such as antipathy for big government, market non-interventionism, and freedom to choose and consume increasingly resonated with large segments of the public. Similarly, it is possible to trace the roots of Turkish neoliberalism, one of the earliest manifestations of its kind, back to the oil shock of the 1970s. As a net oil importer, Turkey was significantly hurt by these crises. Reverberated by political instability, inflated oil prices caused severe balance-of-payment issues which led to hyperinflation, negative growth, and a foreign exchange crisis toward the end of the decade [8]. The real impact of these macroeconomic troubles on the Turkish main street was energy and food shortages accompanied by long lines in front of gas stations and grocery stores. The energy shortage was so severe that it was alleged that even the office of the Prime Minister was occasionally underheated.⁴ On January 24, 1980, the right-wing minority governing coalition of the time declared a set of measures including elimination of all most public subsidies, price increases in products owned by state enterprises, devaluation, and introduction of export initiatives; the coalition also initiated the country’s neoliberal shock therapy [8]. These prescriptions were vehemently opposed by the then strong labor movement and implemented only under the conditions of a military junta that seized power in September 1980.

Huber proposes that hegemonic formation of neoliberalism in the United States would have been impossible without the involvement of the white suburban middle classes which was particularly disillusioned by the oil shock and actively participated in oil riots. In Turkey, the impact the energy crisis was even deeper, particularly because the shortages directly threatened family cooking, as most urban households relied on refillable propane tanks.⁵ In the popular socio-technical imaginary of energy [9], the long lines in front of Liquefied Petroleum

³ See Tarasova [66] for the development of neoliberal energy discourses in the context of energy transition in Russia and Poland.

⁴ Upon seizing office in 1977, Demirel responded to the crisis with his infamous “the state is in need of 70 cents” remark when his new government had difficulty to provide foreign currency from the treasury to the pilgrims departing to the annual Hajj [67].

⁵ LPG was, and still is, the most common energy source for cooking in Turkey. LPG cylinders are sold at the neighborhood level, require refilling often, and provide firsthand contact with petroleum-based energy even for those who do not own an automobile. Its tangible ubiquity can be compared with the self-service fuel filling experience in the United States.

¹ State emergency was imposed after the July 2016 coup attempt. Since then, it has been renewed six times, or every three months. Under the emergency rule, the role of the parliament has diminished; in addition, the government has suspended or dismissed more than 150,000 public employees and seized the assets of over more than 1000 companies on the charge of being related to the coup.

² In fact, *Milli Enerji* does not add much new to the existing strategical plan that the Ministry already published (a plan is routinely published every four year) only sixteen months before the release of *Milli Enerji*.

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