

ACTORS, LEGAL FORMATION AND AUTHENTICITY IN ISLAMIC  
BANKING AND ORGANIC AGRICULTURE IN TURKEY

by  
ÖZGÜR RAHŞAN ÇETREZ

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ACTORS, LEGAL FORMATION AND AUTHENTICITY IN  
ISLAMIC BANKING AND ORGANIC AGRICULTURE IN TURKEY

APPROVED BY:

Assoc. Prof. Özgecan Koçak  
(Dissertation Supervisor)  
Sabancı University



Asst. Prof. Ateş Altınordu  
Sabancı University



Prof. Ayşe Buğra  
Boğaziçi University



Assoc. Prof. Işın Güler  
Sabancı University



Prof. Şükrü Özen  
Yıldırım Beyazıt University



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## ABSTRACT

### ACTORS, LEGAL FORMATION AND AUTHENTICITY IN ISLAMIC BANKING AND ORGANIC AGRICULTURE IN TURKEY

ÖZGÜR RAHŞAN ÇETREZ

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Keywords: organizational forms, authenticity, Islamic banking, organic agriculture, Turkey

This dissertation investigates how new organizational forms with explicit moral claims take shape as various actors make, revise, and evaluate symbolic claims and concrete practices. To this end, I inductively examine Islamic banking and organic agriculture in Turkey throughout their history spanning three decades to understand how Islamic banking and organic agriculture are conceptualized, codified into law, translated into commercial products, and communicated to various audiences.

I find that in both industries the question of '*alignment*' to an '*ideal*', the ideal being informed by the alternative codes of, Islamic law in the case of Islamic banking, and the rules of Nature in the case of organic agriculture was persistent throughout the history of these industries. Debates over authenticity of practices, definitions and purposes in relation to the '*ideal*' included deliberate discussions of the sources and the nature of that '*ideal*' facilitating ever detailed accounts of the '*ideal*' and influencing the practices and the law and regulations along the way.

In explicating the connection between construction of meanings and practices and their relation to authenticity, this dissertation provides insights into how authenticity concerns as conforming to a sacralized ideal play out in the trajectory of new organizational forms with moral claims.

## ÖZET

### TÜRKİYE’DE KATILIM BANKACILIĞI VE ORGANİK TARIMDA AKTÖRLER, KANUNİ OLUŞUM VE OTANTİSİTE

ÖZGÜR RAHŞAN ÇETREZ

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Anahtar Kelimeler: örgütsel biçimler, otantisite, Katılım Bankacılığı, organik tarım, Türkiye

Etik değerlere dayalı yeni örgütsel biçimlerin nasıl şekillendiğine odaklanan bu çalışmada, Türkiye’de katılım bankacılığının ve organik tarımın başlangıçlarından itibaren otuz yıllık süreçleri tümevarım kalitatif çalışma yöntemi ile incelenmiş ve katılım bankacılığının ve organik tarımın nasıl kavramsallaştığı, kanunlarla nasıl tanımlandığı ve çeşitli aktörlerce nasıl anlaşıldığı ve anlatıldığı araştırılmıştır.

Çalışma sonucunda, katılım bankacılığında İslam Hukukuna dayalı bir ideal banka ve ekonomi anlayışının ve organik tarımda Doğanın işleyiş kanunlarını temel alan bir ideal tarım ve üretim anlayışının bu iki endüstrinin şekillenmesindeki çok boyutlu rolleri bulunmuştur. Her iki endüstride de uygulamaların, tanımların ve benimsenen etik değerlerin ideal modellere uygunluğu, bir başka ifadeyle otantikliği hem şekilleri hem maksatları yönünden tartışılabilmiş ve ideal modellerin kendileri ve dayandığı temeller de bu tartışmalara konu edilmiştir. Çeşitli aktörlerin dahil olduğu bu tartışmalar hem katılım bankacılığında hem organik tarımda uygulamaları ve kanuni süreç ve tanımları etkilemekle kalmayıp, ideal modellerin de zamanla daha ayrıntılanmasına katkıda bulunmuştur.

Uygulamalar, tanımlar ve bunları ideal modellere uyumlu kılma çabaları arasındaki ilişkileri ortaya koyan bu çalışma, otantisite kaygısının etik değerlere dayalı yeni örgütsel biçimlerin şekillenmesindeki rolünün anlaşılmasına katkıda bulunmaktadır.

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# 1.

## INTRODUCTION

This dissertation investigates how a new organizational form takes shape as various actors make, revise, and evaluate symbolic claims and concrete practices. Symbolic claims involve those relating to moral basis, solidarity, sustainability, social welfare, and identity. Concrete practices include the legal framework of regulation, and the formal definition of products and services. I inductively examine organic agriculture and Islamic banking in Turkey throughout their history spanning three decades to understand how the concepts of organic agriculture and Islamic banking are conceptualized, codified into law, translated into commercial products, and presented to various audiences.

The goal of my research project is to understand dynamics of new organizational forms that invoke explicit moral foundations. Organic agriculture and Islamic banking propose a change in the process of agriculture and banking respectively for the sake of common good. Organic agriculture is concerned with establishing agricultural practices that is good for human, animal and environmental health. Islamic banking is involved in creating interest-free financial transactions that conform to Islamic rule of prohibition of interest that is also claimed to be a better practice for social and economic viability. Both are informed by the alternative codes of, Islamic law in the case of Islamic banking, and the rules and models in nature in the case of organic agriculture. Moreover, Islamic banking involves political and ideological challenges regarding its moral ground, Islamic law, as it is situated on a historical fault line characterized by ever-present tension between secular ideology and Islam in Turkey. Thus, Islamic banking and organic agriculture are similar in terms of an explicit reference to laws, rules and models in Islamic law and nature respectively, yet different in terms of the degree of political and ideological contestation

around those laws, rules and models. This provides an opportunity to examine the influence of such contestations in the trajectory of industries.

How do general and abstract sets of governing rules inform specific and concrete practices? In particular, how do discussions of religion and nature figure in the techniques of banking and agriculture respectively? The conversations regarding Islamic law as informing the practices of Islamic banking always extend to discussions of Islamic law itself and spill over to discussions on society and human being. Similarly, the discussions of society and human being are in tandem with the discussions of practices in organic agriculture and references to how nature works. How do actors imagine and create alternative models for banking or agriculture? How do they associate their practices in the present with ideals that are said to have prevailed in the past?

To understand the nature of these associations, I attend to key actors and the main conversations among them in Islamic banking and organic agriculture. I find one way of association is to refuse the dichotomies between modern economy and Islam, or technology and nature and claim that Islamic models and models informed by nature are compatible with modern life. In this conceptualization, the emphasis is on the claims that the modern concerns such as social and economic development are compatible with Islamic models and environmentalism. Modern conventional techniques are claimed to be falling short for satisfying these concerns. In these accounts, Islamic banking and organic agriculture are answers to these shortcomings. Practices of financing and agriculture are modified by taking out interest and harmful agricultural inputs and re-defined as moral as well as effective forms in terms of social and environmental and eventually economic impacts. In these accounts, practices based on Islamic law, and the rules of nature ensure better social and economic outcomes by putting certain limits on the activities believed to be causing harm and injustice such as interest based financing and chemical agricultural inputs.

This is not the only account of Islamic banking or organic agriculture however. In the second kind of accounts, actors drawing from the same source, Islamic law or the rules of nature imagine a new social order along with new models of banking and agriculture. They criticize the first account fiercely as replicating the very same forms and relations to which

Islamic banking or organic agriculture is believed to be in opposition. For these actors, Islamic banking or organic agriculture is not merely new conceptualizations of moral and effective financing or agricultural methods. Instead, they are versions of conventional products and practices re-packaged as 'Islamic' or 'natural', without truly transforming assumptions and relations embedded within those products and practices.

Actors taking this point of view instead hope that Islamic banking and organic agriculture serve as midwives for an entirely different social organization and human model. The fundamental feature of this different order in both Islamic banking and organic agriculture is the notion of interconnectedness; humans are in relation to fellow humans and all the existing things within and beyond physical world. This relatedness fosters caring, justice and solidarity forming the basis of community which is thought to be eroded within capitalist society against which these imageries are positioned. In these accounts, Islamic banking or organic agriculture is against a system that separates human from community and nature, economic relations and production from social relations and all of them from the governing rules of the Divine and Nature respectively.

In these accounts, an Islamic model of banking should go beyond conceptualizing an alternative to a Western institution; it should also be about conceptualizing an alternative to the capitalist order within which the conventional banking was formed. Risk sharing, or participation to losses and profits is not only the fundamental organizing principle of Islamic banking but the organizing principle of society. In such a society, humans are not self-interested rational individuals as conceived in capitalist order, but are in relation to others caring about the well being of fellow humans as conceived in 'Islamic' order. As such, Islamic banking challenges the assumptions regarding human nature and society and not only the way the banking is performed.

Similarly an agricultural model based on local knowledge, local seed and biodiversity is a model for organizing society where humans are embedded in relation with all animate and inanimate things. Only understanding of this relationship can foster a social organizing that is connected and in harmony with nature. This conceptualization of human and society is contrasted with consumer-human who do not know what or why he consumes and is

unaware of the larger affects of his actions on society and nature. As such, organic agriculture challenges the very assumption about the human - nature relationship and places human squarely with all other beings at the same level and not above them.

My research has revealed that two distinct understandings of Islamic banking and also of organic agriculture against an incumbent system manifest itself in the main debates within and around each industry. Incumbent system in both accounts refers to conventional banking or agriculture as well as capitalism, urbanization, industrialization, secularism or modernization, depending on the arguments being made. In the first kind of accounts, Islamic banking or organic agriculture is complementary, filling a gap within the system, or serving the needs of previously excluded people on the grounds of their beliefs or preferences. In the second kind of accounts, Islamic banking or organic agriculture is alternative and in opposition to the larger system itself, it is about establishing a social order based on solidarity and justice. In both accounts, the discussions of practices, formal definitions, the system, the ideal, and the sources of that ideal are enmeshed and carried out with the assessments and criterions of ideal in relation to, explicitly but not exclusively, rules of the Divine or Nature.

The subject and findings of this dissertation connect with four streams of research examining new organizational forms and changes in organizational forms and practices: research on institutional logics, research on the role of social movements in creating new organizational fields, research on emergence and use of market categories and research on organizational authenticity. In the remainder of this chapter I first summarize these theoretical perspectives in relation to how change in organizational forms has been conceptualized. Next, I elaborate this dissertation's specific contributions in relation to particular issues in the studies of new organizational forms. I conclude with an outline to the following chapters.



### **1.1. Studies of New Organizational Forms**

Scholars using the frameworks of institutional theory, social movements and research on market categories in the study of new forms and practices invoke logics, culture, frames, and/or identity as symbolic resources utilized to create meanings and boundaries. Common to this research stream is that establishing category features and its boundaries is a collective process involving producers and their audiences such as consumers, intermediaries, state and rivals with varying preferences over the meaning and the boundaries of the category (Negro, Koçak and Hsu, 2010; Vergne and Wry, 2014).

Institutional logic perspective posits that institutions have a central logic, “a set of material practices and symbolic constructions which constitutes its organizing principles that provides individuals with vocabularies of motives and with a sense of self” (Friedland and Alford, 2012: 248, 251). “Logics, in other words, provide guidelines on how to interpret and function in social situations” (Greenwood, Raynard, Kodeih, Micelotta and Lounsbury, 2011: 318). Organizations, organizational fields and professions operate in multiple institutional spheres meaning that they are typically under plural and usually conflicting institutional logics (Friedland and Alford, 2012). An organization that is under the influence of incompatible expectations of multiple institutional logics face institutional complexity (Greenwood, Díaz, Li, and Lorente 2010; Greenwood et al., 2011). Recently scholars started to delineate the institutional complexity suggesting that organizational field level characteristics (e.g. maturity, stability, the number of uncoordinated organizations or social actors influencing the field, centralization) and organizational attributes (e.g. position in a field, size, identity, hiring practices) as well as the individual level factors (e.g. individuals’ intra- and extra- organizational relations and interdependency among individuals) shape the form and intensity of institutional complexity that organizations experience (Pache and Santos, 2010; Greenwood et al., 2011; Besharov and Smith, 2014).

The question of how organizations respond to institutional complexity, i.e. incompatible multiple institutional logics is the main research interest within institutional

logics perspective and generally linked to understanding heterogeneity and change within and among organizations and organizational fields. More specifically the studies of institutional logics and institutional complexity are linked to the process of institutional change (e.g. Dunn and Jones, 2010; Haveman and Rao, 1997; Thornton, 2002), strategic responses of organizations (e.g. Oliver, 1991; Kraatz and Block, 2008; Pache and Santos, 2010) and the studies of hybridity in practices, identities and organizations (e.g. Battilana and Dorado, 2010; Pache and Santos, 2013; Jay, 2013).

The first line of exploration, linking institutional logics and institutional change, examines how dominant institutional logics within a domain shift, are replaced or sustained usually as a function of exogenous forces and the interests and activities of certain actors. In studies that emphasize power relations among actors, contestation over symbolic or material sources among different actors adhering to different logics initiates emergence of or changes in practices, forms and organizational fields (e.g. Leblebici, Salancik, Copay and King, 1991; Seo and Creed, 2002). From this perspective, misalignment between the institutional arrangements and interests and needs of actors who are the subject of those arrangements provides impetus for institutional change. In studies emphasizing cultural processes, institutional entrepreneurs (DiMaggio, 1988) realize and make use of the conflicts among multiple institutions that become salient in a domain to further their interests or understandings of the practice or forms. Contradictions or contestations among institutional logics within a profession or organizational field usually become salient through exogenous and endogenous influences such as historical context, the changes in adjacent professions or organizational fields that have an overlap with the focal domain and the new entrants to field.

The second line of exploration, suggesting competing institutional logics provide a latitude for strategic organizational response to institutional complexity, examines what those strategic responses are and how they are determined (e.g. Oliver, 1991; Kraatz and Block, 2008; Pache and Santos, 2010). Kraatz and Block (2008) describe that organizations may try to eliminate the pluralism (by denying validity of external expectations, attempting to co-opt the entities that have contradictory demands, challenging the legitimacy of those

entities); compartmentalize them (by creating separate units that attend to different institutional logics) or control the pluralism (by playing out different constituencies against one another or facilitating a cooperative solution). Relying on Oliver's (1991) typology, Pache and Santos (2010) propose that organizations may acquiesce, compromise, avoid, defy or manipulate the institutional demands. Their specific contribution is linking these strategic responses to the nature of institutional conflicts (conflicts over means or goals) and the degree to which the conflicts are represented within the organization. They propose that organizations "resort to more resistant strategies when facing conflicting institutional demands related to goals than when facing conflict related to means" (Pache and Santos, 2010: 469). This is because, they argue, means (processes and actions) are potentially more flexible and negotiable compared to goals that reflect the core system of values.

The third line of exploration of institutional complexity focuses upon how multiple logics are reflected in the organization's structures, activities and processes and linked to the hybrid organizing (Battilana and Dorado, 2010; Greenwood et al., 2011; Battilana and Lee, 2014). Besharov and Smith (2014) delineate institutional complexity by proposing two dimensions, logic compatibility and logic centrality, to explain the heterogeneity in how multiple logics manifest in organizations. They conceptualize logic compatibility as "the extent to which the instantiations of logics imply consistent and reinforcing organizational actions" and logic centrality as "the degree to which multiple logics are each treated as equally valid and relevant to organizational functioning" (Besharov and Smith, 2014: 367, 369). Their framework links variance along these two dimensions within organizations to field, organizational and individual level factors such as number of professional institutions at the field level, hiring and socializing practices at the organizational level and the characteristics of relationships at the individual level rather than the actual contents of the logics themselves. What Besharov and Smith's work implies in terms of hybrid organizations is that hybrids differ in their proneness to contestation due to multiple institutional logics they instantiate depending on the dimensions of logic compatibility and logic centrality. According to their framework, low compatibility/high centrality yields

contested hybrids while high compatibility/high centrality yields minimal conflict with the potential for logic blending within organizations (Besharov and Smith, 2014).

Explicit or implicit in these studies and in general in institutional framework, the new form or practice must acquire legitimacy to survive, that is, it must be perceived as desirable, proper or appropriate by those who have the sources the new venture needs (Suchman, 1995). Institutional entrepreneurs or change agents use framing, rhetorical strategies (Suddaby and Greenwood, 2005) and stories (Lounsbury and Glynn, 2001) as means of crafting new identities, facilitating change and/or acquiring legitimacy (Battilana, Leca, and Boxenbaum, 2009).

Social movement theories applied to the emergence of new forms highlight collective action of producers and/or activists that brings about change in markets or industries. Similar to institutional entrepreneurs in institutional logic perspective, albeit with explicit oppositional agendas, these collective actors utilize cultural resources usually referred to as frames or codes that provide ‘schemata of interpretation’ and link beliefs and identities to actions (Schneiberg and Lounsbury, 2008 ; Soule, 2012). Cultural frames in this perspective are usually political, in opposition to dominant frames and product of collective sensemaking. Frames define problems, provide solutions and motivate and garner support by appealing to shared grievances and desires (Cornelissen and Werner, 2014).

Empirical research using social movements perspective in the study of form emergence and change usually invoke identity concept as the basis of contestation and political struggle. Cultural frames help constructing or reshaping collective identities and promote changes in practices and forms usually in relation to dominant institutional forms and practices. In studies using both social movements and institutional perspective, cultural frames are usually conceived as carriers of higher schemata or institutional logics to inform action. Weber, Heinze and DeSoucey (2008), for example, provide an account of how activists by using cultural codes of sustainability, authenticity, and naturalness constructed and mobilized an alternative logic in the creation of market for grass-fed meat and dairy products in the United States. Rao, Monin, and Durand, (2003) depict how identity movements in the professions valuing individual autonomy led elite chefs to abandon

dominant logic associated with classical cuisine for nouvelle cuisine in France. Lounsbury, Ventresca and Hirsch (2003) in their study of for-profit recycling industry in US explicate how recycling movement enabled the industry formation by reframing recyclables as commodities that produced a common ground for collaboration among constituents.

Research on emergence and use of market categories within the organizational ecology tradition uses categories to understand organization - environment relations and conceive categories as part of the cultural and material environment that define audience perceptions of organizational identities and forms. Categories give meaning to actors and products, inform collective identities and constrain or enable market outcomes (Negro et al., 2010). Categories and classification systems influence and are influenced by perceptions of market audiences such as consumers, producers and critics although the power and agency of a given participant may vary (Negro et al., 2010). The empirical studies in this research stream focus on how categories as meaning systems emerge, become legitimate, change, and shape market behavior and market outcomes with a main focus on the latter. In studies invoking both categories and institutional logics, and categories and social movements, categories are perceived as middle ground between logics or frames and organizations and organizational actors that are proximate to actors and amenable to manipulation (Vergne and Wry, 2014).

The role of authenticity in the emergence of new forms and practices recently gained attention especially from scholars who use identity perspective within ecological research and, to a lesser extent, social movement framework to examine form emergence and evolution. Organizational scholars usually study the concept of authenticity within cultural fields and generally focus on how perception of authenticity affects market outcomes such as prices, and consumption patterns (Carroll and Wheaton, 2009; Johnston and Baumann, 2007). There is an agreement in this line of research on social and economic importance of authenticity: authenticity valorizes the object by imbuing it with a deeper meaning.

Outside of cultural studies of authenticity, research in organizational ecology recently started to conceive authenticity as a characteristic of producer identity (e.g. Baron, 2004; Carroll and Swaminathan, 2000; Negro, Hannan and Rao, 2011) or an organizational

feature (e.g. Carroll and Wheaton, 2009; Kovács, Carroll and Lehman, 2013; McKendrick and Hannan, 2014). Scholars within the organizational ecology tradition posit authenticity concern as a driving force for creation of new organizational forms with oppositional identities to conventional counterparts. Empirical evidence in these studies suggests increasing prevalence of some form of dominance in markets usually in terms of ownership or process (e.g. foreign, multinational, industrial etc.) sparks concerns over authenticity among consumers and producers leading to emergence of a cluster of peripheral producers with authentic identities. Authenticity in these studies is a dimension of producer identity that could be deployed strategically in relation to other producers to signal distinction. Similarly, scholars using social movements perspective, usually conceive authenticity as part of cultural frames for mobilizing collective identities.

What we learn from these studies on new organizational forms or practices is that producers and their audiences collectively define and create meanings of the new industry or the practice. Recent studies highlights the role of authenticity as a signal of differentiation among producers that may possibly lead to new organizational forms or collective identities. Researches differ in their focus on the role of audiences but generally tend to examine a few predetermined sets of actors such as state, rivals such as dominant incumbent producers and vanguards such as critics, activists, enthusiasts and analysts. My reading of the aforementioned literature regarding new organizational forms or practices reveals common presumptions about and treatment of these audiences. For example state is generally assumed to be source of endorsement or material rewards. Rivals are almost always dominant incumbent producers in a contentions relations with nascent producers. Producers who may be perceived as similar or associated with nascent producers are not in the picture. Vanguards such as critics, activists, enthusiasts and analysts are always treated as homogenous in their preferred meanings and practices. Authenticity arguments are almost always linked to the distinction arguments against 'inauthentic other'. Below, I discuss these presumptions in the extant literature in relation to state, rivals and vanguards that limit a comprehensive understanding of new organizational form or practice

emergence. My findings that I summarize in the next section below contribute to these undeveloped ideas in the studies of organizational form and practice emergence.

In terms of state's role in new organizational form or practice emergence, state authorization is generally assumed to benefit new ventures. From neoinstitutionalists' perspective the benefit stems from state's role as rationalizing and selecting appropriate organizational forms and practices (Schneiberg and Bartley, 2001). State regulation and accompanying legal formalization validates the industry as a rational and appropriate venture. Researchers using social movements perspective or market categories within the organizational ecology tradition generally highlight the impact of state intervention on resource flows within or among organizational populations. For example, Wholey, Christianson, and Sanchez (1992) showed that state regulations requiring health maintenance organizations (HMOs) to file a deposit increased the failure rate of small HMOs by a disproportional amount when compared with large HMOs. In their study of nascent independent power sector Sine, Haveman and Tolbert (2005) focused on how regulations in this sector lowered sectorwide economic entry barriers by altering financial incentives for all players. Common to these studies is a well developed account of dependence of organizations on the state but a less developed account of why the state acts as it does (Simons and Ingram, 2003). A few studies focusing on the state - organization relations outside of North America report more intricate relations such as symbiosis, competition and rivalry other than dependence that is influenced by ideology, state capacity and autonomy and the form of polity (e.g. Simons and Ingram, 2003; Özen and Akkemik, 2012; Buğra and Savaşkan, 2014; Özel, 2014). These studies point to the value of in-depth inductive examination of the role of state in the new organizational form and practice emergence and evolution.

In terms of-rivals in the studies of new organizational form and practice emergence, rivals are almost always conceived as dominant incumbent producers. For example in institutional perspective, institutional entrepreneurs rise against incumbent institutions and producers by advocating alternative logics. In social movements perspective, producer-activist use cultural frames in opposition to dominant frames and producers to shape

collective identities and promote changes. What is implicitly or explicitly assumed in these perspectives is that parties challenging established practices will be contested by the defenders of those practices due to divergent positions and motivations. However a few recent research using social movements perspective argued and showed that challengers (nascent producers) and defenders (incumbent producers) could collaborate despite having divergent goals (e.g. O'Mahony and Bechky, 2008; Van Wijk, Stam, Elfring, Zietsma, and den Hond, 2013). These studies argued that the different parties could identify mutual goals that lay the ground for collaboration. For example, O'Mahony and Bechky, (2008) argued that open-source community projects and commercial firms in the proprietary software development tradition collaborated because the former wanted to expand the scope of open-source software and the latter were interested in tapping into an emerging market. Collaboration in their context was possible thanks to boundary organizations created by open-source community projects that attenuated the differences between themselves and commercial firms while preserving boundaries between them (O'Mahony and Bechky, 2008). Van Wijk, et al. (2013) explains the collaboration between activists and field incumbents in Dutch tourism industry by the features of sustainable tourism movement that they refer to as movement permeability. They argued that activists' disparate goals, discourses and practices in sustainable tourism movement lay the ground for the engagement and collaboration with the incumbents. These studies suggest that relations among nascent and incumbent producers may take different forms other than rivalry as a function of the motives, goals and the features of those goals as well as the interaction patterns among these actors.

In the similar vein, aforementioned literature generally do not consider or examine the producers who are similar to nascent producers in some aspect such as ideology or practice as influential actors in the emergence and evolution of organizational forms or practices. One such attempt is Simons and Ingram's (2004) study in the mature field of cooperatives. They argue and show that ideological similarity will evoke competition when the populations depend on the same resource base, and mutualism if they do not. They showed that two agricultural cooperatives with same ideology and resource base, moshav



and kibbutz, competed with each other while each had mutualistic relations with credit cooperatives that had kindred ideology and different resource base. However we do not know whether there are other contingencies that may contribute to non-competitive relations between ideologically similar producers even when they share similar resource bases.

In terms of vanguards' role in the studies of new organizational forms and practices, researchers contend that vanguards such as critics, activists, enthusiasts or analysts contribute to new form emergence by direct interaction with consumers, and by influencing authorities or powerful intermediaries (Koçak, Hannan and Hsu, 2013). Through these interactions, they help a common understanding to form among different sets of actors. They are usually understood to be alliances of the industry and treated as a homogenous group. For example, we do not know how and why critics, activists or analysts converge or diverge in their preferred meanings and practices. Nor do we know exactly which roles they play other than helping a common understanding of the industry to emerge. These presumptions limit a comprehensive understanding of actors and their roles in the formation of new practices or organizational forms.

## **1.2. Contributions to the Literature**

The first contribution of this dissertation to the extant literature studying new organizational forms and industries lies in its explication of two distinct accounts of Islamic banking and of organic agriculture. Both accounts of Islamic banking and also of organic agriculture convey a distinct alternative imagery to the incumbent organizational forms. In each industry, two variants of 'alternative' with respect to the incumbent industries do not only co-exist as distinct conceptualizations but are in relation with each other through continuing debates over what is 'ideal', influencing the practices and the law and regulations along the way. Actors while interacting with each other may emphasize one variant of alternative over the other but they also use arguments from both imageries

expanding and elaborating the content of each account over time. This expansion and elaboration is especially salient in conversations around the ideal models as depicted in Islamic law or rules and models in nature.

This is different from the general understanding of new forms or industries as more or less settled on a dominant meaning, logic or classification. A few studies suggest that plural institutional logics or multiple meanings can be maintained over time within a practice, form or profession. They explain this plurality in terms of audience structure or inherent duality of logics within professions guiding their expert knowledge and practices. For example Jones, Maoret, Massa and Svejenova (2012) argue that distinct conceptualizations and practices within modern architecture were possible due to serving different mix of clients associated with institutional logics of state, religion, commerce and family. Dunn and Jones (2010) suggest medical education always incorporated logics of care and science but their salience varied depending on the external and internal contestation over jurisdictional control and meanings.

The cases of Islamic banking and organic agriculture suggest that two variants of alternative were not the products of competing logics or distinct clientele. Both industries serve to general public and two variants of alternative exist in the accounts of Islamic law scholars or self-acclaimed environmentalists. In institutional terms, the actors adhering to the same logic had different understandings of Islamic banking or organic agriculture and its relation to the incumbent system. Thus, theories of institutional logics as developed and used within organizational studies are not sufficient for explaining the phenomena that I observe in these two cases.

This finding brings two main questions along with it. Why is there such a distinct anti-capitalist criticism? What explains the different accounts within seemingly homogenous set of actors? Given observations that markets are increasingly described with moral terms (Fourcade and Healy, 2007) and that previous studies examining new ventures with critique of modern systems do not report such strong anti-capitalist accounts parallel to the one described (e.g. Carroll and Swaminathan, 2000; Weber et al., 2008) these questions become more curious.

Based on my data, I cannot provide a full account for these questions. However, the persistent references to ‘how things must be according to Islamic law’ or ‘how things work in Nature’ in the data suggest that the explicit vision of an ‘ideal’ for the moral project is important in shaping the form and the discourse of the market. Empirical work in new organizational forms with specific moral claims such as anti-industrial stance usually report a bottom-up, social movement like process in the emergence of such forms. In these settings, new industry forms as a loose alliance of early activist-producers collectively building an anti-industrial rhetoric along the way while associating it with their collective identity and a craft-like process (e.g. Carroll and Swaminathan, 2000; Weber et al., 2008). Anti-industrial rhetoric and practices are usually built in relation to industrial system. There is no strong explicit guiding rules to inform practices in such markets.

Islamic banking differs from such projects with its specific reference to Islamic law. Islamic law does not only inform the discourse of Islamic banking but also provides an ideal as a model. Similarly, in organic agriculture people talk about models/systems in nature as an ideal for organic agriculture to live by. In these cases market formation is not just collective construction of meaning, but collective construction of meaning according to a given ‘ideal’. I suspect, when the moral project is understood to be as conforming to an ideal existed or constructed already, market dynamics become more complex. This is because the model of ‘ideal’ brings its experts and defenders to the market formation along with it. This gives examination of the experts and the defenders of the ‘ideal’, the sources and nature of that ideal and historical and conceptual relation of the ideal to the phenomenon at hand a paramount importance.

The second finding of my study relates to the concept of authenticity in new organizational form creation. What I find that is different from previous studies of new organizational forms is the centrality of the question ‘What is ideal?’ for the actors involved in these two industries. Extant literature contends that institutional entrepreneurs engage in sense-giving efforts to define new organizational forms (Negro et al., 2010; Vergne and Wry, 2014). They answer the question ‘What is .... ?’ for microbrewery (Carroll and Swaminathan, 2000), modern Indian art (Khaire and Wadhwani, 2010), satellite radio

(Navis and Glynn, 2010), multidisciplinary practice firms (Suddaby and Greenwood, 2005) by listing various features of the new organizational form, its products and practices, often in order to highlight its difference from incumbent forms. I find that the ‘What is the ideal .... ?’ question is even more central in Islamic banking and organic agriculture. The discussions in both industries are simultaneously about the meaning of Islamic banking or organic agriculture and the validity of those meanings and practices in relation to specifically but not exclusively Islamic law or the rules of nature. In other words, actors in both cases were not only involved in meaning construction (discussions around product features, labels, purposes etc.) but also were deliberately discussing the authenticity of meanings, labels and the practices as well as the criteria to be used in authenticity assessments. The main concern in these accounts was not differentiation from opposed models as current literature generally suggests but being aligned with sacralized forms and purposes.

This was especially salient in Islamic banking. The notions of the ‘*real*’ figure prominently in Islamic banking. Phrases like ‘*real trade*’, ‘*real profit*’, ‘*real economy*’, ‘*real value*’ and the discussions about ‘*real money*’ based on a ‘*real substance*’ as alternative to paper currency all used in the accounts of Islamic banking as grounded on ‘*real activity*’ and therefore distinct from conventional banks that earn money out of money with no ‘*real contribution*’ to the society. Each reference to ‘*real*’ and many more were discussed extensively among Islamic law scholars and Islamic bankers in relation to Islamic law, formal codification, conventional system and the socio-political context.

This has two main implications for current research linking organizational forms with authenticity. First, it suggests that when industries are grounded on explicit moral foundations, the question of validity of those morals reflected in both symbolic and material domain may be an important part of collective construction of the form. In terms of larger literature studying new forms and industries, this brings the notion of authenticity, that is, the realness or genuineness of the meanings and practices, to the center of form emergence and evolution. Unlike generally conceived as status symbol or signal of distinction, authenticity as conforming to an ideal maybe intricately linked to the discussions of meanings and definitions.

Second, the parallel question of ‘what is ideal?’ as an intricate part of the question ‘what is it?’ may require first establishment of criteria to be used in authenticity assessments. Authenticity accounts in Islamic banking provide a compelling example of deliberate discussions around the criteria to be used in authenticity assessments. Islamic law scholars differ in their understandings of Islamic law largely due to plurality of sources and reasoning techniques within Islamic law which reflects itself on which criterions have preference in assessing an action’s compatibility to Islamic law. This is different from the current research on authenticity that implicitly assumes a more or less established classification or set of criteria while examining authenticity claims. A specific understanding of ‘*the other law*’, Islamic law in Islamic banking and rules and models in Nature in organic agriculture is the source of criteria in authenticity assessments, however the differences in understanding of ‘*the other law*’ lead contestation over which criterions have preference in authenticity assessments.

Although authenticity assessments and discussions of criterions included references to conventional counterparts in both industries, the discussions were not about claiming the conventional counterpart as inauthentic. Authenticity discussions in both Islamic banking and organic agriculture is an ‘*internal issue*’ revolving around the true meaning of ‘Islamic’ or ‘natural/organic’. This is again different from the current literature that examines the authentic (art, identity, product etc.) in relation to inauthentic which is consistent considering the main focus is distinction claims and separation from ‘other’. Unlike current literature and more consistent with original meaning of authenticity, I find the authenticity discussions in both Islamic banking and organic agriculture is mainly about ‘aligning’ to an ideal.

These findings on authenticity bring a fresh look at to the concept of authenticity in the studies of new organizational forms and categorizations. Authenticity may have a larger role than a mere strategic tool used for separation as generally assumed in categorization studies. It may be at the center of form/categorization emergence as part of collective construction of meaning discussed in relation to not only the inauthentic ‘other’ but maybe more so in relation to an ‘ideal’.

In addition to explicating two co-occurring meanings of Islamic banking and also of organic agriculture and their relation to authenticity, this dissertation presents several contributions in relation to specific issues in the studies of new organizational forms. One of these and the third contribution is its explication of heterogeneity within a presumably same set of actors. I find that the actors generally lumped together as intermediaries such as critics, reviewers or analysts in the organization literature are more differentiated differing strikingly in their understanding and evaluation of industries. In both Islamic banking and organic agriculture there were people who played facilitating role but differed strikingly in their understanding of the focal industry. I identified two distinct roles among Islamic law scholars in Islamic banking and among self-described environmentalists in organic agriculture and referred to them as '*moral certifiers*' and '*idealists*'.

Advisory Boards within Islamic banks (commonly known as Sharia Boards in other countries, not necessarily formally in the organizational structure) and non-governmental organizations such as Buğday Association for Supporting Ecological Living are most representative of *moral certifiers*. Islamic law scholars in Advisory Boards and people at Buğday do not have legally defined roles as control, regulation or certification bodies but nonetheless perform very similar roles to those carried out by formal bodies. They also endorse the industry as a moral enterprise and actively work on developing public consciousness on the harms of interest in banking and chemicals in agriculture, guiding public preferences towards these industries.

Individuals, groups of people, or NGOs whom I refer to as *idealists* are in the same camp with *moral certifiers* regarding their desire for morally grounded alternatives to conventional banking and conventional agriculture. Islamic law scholars such as Abdülaziz Bayındır and Kibele Ecologic Life Cooperative are most representative of *idealists*. Like moral certifiers, they are actively involved in consciousness raising activities for a better alternative by producing and disseminating knowledge through their writings, public appearances, and events. Unlike moral certifiers, idealist do not represent Islamic banking or organic agriculture in its current form as conducted by certified producers as 'the better alternative'. They differ from moral certifiers significantly in their conception of the

imagined alternative. A stance against the dominant system - the system being capitalism, modernity, urbanization, industrialization, globalization, science, secularism, tradition etc. depending on the argument - composes a significant part of idealists' accounts that differentiates them from moral certifiers. Whereas idealists imagine Islamic banking or organic agriculture as an alternative outside of the mainstream finance or agriculture respectively, moral certifiers perceive these industries as alternatives existing alongside and within the mainstream finance and agriculture.

In short, I find moral certifiers and idealists to be similar in terms of the ideologies and motivations they express. Yet, they take very different positions and have divergent priorities on some key contested issues and attempt to shape the emerging form in different ways. I consider two possible explanations for this variance based on the extant literature: research on institutional logics and research on relational networks and interaction within markets

A dominant explanation for the heterogeneity among actors in institutional theory is the existence of contradictory logics within or among institutions. For instance, Suddaby and Greenwood (2005: 61) explain that the logic of professionalism holds an "inherent contradiction contained in the tension between "core values" and "commercial interests"" that eventually becomes overt and provides a space for contestation and differentiation among the members of the same profession. Although idealists occasionally challenge moral certifiers for being too lenient on producers for the sake of viability of the industry, my data points to the main debates among them revolving around what should constitute the core values for the industry. Moreover, neither idealists nor moral certifiers are involved in practicing Islamic banking and only a few of them are commercially involved in practicing organic agriculture, hence their economic interests are not tightly linked to the viability of these industries. Idealists and moral certifiers were generally Islamic law scholars with similar educational and professional backgrounds in Islamic banking and people who generally considered themselves as within the ecological movement in organic agriculture. I do not find any other cultural, ideological, or logical divide between moral certifiers and idealists either. Therefore, I conclude that the differences I observe among

idealists and moral certifiers are not due to contradictions between "core values" and "commercial interests".

Research on relational networks and interaction within markets contends that differences in patterns of interactions among actors is associated with construing similar or diverging understandings of the same phenomenon (e.g. DiMaggio, 1997; Koçak et al., 2013; Gray and Silbey, 2014). Similar to this account, recent studies in institutional complexity suggest that actors' intra- and extra-organizational relationships and their degree of interdependence influence how they interpret and use institutional logics (e.g. Greenwood et al., 2011; McPherson and Sauder, 2013; Besharov and Smith, 2014). Moral certifiers have more frequent relations with certified producers due to the '*informal regulative role*' they play. This may make their understanding of the focal industry more aligned to the understanding of the producers. But the degree and nature of relationship they have with producers is their own choice - it is not an assigned formal role that can serve as an exogenous explanation of these individuals' views. Moreover, some idealists previously played moral certifier roles, making the 'diffusion of meanings through interaction' account less plausible.

Although my data provides diverse evidence regarding the difference in relation to the '*system*' among actors it does not provide evidence to fully account for the basis of this difference. Islamic banking case suggests different '*styles*' in relation to interpretation of Islamic law among Islamic law scholars influence their understanding of Islamic banking. However, the question of the sources of adhering to different '*styles*' in the first place remains. This finding points to the need for more research examining the heterogeneity within the same set of actors such as among producers or among critics that are presumed to be under the influence of same institutional logic or having similar relational and cultural networks.

As the fourth contribution, my findings add to the growing body of research exploring conditions under which identity-based boundary weakens or strengthens. Scholars studying market categories with oppositional identities usually invoke social movement framework and report that producers activate sharp identities and automatically



devalue the incumbent category. In these studies, producers are commonly assumed and depicted as capable and motivated to differentiate themselves from the incumbent or oppositional producers. For example grass-fed producers used cultural codes to deem conventional products as inferior (Weber et al., 2008), and microbreweries used oppositional identity strategies to exclude mass-production brewing companies (Carroll and Swaminathan, 2000). Negro et al. (2011) showed traditionalist producers highlighted their collective identity to maintain categorical distinctions when the modernist producers claimed the same label in the case of Barolo/Barbaresco winemaking.

Taking categorical distinctions and boundaries as their main focus, these researchers tend to miss or ignore the concerns other than differentiation in boundary drawing. Similarly, the discussions on the influence of larger contextual constraints on using identity claims to establish or maintain categorical distinctions is generally omitted. My findings point to industry specific and societal level conditions that limited the capacity and motivation of producers to invoke sharp distinctions based on identity from both conventional counterparts and similar ventures.

Drawing mainly from Islamic banking, I find, unlike current research claims producers did not automatically engage in activating sharp identities and devalue conventional counterparts. Specifically, Islamic bankers avoided the name 'Islamic banking' and any explicit references to Islam, because of their understanding of Islam as sacred and not to be confounded by material world; the social concerns of implying exclusion on the basis of religion; the instrumental concerns over appealing to a wider audience; and secular ideology perceived as hostile to explicit Islamic references.

In relation to similar ventures, I find, relation-based constraints, (both material and ideological affinity), limited the capacity and motivation of producers to invoke sharp distinctions between their industry and similar ventures even though those ventures were perceived as harming the industry. Specifically, multi layered social and economic relations with and ideological affinity to similar ventures in Islamic banking and the perceptions of similar ventures as being within the same camp in organic agriculture limit producers' ability and motivation to separate their industry from similar ventures.

As the fifth contribution, I explicate how producers try to influence categorical expectations through engaging with other actors over validity and feasibility of those expectations and also through highlighting the symbolic importance of their work.

While extant research on market categories show evidence that organizations benefit from fitting into externally imposed categorical expectations and penalized for nonconformity (Hsu, Hannan, and Koçak, 2009; Zuckerman, 1999), a growing body of research started to examine how producers deviate from those expectations without negative repercussions. Scholars usually highlight the features of categories or external factors in the leniency of categorical expectations as explanation for organizational deviation. Deviation from categorical expectations is less problematic when classification is emerging or in flux (Ruef and Patterson, 2009) or when a specific contingency influences audience perceptions (Glynn and Lounsbury, 2005). A recent study suggests deviation is possible even when category is fairly taken-for-granted. Hsu and Grodal (2015) shows tobacco firms could increase tar and nicotine deliveries (core features) of the light cigarette category through strategic concealment as the category taken-for-grantedness increased. Increasing category taken-for-grantedness was associated with lower scrutiny over categorical imperative which provided opportunity for producers to manipulate core categorical features.

My findings contribute to the broader issue of how producers depart from category expectations by highlighting the role of conversations over authenticity between producers and the other actors. Specifically, Islamic bankers try to influence category expectations and sometimes could modify key features by challenging and negotiating the expectations of Islamic law scholars. To this end, Islamic bankers questioned the feasibility of expectations in current realities; made use of conflicting views among Islamic law scholars regarding key features, and emphasized the symbolic importance of Islamic banking that highly resonated with Islamic law scholars. Organic producers usually challenged the feasibility and relevance of expectations in current realities such as questioning the feasibility of using local seeds, or relevancy of criticisms around green-house production.

And lastly, as the sixth contribution, this study adds to authenticity research by broadening the understanding of authenticity dynamics by examining two different contexts outside the cultural fields. The concept of authenticity is usually linked with distinction claims and perceptions both in research on cultural fields and in organizational studies examining the emergence of new forms and practices. Organizational scholars usually conceive authenticity as a dimension of producer identity that could be deployed strategically in relation to other producers to signal distinction.

Focusing on producer side conversations around the authenticity of products and services of Islamic banking and organic agriculture, I find that the concerns over authenticity was persistent throughout the history of these industries. The authenticity assessments in these industries are less about social status as suggested by cultural studies or oppositional identities and differentiation as suggested by ecology and social movements research but more about conforming to a sacralized ideal.

Unlike current research that focuses on and shows evidence for the influence of authenticity perceptions on market outcomes, I highlight the influence of authenticity concerns over formal codification and regulation process. The accounts related to the formal codification in and around these industries almost always carried out in terms of their compatibility to an '*ideal*' in both form and spirit. In Islamic banking, the actors I refer to as *idealists* and to a lesser extent *moral certifiers* favor detailed formal codifications of products and industry-wide standardization to ensure that products conform to Islamic law. This presents a compelling example of influence of authenticity concerns in legal formation of industries.

### **1.3. Outline of Dissertation**

In the following pages, I first describe the methods, data, analysis process and cases in Chapter 2. In Chapter 3, I introduce five distinct actors common to each industry. I refer

to these actors as: *state*, *certified producers*, *non-certified producers*, *moral certifiers*, and *idealists*. I explain the role of state in each industry in Section 3.1. State refers to government, and government bodies and officials and was the main authority in the legal creation of these industries. Political contestations and larger ideological forces were more influential in state regulation of Islamic banking than in organic agriculture. State - Islamic banking relations show how societal level conflict between secular ideology and Islam was reflected in the discussions of formal codification of Islamic banking. Islamic bankers interpreted state's specific legal attempts as a threat to the very existence of the form until early 2000s when ideological contestation lost its heat.

I explain *certified producers* referring to managers and owners of Islamic banks and the small and large producers and businesses that produce certified organic products in Section 3.2. The products of certified producers are formally codified by state and regulated and certified by state-authorized bodies as conforming to related laws and regulations. Certified producers in both industries are similar in depicting their industry in terms of its benefit to economy, society or environment, but they do not compose a uniform group. Islamic bankers are divided in their views on proper and distinct legal definition of Islamic banking. Understanding of law as a marker that separates Islamic banking from conventional banking irrespective of its benefits or drawbacks versus understanding of law as a tool for symbolic and material gains was the main axis of the division among Islamic bankers. The division among certified organic producers hinges on atomistic versus holistic approach to organic farming.

*Non-certified producers* are producers who might be perceived as comparable to or associated with *certified producers* but operate outside the formal organic or banking law. I describe labels such as 'natural', 'local', or 'traditional' in organic agriculture and Islamic holdings in Islamic banking as non-certified producers in Section 3.3.

In Section 3.4., I describe the people that I refer to as *moral certifiers*; Advisory Boards within Islamic banks (commonly known as Sharia Boards in other countries) and non-governmental organizations such as Buğday Association for Supporting Ecological Living. Islamic law scholars in Advisory Boards and people at Buğday do not have legally

defined roles as control, regulation or certification bodies but nonetheless perform very similar roles to those carried out by formal bodies. They also endorse the industry as a moral enterprise and actively work on developing consciousness in public around the specific issues of chemicals and interest and guide the public preferences towards these industries.

In Section 3.5., I describe people I refer to as *idealists*. These people, groups of people, or NGOs are at the same camp with certified producers and moral certifiers regarding their desire for alternatives to conventional banking and conventional agriculture. However they differ from those actors significantly in their conception of the imagined alternative. I explain what *idealists* mean when they refer to '*being accord with nature*' or '*being accord with Creation, fitrat*' while elaborating their views of organic agriculture and Islamic banking respectively. I show, a stance against a dominant system (system referring to one or more of the following: capitalism, modernity, urbanization, industrialization, globalization, science, secularism, tradition) composes a significant part of idealists' accounts that differentiates them from certified producers and moral certifiers. Idealists conceive Islamic banking and organic agriculture as an alternative outside of the mainstream finance or agriculture respectively. For moral certifiers and certified producers, these industries represent an alternative existing alongside and within the mainstream finance and agriculture.

In Chapters 4 and 5, I focus on two persistent themes figuring in the conversations of these actors throughout the history of Islamic banking and organic agriculture. The first one, the formal definition and incorporation of the focal industry within the legal system is the topic of Chapter 4. The second one, the debates around whether Islamic banking and organic agriculture are really what they are purported to be is the topic of Chapter 5.

In Chapter 4, I claim and show that i. different positions with respect to formal codification among different actors, ii. larger legal space, and iii. larger socio-economic context were influential in the persistence of the debates around formal definition of these industries.

In Section 4.1., I describe how variations in the positions of actors in relation to formal law influence how these actors understand legal codification of the focal industry. I identify four main priorities - separation from conventional counterparts; alignment with the ideal form; ensuring a viable operation; and separation from similar ventures- in respect to formal codification that figured in the accounts of idealists, moral certifiers and certified producers to a varying extent.

In Islamic banking, in the accounts of the actors that I refer to as idealists and moral certifiers, legal codification of Islamic banking is about aligning formal definition with the contractual forms in Islamic law while simultaneously separating it from conventional banking. These actors are generally in favor of detailed legal codifications of Islamic contracts and establishing industry-wide standards. In the accounts of Islamic bankers, legal codification of Islamic banking is about ensuring safe and viable operation of Islamic banking. Islamic bankers are usually less enthusiastic regarding strict, detailed regulations and setting up industry-wide standards compared to idealists and moral certifiers.

In organic agriculture, in the accounts of the actors that I refer to as idealists, legal regulation in agriculture in general revolves around the criticism of capitalism and used as an ideological tool to depict the ills of the system while simultaneously drawing from the rules and models in Nature. Unlike Islamic banking the concerns about separation from conventional agriculture do not figure in the idealists' accounts in relation to legal codification.

In both industries, the people I refer to as idealists and moral certifiers have ambivalent attitudes towards unregulated similar ventures. And in both industries certified producers did not or could not overtly separate their industry from non-certified producers even when they are perceived as rivals or threats to focal industry. Islamic banks' multi-layered relations with similar ventures in Islamic banking and the perceptions of similar ventures as being within the same camp in organic agriculture influenced producers' ability and motivation to separate their industry from similar ventures.

In Section 4.2., I describe the specific challenges that arose from the larger legal space in relation to formal codification of Islamic banking and organic agriculture. I claim

and show that beyond just creating the legal definition of an organizational form, there is a separate challenge: the challenge of making legal definition of organizational form compatible with other legal definitions so that the form becomes operational. I show this issue was especially salient in Islamic banking because it introduced new terms and definitions such as *profit and loss accounts* and *expected profit* that did not fit neatly with related regulations in tax and accounting.

In Section 4.3., drawing mainly from Islamic banking case, I explain how external factors, such as ideological contestation and economic crises influence the perception and reception of changes in formal codification. I claim if the change in the legal codification is perceived as a necessity caused by external factors, it stirs less contestation among idealists, moral certifiers and producers regarding its appropriateness to Islamic law compared to legal changes that happened in the absence of external forces.

I focus on the debates around the '*realness*' of Islamic banking and organic agriculture in Chapter 5. Both Islamic banking and organic agriculture are infused with or motivated by values, norms and beliefs informed by Islamic law and rules and models in Nature respectively. Both use different methods from the incumbent conventional banking and conventional agriculture. In Islamic banking economic transactions are not based on debt financing which is associated with interest based transactions. In organic agriculture an agricultural method that excludes harmful chemical inputs throughout the process is followed. Both have a claim to do good, and involve an imagination and enactment of social solidarity and sustainability. As such, the debates around whether Islamic banking and organic agriculture are really what they are purported to be is a persistent theme.

I relate the debates regarding the '*evaluation of realness*' of these industries to the concept of authenticity. The criterion for assessing the authenticity of both industries is grounded on *the other law*, Islamic law or rules and models in Nature as the sources of the moral foundations of these industries. Type authenticity in Islamic banking is about the conformity of the implementation of financial instruments to the Islamic contractual forms that the jurists throughout the centuries commonly regarded as valid according to Islamic law. Moral authenticity of a financial instrument is evaluated on various grounds, but

usually hinges on the contract's *maksat*, i.e. purposes, aims, intentions, and morals of the form and *fitrat* i.e its true nature, and doing what it is supposed to do according to Islamic law.

In organic agriculture, type authenticity is generally associated with formal organic label. Moral authenticity discussions revolves around debates such as local seed versus hybrid seeds, mono-culture production versus biodiversity and small farmers versus agribusiness and hinge on a stance against hegemonic system, usually articulated as capitalism.

While the assessments of products and services in Islamic banking is simultaneously about the form and the moral, it is usually about moral in organic agriculture. Moreover both type and moral authenticity in Islamic banking is highly debated mainly due to different views among Islamic law scholars on sources and styles of reasoning in Islamic law. Authenticity debates in Islamic banking are simultaneously and explicitly about establishing the authenticity criterions.

In Chapter 6, I conclude with a discussion of my main arguments and a few proposals for future research questions.



## 2.

### **METHODS**

I use comparative case study method to inductively examine the trajectory of two industries, organic agriculture and Islamic banking in Turkey from their beginning in 1984 to the present with a focus on debates over definitions and practices. The purpose of this research is to reach new theoretical insights from the examination of the debates in and around these two industries and their link to the evolution of organic agriculture and Islamic banking.

In the first section of this chapter, I overview the method of comparative case study and explain why it is appropriate for my research. In the second section, I describe how I performed case selection and provide the descriptions for each case; organic agriculture and Islamic banking in Turkey. In the third section, I present the data sources and the methods of data collection. In the last section, I conclude this chapter with the explanation of data analysis process.

#### **2.1. Comparative Case Studies**

Case studies are in-depth investigations of a bounded social setting with a focus on the events that occur in and over time in that arena (Van Maanen, 1999). They provide historically situated tales of how events are linked to one another through time. The fine grained analysis of events and the social context in which they occur allows to reveal

temporal sequences, competing perspectives, objectives and contextual modifiers (Van Maanen, 1999; Pettigrew, 1990). The aim and function of such work is to extend readers' understanding of a particular setting and the social processes that take place there. Schools, industries, organizations, occupations, communities, individuals can all serve as settings for case studies. The specificity, historical character, and the interpretive features are the distinctive characteristics of the case studies (Van Maanen, 1999). Because the main aim is not to generalize outside of a case study, case studies stand apart from experimental and survey work. The standards for those works such as statistical representativeness, statistical sampling and bias are not appropriate standards for case studies (Siggelkow, 2007 ; Small, 2009; Van Maanen, 1999).

One of the main uses of case studies is theory building (Eisenhardt, 1989; Eisenhardt and Graebner, 2007; Siggelkow, 2007). Eisenhardt (1989), proposes a roadmap for building theories from case studies by synthesizing Miles and Huberman's (1984) procedures on qualitative data analysis, Yin's (1984) work on design of case studies and Glaser and Strauss's (1967) work on grounded theory building. As such, she advocates key grounded theory concepts such as constant comparison of data, overlapped data collection and data analysis, empirically grounded theories and theoretical sampling and theoretical saturation (Eisenhardt, 1989).

The key feature of building theories from case studies is constant comparative method as in grounded theory approach. The aim is to link up specific events and observations to more general analytic categories and issues by continuously comparing and contrasting data to find underlying patterns. Data analysis and data collection in this process are not separate activities but they are carried out simultaneously throughout the research until a point is reached where new evidence provides no new information and confirms previously established conceptual categories. The researcher can make adjustments during the data collection and analysis process such as collecting more data from different sources or adding new questions to interviews to probe particular themes further or to rule out particular alternative explanations, all of which serve to the aim of producing a valid, testable, empirically grounded theory.

In this process, data that confirm emergent conceptualizations and relationships enhance confidence in the validity of the emerging model. Data that disconfirm emergent conceptualizations and relationships should also be interpreted to refine the emerging model. Reaching at a point at which incremental learning and refinement is minimal indicates that theoretical saturation has occurred (Eisenhardt, 1989; Glaser and Strauss, 1967). The criteria for determining saturation depends upon both empirical context and the researcher's sensitivity to new interpretations of data (Glaser and Strauss, 1967).

Cases and informants to collect further data are chosen for theoretical not statistical reasons while building theories from cases as in grounded theory approach (Eisenhardt, 1989; Glaser and Strauss, 1967). Cases and informants are selected not because of their representativeness of some population but because of their potential to illuminate and extend the understanding of some social processes (Eisenhardt, 1989; Eisenhardt and Graebner, 2007). This is called theoretical sampling and constitutes one of the distinctive features of both Eisenhardt's (1989) and Glaser and Strauss's (1967) approach to theory building. The natural consequence of this feature is that the resulting propositions are not suitable for grand generalizations about certain populations but instead, can richly describe the existence of a particular process, mechanism, tendency, type, relationship, dynamic, or practice (Small, 2009; Eisenhardt and Graebner, 2007).

Eisenhardt claims that her approach diverges from grounded theory by early identification of the research question and possible constructs, informed by the existing literature. However as Suddaby (2006) states, the assumption that grounded theory approach requires scholars to start their research without any knowledge of extant literature is a serious misreading of Glaser and Strauss' (1967) work. The possibility of prior knowledge to force the researcher into preexisting conceptualizations is real and something to deal with during building theories based on a comparative method. However there is really no effective solution for this inherent limitation of the approach other than continuously being aware of the issue as interpretive work is always a function of the researcher's background and research interests (Suddaby, 2006).

Although it is possible to induce theory from single cases, multiple cases typically provide stronger base for theory building. It is because multiple cases enable comparisons that help to make arguments that are valid across chosen cases. Multiple case studies also allow for broader exploration of the research question across varied empirical evidence. Thus resulting propositions are likely to be more deeply grounded in varied data. However it still would not be appropriate to generalize the results to some wider population as the cases are selected for theoretical reasons such as replication, extension of theory, contrary replication, and elimination of alternative explanations rather than statistical representativeness.

Extrapolation from case studies is more of a validity issue than the representativeness of particular cases. (Small, 2009). Generalizability from cases is usually based on the assumption that the theory may be useful in making sense of similar events rather than on drawing conclusions about some wider population from the sample of that population (Maxwell, 1992). Thus extrapolation from a case study to like situations in general is based on logical inference rather than statistical inference (Small, 2009).

I use a comparative case-study-based research design (Eisenhardt, 1989) and adopt a grounded, interpretive approach for examining debates over definitions, practices and claims related to organic agriculture and Islamic banking in Turkey. My purpose is to develop new theoretical insights about how competing views of various influential actors regarding the industry is related to industry's trajectory through time. This aim requires necessarily capturing actors' interpretations of events, practices and claims first, and then to 'lift' these interpretations to a higher abstract level in light of both contextual factors and prior theorizing (Eisenhardt, 1989; Glaser and Strauss, 1967). As such my chosen grounded, interpretive approach fits well to this research's purpose.

Another reason why comparative case-study-based research design is an appropriate choice is that case studies allow in-depth examination of events within their contextual and historical setting. Historical and contextual examination proves crucial to understand complex events such as industry emergence because the specific course of events to emerging industry are inextricably rooted in a particular time and place. These events

involve various actors usually with competing perspectives and positions regarding the nature of events. Historical and contextual examination is then also crucial to understand these actors' perspectives and actions as the actors are both constrained and enabled by their larger socio-economical environment. Moreover, these actors derive from a larger socio-economical context to make relevant and effective arguments to further their views of the industry. Thus to understand actors' arguments and justifications, it is crucial to understand in which context they are made. In that sense, data pertaining to statements, actions and events can never be understood in isolation. Treating the events and actors in isolation and producing singular arguments of phenomena would not capture the complexities of industry emergence. Given also that recent research contends a historical and contextual comprehension is important to understand the industry emergence (e.g. Khaire and Wadhwani, 2010; McLaughlin and Khawaja, 2000), a comparative case study provides an effective method for my research.

### **2.1.1. Showing Validity of Findings in Comparative Case Studies**

Although generalizability is not a big concern (Van Maanen, 1999; Small, 2009), assuring reliability and validity is critical for building sound theories from case studies. These terms are normally based on positivist assumptions that underlie quantitative and experimental research designs. But the question of producing reliable and valid accounts of phenomena is real and constitutes the basis for frequent criticisms regarding the quality of case studies.

One of the most frequently voiced concerns regarding qualitative research is the reliability, the issue of whether different researchers would similarly describe, interpret and explain the same phenomenon. Reliability, according to Maxwell (1992), is a particular type of threat to validity. If different researchers produce different data and accounts of the same events, then it poses questions to validity of those accounts. Provided that the

researchers have similar perspectives and purposes and are interested in similar questions, they are more likely to reach similar accounts.

Validity in qualitative research in general, relates to relation between the account, and the phenomena that the account is about. The assumption is not that there is only one correct objective account, on the contrary, it is always possible for there to be different, equally valid accounts due to differences in the perspective and purposes of the researchers (Maxwell, 1992). However it does not mean that all possible accounts of some phenomenon are equally credible. Maxwell (1992) proposes different types of validity that corresponds to different phases of qualitative research to make discrimination among those accounts that I use as a guide for enhancing the soundness of my arguments in this research.

Descriptive validity refers the factual accuracy of an account, that is the researcher does not make up or distort, for example, the statements an informant makes. This is the basis for all other forms of validity. This kind of validity corresponds to primary understanding of an account and in principle, disagreements regarding the descriptive validity can be resolved easily given the appropriate data. The accounts of the chronology of events in Islamic banking and organic agriculture for example, or the statements of informants' that I use in this research could all easily be validated by referring to archival data and the recordings of interviews respectively.

Interpretive validity refers to accounts of what the described events, and actions mean to the actors involved. I try to get the informants' understanding of Islamic banking or organic agriculture as well as their accounts of the events and debates in their industry. The goal of interpretation is to describe the actors' meanings. The accounts of these meanings are necessarily grounded in the language of the informants and rely as much as possible on their own words and concepts (Maxwell, 1992). Thus interpretive accounts are still very close to data and the issue here, like in descriptive validity, is the accuracy of the account. "Accounts of participants' meanings are never a matter of direct access, but are always constructed by the researcher(s) on the basis of the participants' accounts and other evidence" (Maxwell 1992: 49).

The main threat to interpretative validity is to impose one's own meaning rather than to understand the actors' perspective. One of the ways I attend to interpretive validity is seeking clarifications during interviews. Before I conduct an interview with a particular informant, I read/watch his/her public statements, interviews, writings, videos, articles - any material that I can find authored by him/her. This is a good practice for many reasons but in terms of interpretive validity it provides me an opportunity to tap into those topics where I have a difficulty to understand the informant's point of view. During the interview, I would directly refer to his/her previous statements and kindly ask for clarification on his/her account. I would also state my understanding of a particular event and ask if it corroborates with the way he/she sees it where appropriate.

Theoretical validity moves the account further from the actors' actions, language, meanings, and interpretations to a more abstract account that proposes to explain what the phenomenon is about. It involves the development and application of theoretical constructs from/to descriptive and interpretive understanding of the account. Whereas issues of descriptive and interpretive validity are concerned with the accuracy of the accounts, theoretical validity is concerned with the appropriateness of the account as a theory of the studied phenomenon.

The main threat to theoretical validity is ignoring discrepant data or not considering alternative explanations of the phenomena (Maxwell, 1996). I attend to this issue by trying to reach out to diverse archival data and informants to collect a comprehensive variety of views. I particularly attend to discrepancy among views and try to figure out the sources of such differing views. I would consciously think what kind of data or explanation could disprove the evolving theory. I would test the evolving theory and potential explanations by collecting more evidence that could challenge conclusions either by talking to a specific person who might have a different view or by asking specific questions.

In inductive research that focuses on understanding a particular phenomenon, prior elimination of validity threats through the features of research design is less possible. Instead, specific threats to the validity of particular features of the account are generally addressed by seeking evidence that would allow them to be ruled out. In the light of

Maxwell's (1992) typology, the validity of my research is based on (1) how accurately and completely is the description of the events and debates in Islamic banking and organic agriculture conveyed? (descriptive validity): e.g. who were the main actors, what were the main events/debates/justifications? (2) how accurate is the interpretation of what these events and debates mean to the different kinds of actors involved in these industries? (interpretive validity): e.g. how is the state regulation perceived by Islamic bankers, how are those producers who follow standards similar to organic agriculture but do not get organic certification are perceived by the proponents of certified organic? and (3) how appropriate is the explanation for the accounts of events and interpretations provided? (theoretical validity): e.g. do I have the richness of data sources and detail to capture various views, is the data analysis transparent, have I used inferential logic, have I considered and discussed alternative explanations, connections to existing literature?

## **2.2. Case Selection**

The criteria I used for case selection were motivated by my research interest, the data collection requirements for generating grounded theory, and the attempt to rule out particular threats to validity.

In order to pursue my research question, I wanted to pick two emergent industries that involved creation of new meanings that spur diverse discussions. Organic agriculture and Islamic banking propose a change in the process of agriculture and banking respectively for the sake of common good. Organic agriculture is concerned with defining new agricultural practices that are good for human, animal and environmental health. Islamic banking is involved in creating interest-free financial transactions that conform to Islamic rule of prohibition of interest which is also claimed to be a better practice for social and economic viability. Therefore both industries have the challenge of incorporating moral claims and practices into economical objectives. Both the moral nature of these



industries and the inevitable tension between moral and economic objectives create fertile ground for heated debates around what these industries are actually about and how they differ from their conventional counterparts. Moreover both industries are nation-wide industries attracting attention from various actors, both state and non-state, which also contributes to the diversity and intensity of debates around these industries.

In order to examine the influence of social and political forces, I wanted to select two industries that emerged at around the same time. Organic agriculture and Islamic banking in Turkey have clear beginnings in 1984. I studied the historical context of development for each case and wrote a case history (Sections 2.2.1. and 2.2.2.) that charts the role of important events common to both industries such as economic liberalization program of 1980s in Turkey and the military intervention, and influence of international actors such as the International Monetary Fund (IMF) and the European Union (EU).

Moreover both industries provide advantages for data collection. They have recent and clear beginnings which makes it possible to define the boundaries of these cases. Both industries are imports and initiated with a clear economic focus by the state in the case of Islamic banking and by European exporters in the case of organic agriculture in 1984. This clarity regarding the origins of these industries makes it easier to collect data on the beginnings of each industry. Moreover due to relatively recent emergence of these industries, it was possible to conduct interviews with people who played prominent roles from early on. Being nation-wide industries ease data access further because debates are more likely to be covered by the media.

Despite these common properties, organic agriculture and Islamic banking in Turkey differ in some critical aspects which I assumed at the outset might influence the scope and the nature of debates in these industries. However I did not originally posit how these debates would be interconnected or linked to wider events and categorical boundaries that I ultimately observed. First, organic agriculture and Islamic banking differ in terms of their regulation structure. Organic agriculture is subjected to formal organic agriculture law. The control and certification bodies are authorized by the state to grant organic label by following the criteria outlined in the organic agriculture law and regulations. Islamic

banking, is subjected to two systems of law, secular banking law and sharia law. Although not required by formal banking law, all Islamic banks have advisory boards inside their boundaries which is composed of theologists (called sharia boards in other countries) that ensure and approve the products and services offered by the bank confirm to Islamic law. This feature of Islamic banking provides insights about the interplay between the state's and theologist's definitions as well as the influence of this duality on Islamic banks' practices and arguments.

Second, organic agriculture and Islamic banking differ in terms of who can offer the services and products. Formal banking law prohibits conventional banks to provide Islamic banking services or products. Although there are examples of conventional banks opening 'Islamic windows' within their boundaries to provide interest-free services in the world, conventional banks in Turkey could not perform interest-free banking within the same organization when I started my research (thanks to amendments made in Banking Law, *Ziraat Bank*, a state owned conventional bank has started Islamic banking operations in 2015 albeit under a separate entity named *Ziraat Participation Bank*). Organic farming can be done by any producer or firm as long as they follow the rules and regulations regarding organic farming and food production. On the same vein, organic products are commonly sold in supermarkets alongside with their conventional counterparts. This feature of organic farming adds to debates regarding 'who is the organic food producer?' and 'what is an organic product?'.

Third, organic agriculture and Islamic banking differ in terms of industry structure. There have been 7 Islamic banks licensed to operate until now. In May 2015, there were 4 private Islamic banks functioning in Turkey. The first state-founded Islamic bank was licensed on May 14th, 2015 totaling to 5 Islamic banks operating in Turkey. All Islamic banks are legally obliged to be a member of Participation Banks Association of Turkey (Participation banks is the legal name for Islamic banks in Turkey) which is defined by law as a legal professional entity. Organic farming lacks such a legally defined professional association although there are local and national associations related to organic farming with varying degrees of focus to small farmers or larger industrialist. There are over 33,000

farmers active in organic agriculture as of 2014. I anticipated that this difference in industry structure may be linked to the variety of accounts in these industries, and the role that collective producer action played in industry evolution.

Fourth, Islamic banking compared to organic agriculture is a relatively more novel practice with no previous models. Organic agriculture in Turkey is usually associated with a memory/vision of traditional farming in older times when there were no chemicals/hormones introduced. Islamic banking, on the other hand, has no clear referent from the past to be associated with. Moreover, Islamic banking, compared to organic agriculture is subject to more diverse contestation. Islamic banking, especially in its earlier times involved debates relating to role of religion in a secular Republic; such a conjunction was interpreted as a threat to secular foundation of the country. Conversely, the place of a bank in Islamic economic model was also contested on the basis that there is no such model/institution in fundamental sources of Islam. Associating the ‘bank’ with Western ideals and world views added to this debate. These political and ideological debates in Islamic banking brings empirical variety in debates involving industry emergence.

### **2.2.1. Common Context**

Initiation of organic agriculture and Islamic banking in Turkey coincides to mid 1980s, a period characterized by major economic and political changes in Turkey. Below, I first provide factual information on national context and historical account in which both industries were born. My objective in this review is not to provide a detailed socio-political account of Turkey starting from 1980s, rather it is to highlight two events, transformation from state-led economy to export-oriented economy and military intervention, both occurred in 1980.

The reason I am focusing on these two events, that are also related to a certain extent, is that their particular significance in terms of situating state’s objectives and involvement in organic agriculture and Islamic banking. Export oriented policies, for example, required

Turkey to align her legislation with EU for exporting food products. Opening up its borders for foreign investments, Turkey established Islamic banks to attract funds from gulf states. Concerns over political Islam that was part of the justification for the military intervention in 1980 were the driving force on incorporating Islamic banks into banking law in 1999. I attend to specific details of this common context as it relates to each case during the individual case descriptions in Sections 3.2.2. and 3.3.3. along with the key practices, actors and events in each industry.

Turkey has a population of over 77 million, 91.8% of whom residing in province and district centers and 8.2% living in towns and villages as of December 2014 according to Turkish Statistical Institute (TÜİK, 2015). These figures were 77.3% and 22.7% respectively in 2012 and the major difference between 2012 and 2014 is due to changes in regulation regarding the administrative division. Turkey's gross domestic product (GDP) per capita was 10,404 \$ in current prices in 2014 (TÜİK, 2015).

Organic agriculture and Islamic banking are pretty small industries compared to their conventional counterparts both in Turkey and around the world. The agricultural sector accounts for 8.9% of Turkey's GDP and provides 24.6% of country's total employment as of 2012 (MoFAL, 2014). Proportion of organic agricultural land to the total agricultural land is 2% as of 2013 up from 0.2% in 2002. This is similar to that of Europe; 2.4% of farmland is organic in Europe (European Union 5.7%), Liechtenstein having the largest share 31%, followed by Austria (19.5%) (Willer and Lernoud, 2015). 0.6% of farmland is organic in U.S (Willer and Lernoud, 2015)

The ratio of total assets of Turkish banking sector to GDP is 97% in 2012. As of September 2014, the share of Islamic banks in total banking assets, deposits and loans are 5.3%, 6.2%, and 5.5% respectively, 3%, 4% 0.5% up from their respective values in 2000. In terms of the share of Islamic bank assets in total banking assets, Malaysia is the leader with 21% followed by United Arab Emirates with 19%.

Prior to 1980, Turkey pursued Import Substitution Industrialization (ISI) strategy with highly interventionist and planned approach to economic affairs including agricultural production and banking system. Problems of ISI strategy coupled with international factors

like increases in oil prices put Turkey in severe economic crises in the second half of the 1970s. GNP growth rates declined from 10.7% in 1971 to -1.1 in 1980. Growth in the industrial sector decreased from an average of 9.3% in the first half of the 1970s to 1.9% in the second half (Aydin-Düzgit and Gürsoy, 2008). Inflation rate reached to 107.2% in 1980 from 17% in 1972 (Celasun and Rodrik, 1989).

Following severe economic crises in late 70s, Turkey embarked upon a major program of structural adjustment in 1980. On 24 January 1980, a package of economic stability measures, which came to be known as ‘January 24 Decisions’ was introduced to reduce state involvement in economic affairs. Through this stabilization program which was recommended and endorsed by IMF, import substitution policies of pre-1980 era characterized by protectionism, large public sector, and state intervention in the operation of market mechanisms were abandoned in favor of export-oriented, market-led economy (Öniş, 1992). The immediate goal of the program was reducing the inflation and the balancing the payment deficit; the long term goal was transferring to a market driven economy. To this end, certain policies such as privatization, monetarism, financial deregulation, reducing controls on prices, wages, exchange rates and interest rates and lowering taxation were pursued. The initial policy package involved a steep devaluation, deregulation of private-sector industrial prices, and huge increases in the prices of the state-owned economic enterprises (SEE) products and services; “45% for gasoline, 300% for paper and 400% for fertilizer against the backdrop of 70% inflation” (Celasun and Rodrik, 1989).

Stabilization program provided some immediate results. The rate of inflation which saw three digit figures in 1980 was reduced to an average of 33.2% in the following two years (Boratav and Yeldan, 2000). However, some features of pre-1980 era continued well into mid 2000s, such as the persistence of SEEs (Öniş, 1997). The first major case of divestiture occurred in 1986, but stayed limited until 2002 (Republic of Turkey Prime Ministry Privatization Administration, 2010). The share of SEEs in Turkey’s GDP increased steadily from 7.9% in 1974 to 11.4 % in 1980, reaching 16.4% in 1986 and stayed over 10% until 2005 (compiled from Sayıştay (Turkish Court of Accounts) reports).

Since 2003, privatization implementations gained momentum decreasing the share of SEEs in GDP from 8.4% in 2005 to 2.4% in 2013 (compiled from Sayıştay (Turkish Court of Accounts) reports).

Ten months after the initiation of the liberalization program, military took over the lead in Turkey on 18 September 1980. National Security Council (NSC) led by military junta governed the country for the next three years until 13 December 1983. The objective of the intervention was twofold; to re-establish the both economic and political stability to protect the unity of the country (Öniş, 1997). NSC stayed committed to the stabilization program as a means of establishing economic stability and kept the architect of the program, Turgut Özal then the undersecretary of prime minister, in charge. NSC's commitment to market-orientated reform facilitated strict enforcement of the austerity measures. Under the military ruling, some bitter practices such as devaluation of the money, increases in interest rates and freeze on wages were executed without much public resistance since NSC seriously limited political rights such as strikes and free press.

Domestic unrest due to violence between various political factions in late 1970s was another justification for military intervention. Fundamentalist demands from leftists as well as Islamic extremists were stated as a threat to the unity of the country and her secular, pro-Western character (Öniş, 1997; Buğra and Savaşkan, 2014). In fact, one of the stated justifications for the intervention was a public rally of Islamic fundamentalists joined by a political party leader who called for the restoration of the Sharia six days before the coup.

The military rule resulted in a drastic change in the political and social arena of Turkey. All the political parties were abolished and their leaders were banned from politics from five to ten years. Martial law commanders had taken over the administration in most of the country. They were vested with extensive powers over social and political life such as censorship of the press, radio, television and books and ban on union activities, meetings and any kind of demonstrations. But more importantly, NSC initiated several legal and structural changes including drafting a new constitution which was ratified by more than 90% of the population and passed on 18 October 1982. Revisions in universities law, in political parties law and electoral law prohibited the civil servants, educators and

students from joining political parties, all with the aim of restricting political activism and participation.

Transition to parliamentary system occurred under the influence and control of the military rule. In april 1983, new political parties were allowed to be established by NSC. A national parliamentary election was held on 6 November 1983. Turgut Özal, who designed the economic liberalization program won the election and became prime minister on 13 December 1983. After six days he took the office, on 19 December 1983, the Official Gazette of Turkish Republic announced a government decree no: 83/7506 regarding the establishment of Islamic banks in Turkey.

## **2.2.2. Organic Agriculture**

### **2.2.2.1. Early beginnings**

Certified organic agriculture started in Turkey in 1984 through the European market demand and with the initiation of the European companies. The aim was to produce certified organic dried fruits to export to Europe. Organic production in these early years followed initially the rules of the certification bodies based in Europe until 1991 and then EU regulation until 1994. In 1994, the first Turkish regulation on organic agriculture was issued which was similar in its core to the European Union's regulation on organic agriculture, Reg: 2092/91. Current organic law (n. 5262) in Turkey was passed in 2004 and together with latest regulation issued on 18 August 2010 (Official Gazette n. 27676, with latest amendment in 2014), sets up the principles and procedures of organic farming in Turkey.

According to this legislation, all kinds of inspection and certification relating to organic farming activities are performed either by the Ministry of Food Agriculture and Livestock (MoFAL) or Control and Certification bodies (CCB) authorized by the Ministry. Organic Agriculture Committee within the Ministry authorizes the CCBs (1) to carry out

the works to ensure that organic farming activities of the entrepreneurs comply with the provisions of the law and (2) issue organic certificates to confirm that inspected enterprise, organic product or input complies with the organic farming rules. The operations of CCBs are themselves subject to the control and supervision of the Ministry through Organic Agriculture Committee and the local organic farming units under 81 provincial directorates. As of November 2014, there are 28 authorized CCBs, 8 of which subsidiaries of EU based CCBs, operating in Turkey.

Organic farming is an agricultural production system done according to certain principles such as sustaining the health of soils, ecosystems and people by not using inputs with adverse effects such as chemical fertilizers, growth hormones, and antibiotics. The International Federation of Organic Agriculture Movements (IFOAM), a leading umbrella non-governmental organization (NGO) founded in 1972 uniting 800 member organizations in 120 countries, incorporates also the sensitivity to local conditions and biodiversity in its definition. IFOAM further states that “organic agriculture combines tradition, innovation and science to benefit the shared environment and promote fair relationships and a good quality of life for all involved” (IFOAM, 2015).

This emphasis of common good was always present within organic farming community. Organic agriculture from its inception in Europe and North America after World War II, has been imbued with a moral plea to abandon pesticides and the chemicals for the sake of “our children,” the “local farmer,” and the environment, among others. Sustainability, animal welfare, genetically modified seeds, and the economic structure of food production are other issues deemed important within the scope of organic agriculture.

Early experimentation with controlling and labeling organic agriculture practices started during 1940s in Europe and Northern America. In the early years, the farmers inspected one another on a voluntary basis, according to quite a general set of standards. Prior to 1985, all organic CCBs in the United States were local nonprofits (Lee, 2009). Until 2000, when federal level standards established in US, 35 states passed organic food laws exhibiting variation in their content (Lee, 2009). Turkey did not have this kind of experience with grass-root voluntary, non-profit, or differing control and certification



systems; the first CCBs in Turkey were subsidiaries of EU based CCBs following their homeland standards.

Today third-party certification is a complex and formal process, required by the regulations of many governments for any kind of an “organic” (i.e. “ecologic” or “biologic”) claim on a product label. Currently there are hundreds of private organic standards worldwide; and in addition, organic standards have been codified in the technical regulations of more than 60 governments. Recently there have been concerns about the third party certification from both farmers and NGOs on the grounds that it is too expensive and cumbersome for small farmers. As a result, alternative certification systems such as Participatory Guarantee Systems are getting more attention and research from both NGOs and farmers worldwide, and to a lesser extent in Turkey.

According to current legislation in Turkey, all the activities pertaining to plant production and animal breeding as well as harvesting, slaughtering, processing, packaging, conserving, storing, labeling, transporting, marketing, importing and exporting are controlled and registered by the authorized CCBs. If CCBs decide that these activities are carried out according to the rules in the organic agriculture legislation, then they grant “organic label” to the inspected enterprise, organic product or input guaranteeing an organic production system was followed. To this end, organic farming legislation mandates that before any organic farming activity is started, the entrepreneur, real or judicial person intending to involve in any of the organic farming activities from production to packaging and marketing, should apply to an authorized CCB with all the necessary information and documentation. If the CCB decides that the entrepreneur is eligible for starting organic farming, then a contract is signed between the entrepreneur and the CCB indicating a written agreement to comply with the provisions of the current regulation regarding to agricultural activities. From then on, entrepreneurs are under obligation to submit all information and documentation concerning the organic activities they perform to the CCB with which they have a contract. These information and documents provide a basis for the CCB’s control function and are registered to the information system within MoFAL by the CCB.

CCBs collect a detailed and a wide range of information about the entrepreneur and the production method including but not limited to the following: layout schematics for the enterprise and facilities; all plans and cadastral sketches concerning the parcels of land or the area; current machinery and equipment in the holding; previously applied production methods; product alternation plan; logbooks for all inputs to be used; the properties of the holding, purchasing and selling records for goods procured externally; and production plan, specifications of the product, inventory status, quantity, packaging type and material. Then CCB prepares a control plan based on these information and inspects the holding at least annually, with or without prior notice. If the results of the first control are satisfactory according to the regulation, then the entrepreneur and the products he/she produced are granted organic certification.

#### **2.2.2.2. Context**

Initiated by foreign demand for foreign trade rather than by state or local grassroots movements, organic farming in Turkey was operating pretty much independently from agricultural policies and regulations until 1994. The economic transformation of 1980s and their influence on agriculture policies, however, put Turkey in a track to accept international agreements and adopt European agricultural policies. These policies promoted environment friendly agricultural activities and become further impetus for organic agriculture.

Prior to 1980, state played active role on the agricultural price supports and market guarantees, agricultural input production and distribution and food price controls. SEEs and Agricultural Credit Cooperatives were commissioned to buy commodities such as cereals, tobacco, tea and sugar beet from farmers at prices determined by the government. Milk processing and marketing, meat slaughter and marketing, sugar production, vegetable oil production and marketing, agricultural tractor production, seed production and distribution were all done by the state-owned or -controlled enterprises. Input subsidies

were provided on a temporary basis for fertilizers, seed, feed grain and agricultural chemicals.

24 January Decisions that initiated the liberalization program in 1980 also hallmarked the beginning of long term changes in agricultural policies. According to this program, the government committed that fuel prices, agricultural products base prices and state-controlled enterprises' prices will be set up in a manner that prevents inflation. What this decision meant in terms of agriculture policies is that government subsidies and base prices in agriculture were to be reduced. The number of agricultural products that were subsidized was also reduced from 24 in 1980 to 10 in 1990 and 3 in 1994 (Öztürk, Nas and İçöz, 2008). Moreover, in mid 1990s, privatization of the state-owned or state-controlled organizations related to agriculture was initiated.

Although the initial changes in agricultural policies that break from pre-80's protectionist policies began with 24 January 1980 Decision, it was in the beginning of 2000 that the full blown structural changes were introduced in agriculture. The motivation for the agricultural reform was both to decrease the burden of agriculture on the economy after 1999 economic crises and to conform internationally binding and non-binding pressures such as Uruguay Round agreement on agricultural trade, the accession negotiations with the EU which put 'adjusting to the Common Agricultural Policy (CAP)' on political agenda, the 1999 agreement with the IMF reforming agricultural policy, and the agreement with the World Bank as an important financial supporter for the Agricultural Reform Implementation Project (ARIP) (Köse, 2012).

In 2001, under the auspices of the World Bank, ARIP was launched and put into implementation over 2001-2008. Its main objective was to bring about a move towards a more market-oriented agricultural policy through following such measures as the abolition of the administered output prices; the elimination of input and credit subsidies; the restructuring of state-owned enterprises and Agricultural Sales Cooperative Unions (ASCUs); and the introduction of direct income support (DIS) decoupled from commodity production (OECD, 2011).

In addition to these measures, several additional steps have been taken to harmonize Turkey's agricultural policies and institutional framework with those of the EU. For example, agro-environmental issues have attained more prominence with the process of the EU accession negotiations, as the adoption of the EU's *acquis* (Avrupa Birliği Müktesebatı) emphasizes the integration of environmental concerns and good practices in land management and rural development in general. To this end, The Environmentally Based Agricultural Land Protection Program (ÇATAK; Çevre Amaçlı Tarım Alanlarının Korunması) came into effect in 2005, as part of the ARIP program. The objectives of ÇATAK are to protect the quality of soil and water resources in agricultural lands, to ensure the sustainability of renewable natural resources, and to decrease the adverse effects of intensive agricultural activities.

ÇATAK was fully financed by the World Bank for the 2005-09 period. In 2009, Turkey assumed full financial responsibility for the project and is to run it until 2016. ÇATAK is exercised within the scope of Agriculture Law (not the Organic Agriculture Law) and promotes organic agriculture as one of the tools for environmentally friendly agricultural land protection in degraded areas through farmer trainings and supports. Organic agriculture is also promoted as a tool for rural development and is part of the National Rural Development Strategy within the scope of EU's Instrument Pre-Accession Assistance in Rural Development program.

#### **2.2.2.3. Legislation**

From its start in 1984 until 1991, organic production and exportation in Turkey followed the rules of the legislations of importing European countries. In 1991, the first EU-wide regulation on organic farming, EU Reg. 2091/91, was accepted and became the base for organic farming in Turkey. The following year, with EU Reg. 94/92, EU defined the conditions that the third countries exporting organic products to EU had to meet. One of the conditions was that non EU countries had to formulate their own organic farming

regulations and apply to EU with a file that covers the related technical and administrative issues.

Exporting almost all her organic produce to Europe, Turkey issued her first regulation on organic farming on 24 December 1994 (Official Gazette n. 22145) to comply with the EU rules. This regulation was similar in its core to the EU's regulation on organic agriculture and covered the rules on ecological production (the choice of term was ecological instead of organic) and labeling and introduced the control and certification system. According to this regulation, MoFAL, then the Ministry of Agriculture and Rural Affairs (MARA), would authorize CCBs to inspect and certify all stages of the organic production and marketing. Moreover, the regulation stated that these CCBs were obliged to become a member of the Association of Ecological Farming Organization (ETO) (This obligation was removed in later regulations).

ETO, the earliest NGOs in organic farming founded in 1992, worked closely with MARA and involved actively for providing technical trainings and seminars to increase the awareness in organic production methods among farmers. ETO also organized conferences including four national organic agriculture symposiums and partnered in national and international projects.

The regulation also established two committees within MARA; "Ecological Farming Committee" and "Ecological Farming National Steering Committee". The former was composed of members coming from related departments of the MARA and responsible for issuing licenses to CCBs and supervising the activities of those bodies. The latter was composed of members from different ministries, universities, professional organizations and NGOs and responsible for developing the strategies for the trade and promotion of organic farming. 1994's regulation was amended in 1995 to include sanction measures. The same year, Turkey prepared the technical file indicating her conformity to the EU organic farming regulation (Reg. 2092/91) to be able to export organic products to the EU, and submitted it to the related Commission.

A new regulation on 11 July 2002 was issued at Official Gazette n. 24812 to follow up with the changes in EU's organic regulation. Different than the 1994's regulation, the

term ‘organic’ used instead of ‘ecologic’ with a note indicating that ‘organic’, ‘ecologic’, and ‘biologic’ were taken as equivalent terms. This new regulation also introduced Turkish organic logo for the first time and made the use of this logo compulsory in the labeling of organic products. Previously, labeling mandated the usage of phrase ‘ecologic’. 2002’s regulation renamed the two committees established by the previous regulation as “Organic Farming Committee” and “Organic Farming National Steering Committee”. It also formed two more committees within MARA; “Organic Agriculture National Commerce Committee” and “Organic Agriculture Project and Research National Committee”, the former worked on developing national and international trade of organic products and the latter worked on research and project development in organic agriculture. These two committees were removed in later regulations.

In 2003, under General Directorate of Agricultural Production and Improvement within MARA, the Department of the Alternative Agricultural Production Techniques was established and made responsible for all the organic farming activities in the name of Ministry. Later, both the General Directorate and Department was reorganized and renamed as part of the restructuring in MARA in 2011 which is explained below.

On 3 December 2004, the current Organic Farming Law n. 5262 came in force and a new regulation based on this law was issued on 10 June 2005 (Official Gazette n. 25841). This regulation was amended in 2006, 2008, and 2009 to be aligned with the changes in EU’s organic regulation. The law and the regulations made changes related to the control and certification system and explicitly defined and banned the Genetically Modified Organisms (GMO) in organic agriculture. The law further required that national, regional and local radio and TV stations to broadcast educative programs about organic farming for at least 30 minutes a month. In 2005, Organic farming units under 81 provincial directorates were established and held responsible for the supervision of CCBs along with Organic Farming Committee. Organic Agriculture Information System was founded in the same year within MARA. 2008’s amendment obliged CCBs to enter a wide range of information regarding the farmer and the control plan to this system. Moreover, the same

amendment required that CCBs should be accredited according to national or international standards to be able to get license from the Ministry.

EU Reg. 2091/91 was abolished and organic agriculture became regulated according to EU Reg. 834/2007, 889/2008 and 1235/2008 starting from January 1st, 2009 in Europe. To follow up changes in new EU legislation, Turkey issued a new organic agriculture regulation on 18 August 2010 (Official Gazette n. 27676) with further amendments following each year until 2014. Changes were related to the composition and duties of committees as well as the elaborations of rules on the method of organic plant and animal production, labeling and marketing.

In 2011, MARA, Ministry of Agriculture and Rural Affairs, was reorganized as Ministry of Food Agriculture and Livestock (MoFAL). The same year, under General Directorate of Plant Production within the ministry, the Department of Good Agricultural Practices and Organic Farming was established. The main responsibilities of the department are: developing strategies and policies to develop organic farming and good agricultural practices; following the changes in EU legislation and preparing legislative proposals as needed; providing training for organic farming units; and managing organic agriculture information system.

With this restructuring both organic farming and Good Agricultural Practices are organized under the same department; that the Department is responsible for foreseeing both organic and conventional agriculture. Good Agricultural Practices is basically conventional farming with formal certification guaranteeing that conventional agricultural inputs were used properly following their suggested timeline and dosage. Production of livestock and fisheries according to organic farming method is regulated with organic farming legislation. As such, MoFAL's current structure organizes organic livestock and fisheries under General Directorate of Plant Production instead of General Directorate of Livestock and General Directorate of Fisheries and Aquaculture respectively.

MoFAL announced the second Organic Agriculture National Action Plan for the period 2013-2016 in 2013. The objectives of this action plan is very similar to the first Organic Agriculture National Action Plan which was introduced in 2007 by the Ministry

and stated as “supporting the development of organic agriculture to increase production, consumption and the market share of organic produces” (TC Kalkınma Bakanlığı, 2015). To this end, action plan addresses five main areas: development and expansion of organic agriculture (focusing on subtopics such as legislative issues, alternative marketing channels, increasing awareness in public, and support for farmers); improving control and certification system (focusing on subtopics such as increasing the effectiveness of inspection mechanism and trainings); improving traceability through data collection system (focusing on subtopics such as data infrastructure and information sharing); training (focusing on subtopics such as producer, consumer and trader trainings, media advertisements and conferences); and institutional capacity development (focusing on subtopics such as coordination and network development among stakeholders). Action plan was prepared by taking the opinions of several organizations from public and private sector, NGOs, universities, and CCBs.

#### **2.2.2.4. Actors**

##### **2.2.2.4.1. State**

As it is explained above, initial motivation for organic agriculture in Turkey was strictly economic and state’s involvement in organic agriculture started through the obligations set forth by EU for third countries exporting organic products to EU. To comply with EU’s Common Agricultural Policy and organic farming regulations, the state stepped in and involved in organic agriculture through legislations, trainings and strategy building since 1994.



#### **2.2.2.4.2. Associations: ETO, ORGÜDER and Buğday**

Ecologic Agriculture Organization (ETO), the earliest NGO in organic farming in Turkey, is mainly concerned with the technical and economic side of organic farming rather than creating a social consciousness for environment, health, or biodiversity. The aim of the association is stated in its ordinance as: promoting ecological farming and supporting scientific research about ecologic farming; organizing and supporting activities among people and institutions who are involved in technical and commercial aspects of ecologic farming; working to develop domestic and foreign markets for ecologic products and; being a part of the solution to the problems regarding production, management and marketing of ecologic products by cooperating with domestic and international public and civil organizations (ETO, 2015). In line with this vision, ETO was mostly active in providing technical/agricultural trainings to farmers and communicating with and acting as an advisor to government on training, legislation and trading issues.

Organic Product Producers and Industrialists Association (ORGÜDER) is founded by seven large organic product producers/traders in 2004. Association's aim is to 'develop the occupational solidarity and cooperation', ensure 'the regular, safe and stable functioning and development of the organic products market' and 'develop export possibilities in the foreign markets' (ORGÜDER, 2015). Similar to ETO, ORGÜDER too is mainly interested in promoting, trading and legislation issues.

In early 1990s a group of activists and farmers started to promote more holistic approach by advocating ecological living. The oldest of such initiative is Buğday (stands for 'Wheat' in Turkish) movement, which was started from Buğday Vegetarian Cafe founded by Victor Ananias in 1992. The Cafe was the first all-organic store, restaurant and eco-cultural center in Turkey promoting healthy food and ecological living through meetings, seminars, courses, and exhibitions. Ananias and his friends started publishing bi-monthly ecological living bulletin in 1998 which was transformed to Buğday Magazine a year later and is still published today (under the name of Buğday Ecological Living Guide since 2009). Buğday was the first magazine dedicated solely to ecological living. Buğday

Magazine, later Buğday Ecological Living Guide, since its first issue in 1999, has been communicating information ranging from ecologic agriculture, eco villages, eco-tourism and urban gardening to international and national conferences on ecological farming. Healthy living and nutrition, recycling, GMO and legislation news also features frequently. Buğday Ecological Living Guide is sent to members in paper and made available on-line.

Buğday movement has been operating as an NGO since 12 August 2002 under the name of Buğday Association for Supporting Ecological Living and played a crucial role in the initiation of domestic organic market. The aim of the association is explained in its ordinance as: creating ecological awareness and sensitivity in both individuals and in society as a whole; providing solutions to problems that arise as a result of fast and irreversible deterioration in ecological balances; and promoting living in harmony with nature (Buğday, 2015).

To this end, Buğday has been active in diverse areas such as establishing TaTuTa, eco-agro tourism and voluntary exchange program in 2003; executing first community supported organic city garden project in 2005; establishing first organic farmers' market in Şişli, İstanbul in 2006; founding Turkey's seed network in 2008; and opening Çamtepe rural research and education center in 2010. Buğday also sends weekly electronic bulletins since 2004, providing news about events and projects related to ecological issues to more than 13,000 on-line subscribers (as of 2006). Moreover, the association runs weekly half an hour radio program named "Ecological living from seed to harvest", interviewing people regarding various issues such as pollution, climate change, sustainability, consumption, healthy living and GMO. Buğday has 2000 members as of 2012.

Buğday founded 10 nationwide organic farmers' markets under the name of '100% Ecological Market' with the support of local municipalities. 2 of them were later closed. Şişli 100% Ecological Market, the first and biggest organic farmers' market in Turkey was founded by Buğday in Şişli, İstanbul in 2006. People from Buğday are always present in these markets and active in supervising and collecting data from sellers. Both producers, and traders can sell organic products in these markets, but producers dominate (47 producers versus 18 traders according to 2013 Şişli farmers' market data). Şişli 100%

Ecological Market started with 25 stalls and around 4 tons of weekly sales in 2006. As of 2013, it has 65 stall owners having 276 stalls and weekly sales reaching to 15 tons of produce.

Organic farmers' markets that are founded by Buğday host a variety of organic certified products, ranging from fresh produce to packaged foods, textiles, cosmetics, cleaning supplies etc. Buğday uses these weekly farmers' markets actively to increase consumer awareness through organizing seminars, hands-on trainings, hosting concerts and movie screenings and just bringing consumers and producers together.

With the advocacy of Buğday, organic farmers' markets were included in the 'Regulations on Market Places' and became official in 2012. According to this regulation, local municipalities were granted legal authority to establish organic farmers' market. As of 2014, there are 20 organic farmers' markets operating nationwide (two of which are seasonal), established with the collaboration of NGOs and local municipalities.

Victor Ananias, the founder of Buğday Movement and the association, passed away in 2011 but the association continues to play an active role in the organic farming in Turkey. It is well connected to international organic farming network; Buğday is a member of IFOAM and hosted IFOAM's 18th Organic World Congress in İstanbul between 13-15 October in 2014, which is the most known congress about organic agriculture in the world. It is also member of European Environmental Bureau (EEB), and holds the secretariat of ECEAT -International (European Centre for Ecological and Agricultural Tourism) and represents the association legally. Moreover, Buğday works closely and in cooperation with: MoFAL, BioFach (trade fair for organic food and agriculture), GEN-Europe (Global Ecovillage Network – Europe), and WWOOF (World Wide Opportunities on Organic Farms which facilitates placement of volunteers on organic farms). Buğday participated government led EU projects such as the development of national agro-environment program. It is also the member of Organic Farming National Steering Committee within MoFAL and worked in the formation of Organic Agriculture National Action Plan. Buğday is well informed about international trends and developments in organic farming such as voluntary certification systems that oppose to third party certification, and community

supported agriculture. However, it is one of the leading NGOs in Turkey that promotes formally certified organic farming.

#### **2.2.2.4.3. Producers who use similar methods to organic agriculture but outside the certification system**

There is another group of people who do not use pesticides, chemicals, or hormones, practicing non-conventional agriculture, yet also stay apart from certified organic farming. I include them as one of the actors as they are acknowledged and frequently mentioned among certified organic producers either for their stance against certified organic agriculture or for using similar methods.

The most vocal of them is Pınar Kaftancıoğlu who is just awarded 2014's "woman entrepreneur of the year who generates local impact" by the Women Entrepreneurs Association of Turkey. Once a corporate businesswoman, she escaped from big city life to a rural area in 1997. In 2006, she founded 'Miss İpek's farm' (İpek Hanım'ın Çiftliği) for her personal living and enjoyment. Experimenting with farming and producing her own food with the help of a few local people, she started to send the farm's excess produce to her family and friends in cities for free. Soon her reputation grew, and the friends of her friends were asking for delivery. When the demand for her vegetables and fruits increased she started to use weekly box scheme to sell her produce. In the meantime she expanded her farm with the help and knowledge of local people. Currently, she employs 108 people from the local community, mostly women, working in farming, baking, cheese making and packaging. This number goes up to 200 with seasonal workers (Kaftancıoğlu, 2014).

The farm cultivates dozens of farms in Nazilli, a province in the west of Turkey, in varying sizes from 5 to 200 acres totaling nearly 2000 acres. They grow vegetables and fruits that are suitable to the local soil and climate, like zucchini, eggplant, potato, cucumber, carrot etc. In 2013, she moved wheat and legume plantation to her homeland Kars, another city in the north east of Turkey. They also have cows and produce milk and milk products. In addition to that they make and sell jams, canned vegetables, a variety of

bakery products, soap etc. She do not produce or sell any meat products as she is a vegetarian.

People who wants to buy food from the farm, send Pinar Kaftancıoğlu an e-mail stating their intention. She adds them to her e-mail list and the would-be customer starts to get weekly e-mails from her. These e-mails contain news from the farm as well as her opinions and insider knowledge about agriculture and food sectors. It also includes an spreadsheet containing the information about that week's produce and price. Consumers who want to order produce reply the e-mail with a spreadsheet indicating their choices and make the payment when they got their delivery. She currently sends boxes to 3000 regular customers weekly, reaching out as many as 26000 customers with non-regular buyers (Portakal Ağacı, 2014). She says her customers includes mothers, business people, politicians, artists, writers, academicians, doctors, bureaucrats and even the owners of organic food producers.

Kaftancıoğlu's weekly e-mails are interactive, asking for the feedback and suggestions for products, asking for opinions and involvement for her new projects, answering customer questions, sharing customer comments, and giving news from the farm such as visitors, trainings, TV or newspaper interviews, inclusion as part of books or academic research etc. She also writes intensively about the problems in agriculture and food sector, mostly the frauds in the system, and the unfair economic structure of the food production. She hosts visitors (customers, schools, associations and organizations) in the farm, and provides advisory help for people who wants to grow his/her own food. She also gives frequent speeches at universities, schools, fairs, conferences and similar venues.

Kaftancıoğlu emphasizes that she does not practice certified organic farming, and is opposed to organic agriculture as defined by law and as practiced by other producers. There are a few reasons for her distaste for organic label that she shared in her e-mails. First, she does not trust the certification process and claims it is impossible to control the non-use of pesticides, hormones or artificial fertilizers thus the system is open to abuse by producers and CCBs. Second, she claims that certified organic agriculture leads to exclusion of small farmers since they lack the resources for such an expensive and

cumbersome process. Third, she claims it is a foreign system that furthers the interests of a few international firms that monopolize the organic agriculture inputs such as seeds, fertilizers and pesticides.

Not all non-conventional producers have such a stance against certified organic agriculture. The Genç family, the owner of a small-scale farm, Üç Elma Doğal Tarım Çiftliği (Three Apples Natural Agriculture Farm) is one of the well-known producers that emphasize phrases like small-scale, local seeds, biodiversity, natural and traditional methods based on local wisdom, avoiding the term ‘organic’ but without directly opposing certified organic agriculture.

#### **2.2.2.5. Growth over time**

Up until 2002, there is no reliable data about organic farming in Turkey. Although Aegean Exporters' association collected some data on the amount and kind of organic products exported since 1998, MoFAL warns that those figures do not represent the whole figures. ETO started to collect unofficial data in 1990 through the control and certification bodies, but it was not systematic and comprehensive. The first regulation put into force in 1994, officially hold Ministry as responsible for data collection starting in 1996. However the Ministry shares only those data collected after 2002 on the grounds that the earlier data is not reliable.

With the establishment of organic farming information system in 2005, the Ministry collects detailed and wide range of data through control and certification bodies such as identity information regarding farmer, producer, controller and certifier; size and geographic information of the land including its usage history; kinds and characteristics of the products; the amount of estimated and realized production; the year of harvest and production; and the import and export information of the product. Currently, the ministry shares only the number of holdings, the size of land and the volume regarding yearly organic agricultural production.

The agricultural sector accounts for 8.9% of Turkey's GDP and provides 24.6% of country's total employment as of 2012 (MoFAL 2014). Although these figures are down from 22% and 50% from their respective values in 1980, Turkey ranks as the 7th larger agricultural producer in the world as of 2013 (OECD, 2014). However, proportion of organic agricultural land to the total agricultural land is mere 2% as of 2013 up from 0.2% in 2002. According to MoFAL, 60,797 holdings engaged in organic crop production, organically cultivated 769,014 hectares of land and harvested 1,620,466 tons of 213 different agricultural crops in 2013. These values are up from 12,428 holdings cultivating 89,827 hectares of land and harvesting 310,125 tons of 150 different crops in 2002, reflecting 389%, 756%, 422%, 42% increase in the numbers of holdings; the size of the land; the volume of the production; and the number of crops respectively. The changes in these figures for 2002-2013 period are shown in Table 2.1.

Table 2.1  
Organic crop production (transition period included), 2002-2013

	Number of crops	Number of holdings		Area <sup>(1)</sup>		Production	
	(Number)	(Number)	(%)	(Hectares)	(%)	(Ton)	(%)
2002	150	12 428	-	89 827	-	310 125	-
2003	179	14 798	19.1	113 621	26.5	323 981	4.5
2004	174	12 751	-13.8	209 573	84.4	377 616	16.6
2005	205	14 401	12.9	203 811	-2.7	421 934	11.7
2006	203	14 256	-1.0	192 789	-5.4	458 095	8.6
2007	201	16 276	14.2	174 283	-9.6	568 128	24.0
2008	247	14 926	-8.3	166 883	-4.2	530 224	-6.7
2009	212	35 565	138.3	501 641	200.6	983 715	85.5
2010	216	42 097	18.4	510 033	1.7	1 343 737	36.6
2011	225	42 460	0.9	614 618	20.5	1 659 543	23.5
2012	204	54 635	28.7	702 909	14.4	1 750 127	5.5
2013	213	60 797	11.3	769 014	9.4	1 620 466	-7.4
Source: Ministry of Food, Agriculture and Livestock							
(1) Natural harvest areas are included.							

In spite of this improvement, organic agricultural land remains as low as 2% of total agricultural land. Organic animal husbandry is much smaller and only for domestic market;

151 farmers breeding just over 253,000 animals, producing 480 tons of meat and 17,627 tons of milk as of 2013.

Table 2.2 summarizes the main events in the trajectory of organic agriculture in Turkey.

Table 2.2  
Main events in the trajectory of organic agriculture in Turkey

DATE	EVENT
1980	Import substitution policies were abandoned for export-oriented, market-led economy through '24 January Decisions'; Military junta governed the country from 18 Sept. 1980 until 13 Dec. 1983.
1984	Certified organic agriculture started through the European market demand.
1991	First EU-wide regulation on organic farming, EU Reg. 2092/91, was accepted.
1992	Buğday Vegetarian Cafe, first all-organic store, restaurant and eco-cultural center in Turkey was founded; Ecological Farming Organization (ETO) was founded.
1994	First national regulation, 'Bitkisel ve Hayvansal Ürünlerin Ekolojik Metodlarla Üretilmesine İlişkin Yönetmelik' was issued on Dec. 24th. (Official Gazette n. 22145).
1995	"Ecological Farming Committee" and "Ecological Farming National Steering Committee" within Ministry of Agriculture and Rural Affairs (MARA) were established.
2002	A new regulation 'Organik Tarımın Esasları ve Uygulamasına İlişkin Yönetmelik' was issued (Official Gazette n. 24812); "Organic Agriculture National Commerce Committee" and "Organic Agriculture Project and Research National Committee" were established within MARA.; Buğday Association for Supporting Ecological Living was founded.
2003	Department of the Alternative Agricultural Production Techniques within MARA was established.
2004	Organic agriculture Law n. 5262 was passed on December 3rd.; Organic Product Producers and Industrialists Association (ORGÜDER) was founded.
2005	A new regulation 'Organik Tarımın Esasları ve Uygulamasına İlişkin Yönetmelik', was issued on June 10th. (Official Gazette n. 25841); Organic farming units under 81 provincial directorates were established; Organic Agriculture Information System was founded.
2006	First organic farmers' market in Turkey was founded by Buğday in Şişli, İstanbul.
2009	EU Reg. 2092/91 was replaced by the current EU Reg. 834/2007 and implementing rules.
2010	Turkey issued a new regulation to follow up with the changes in EU regulations on August 18th (Official Gazette n. 27676).
2011	MARA, Ministry of Agriculture and Rural Affairs, was reorganized as Ministry of Food Agriculture and Livestock (MoFAL); Department of Good Agricultural Practices and Organic Farming was established.



### **2.2.3. Islamic Banking**

#### **2.2.3.1. Early beginnings**

Islamic banking is widely acknowledged to have its roots in the Mit Gahmr Savings Bank in Egypt, founded in 1963 and operated until 1967 (Alim, 2014). It functioned more along the lines of an interest-free cooperative credit union (Alim, 2014). The first for-profit Islamic bank opened in Dubai in 1975. Currently there are 251 Islamic banks operating in more than 60 countries worldwide with total assets over \$1.2 trillion, more than half of which concentrated in Malaysia, Saudi Arabia and Iran (Zawya, 2014). Turkey ranks 8th, with nearly \$45 billion Islamic banking assets. Moreover, there are more than 100 conventional financial institutions involved with Islamic finance through ‘Islamic windows’, the most well-known of them are Barclays, Citi, Deutsche Bank and HSBC.

Conventional banks’ involvement in Islamic finance under the same organization is legally not possible in Turkey. However it is legally possible for a conventional bank to establish an Islamic bank as a separate entity. In practice, though, the conventional bank would need interest-free capital for establishing an Islamic bank which is difficult to prove. A state-owned conventional bank recently established an Islamic bank on May 2015 with its full capital paid by the Turkish Treasury.

The single early experiment with interest-free banking in Turkey was a state-owned investment bank called State Industry and Worker Investment Bank (Devlet Sanayi ve İşçi Yatırım Bankası DESİYAB). DESİYAB was founded in 1975 with a clear mission to channel remittance from Turkish diaspora especially in Europe to build and operate industrial firms based on multi-partnership and profit sharing (Gallina, 2006). DESİYAB operated without interest for its first three years until its board repealed its interest-free principle in 1978. It was later transformed to Development Bank of Turkey in 1988.

The first Islamic banks in Turkey, were established in 1984 following a government decree no: 83/7506. The government’s aim was to attract capital from both domestic consumers and Gulf states by providing an interest-free banking option (Pakdemirli, 2000).

They were initially named Special Finance Houses (SFHs) and their first implementations in 1984 were Albaraka Türk and Faisal Finans which were subsidiaries of established Islamic banks from Bahrain and Saudi Arabia respectively. In 1999 with Banking Law no. 4389, Special Finance Houses were brought under the same regulation as conventional banks without being defined as a 'bank'. In 2005 with Banking Law no. 5411, they were renamed as Participation Banks and defined as a third type of banking along with deposit banks, and development and investment banks in Turkey.

As of December 2015, 5 Islamic banks in Turkey operate within the banking system with conventional banks and are subject to the same Banking Law and supervision authorities. However, different than conventional banks, each Islamic banks' products and services are supervised and endorsed by a group of Islamic law experts for their conformity to Islamic law. For this purpose, although not required legally, each Islamic bank in Turkey has its own Advisory Board, that is Sharia Board as commonly referred to in other countries.

The term Islamic banking refers to a system of banking that is consistent with Islamic law principles and guided by Islamic economics. In particular, Islamic law prohibits transacting with interest, investing in businesses that are considered unlawful, or haraam (such as businesses involving alcohol, gambling etc.), and engaging speculative transactions (such as conventional derivate instruments) thus Islamic banks restrain from all these practices.

The basis for the existence of Islamic banking is the Islamic prohibition on charging interest. Interest-based system is the central component of conventional banks today that works on the basis of a risk-free, pre-determined return. A borrower who takes a loan from a conventional bank to invest in a business for example, is required to pay back to the bank the original loan plus a pre-determined excess at the end of the term, regardless of his earnings from his investment. The bank's earning does not depend on the borrower's success or failure in his investment. This kind of transaction is deemed unfair and problematic by Islam in either way (Özsoy, 1995). If the borrower's earnings from his investment is grand, pre-determined rate could be disproportional and unfair as far as the

bank is concerned. If the borrower's investment failed the bank still get its money which is also deemed unfair and haraam in Islam. Similarly, a lender who deposit money to the bank earn pre-determined income at the end of the term, detached from banks' earnings. It is this risk free structure of interest-based system problematized within Islamic economics and Islamic banking. According to this thinking, inequality in the distribution of wealth and stagnation in productive enterprises are related to this risk transfer nature of interest-based system because it encourages people to put their money in a bank rather than actively participating in real economy and result in unfair sharing of loss and profits.

However, there is a continuing debate about what constitutes interest and whether the Quranic prohibition of interest encompass the institution of interest as we know it today. Some argue that what Quran bans is the pre-Islamic institution of *riba* which involves charging extremely high rates of interest that may result in enslavement if the debt is not paid. In spite of this debate regarding the form of interest, there is a consensus that it is sinful and should be avoided. Moral discourse of Islamic economics encompasses wider moral arguments than justice and equality that are voiced within the Islamic banking practice. Aspects of economic life, according to Islam, should foster self sacrifice, altruism and brotherhood in favor of society.

Islamic banking is based on the idea of loss and profit sharing which is the extension of the idea of risk sharing. The bank and the customers are conceptualized as business partners who share the risk of business by participating the losses and profits of the venture. The principle of risk sharing and participation to the losses and profits exclude a pre-determined, guaranteed return, i.e. interest. Thus all the operations of Islamic banks have to include some risk of loss and avoid a pre-determined rate. Moreover, Islamic banks can involve in trade by buying and selling product since trade is permissible in Islam.

Within this framework Islamic banks utilize financing methods through direct partnership which is based on profit and loss sharing (*mudarabah* and *musharakah*); indirect trade financing (*murabaha*); and leasing (*ijarah*). *Mudarabah* financing is a labor-capital partnership which is similar to venture capital in that the bank provides the capital and the customer invest the capital in a project. The profit is shared between the bank and

the customer according to a pre-agreed ratio. In the case of loss, the bank loses its money and the customer loses his labor. Musharakah is similar to joint venture and is based on the same principle as mudarabah, the only difference being both parties, the bank and the customer, provide the capital to invest in a business. They are still partners who share the risk and the loss or profit incurred in the end according to their capital contribution. While mudarabah and musharakah are deemed as the most appropriate financing methods that suit the ideal of Islamic banking, they are the least utilized. The stated reasons include lack of infrastructure, capacity and demand among many others.

Murabaha is the most utilized financing method in Islamic banking in Turkey and in other countries and refers to a particular kind of sale. In murabaha, the bank buys the good demanded by the customer and sells it to the customer by adding a mark-up profit as compensation for its service. The cost of the good and the profit added by the bank is transparent and made known to the buyer. What makes this transaction legitimate according to Islam is that it is a trade because bank takes ownership of the product for some time exposing itself to risk (Kuran, 2004).

The fact that Islamic banks in Turkey almost exclusively utilize murabaha is criticized on the basis that murabaha is not related to the basic tenet of Islamic banking, the principle of partnership, and that "service charge" or "markup profit" is merely another name for interest. The counterargument is that since the acts of buying and selling do really happen, it is considered as a trade thus the profit is legitimate and cannot be considered as interest.

Islamic banks can also involve in leasing (ijarah), by making the use of equipments such as motor vehicles or office spaces available to the customer for a fixed period and price. There are some operational differences between Islamic leasing and conventional leasing such as; for conventional leasing, the rental starts as soon as the agreement is done and for ijarah it starts when the asset is supplied to the lessee, and the risk of the assets belongs to the lessee in the conventional leasing, while it is borne by the bank in ijarah.

Hayrettin Karaman, the leading Islamic economics professor who is in Advisory Boards of at least two Islamic banks in Turkey, criticizes both murabaha and ijarah on the

basis that the current executions of these two services are problematic according to Islamic law and proposes a change in the legislation (Karaman, 2014). His criticisms involve the technicalities regarding the contracts for those services to be legitimate such as billing requirements for murabaha, and banks as being responsible for the insurance of the leased assets.

#### **2.2.3.2. Context**

Government decree regarding to establishment of Islamic banks was announced six days after Turkey returned to parliamentary democracy from a three-year military rule. Politically, it was a time of depoliticization where extreme left and right opinions including the Islamist views were under the military pressure. It was also a time when Turkey was implementing a major economic liberalization program in financial sector and capital movements.

What this economic restructuring meant in terms of banking industry is that now banks need to operate in an environment which was very different than the previous state-led economy where deposit/loan interest rates, exchange rates, loan limits and banking commission rates were all determined by the government (Conkar, Keskin and Kayahan, 2009; Öniş, 1992). This was a much more volatile environment where legal restrictions on deposit and loan interest rates were removed, banks were allowed to issue negotiable certificates of deposits (CDs), and new domestic and foreign banks were allowed to be established. Banking industry was introduced several new practices including international supervision and international banking standards like uniform chart of accounts and external audit. Some of the other important changes in terms of banking industry initiated through 1980s were; establishment of Saving Deposits Insurance Fund (SDIF) in 1983, establishment of Istanbul Stock Exchange in 1986, starting of open market operations by Central Bank of Turkey (CBRT) in 1987, establishment of foreign exchange markets in

1988, freeing foreign exchange transactions and capital movements in 1989 and allowing non residents to open turkish lira and foreign exchange deposit accounts in Turkey.

Adjustment was not easy. The first major crisis broke out in 1982 followed by resignation of the top economic team led by Turgut Özal who was in charge of liberalization program. It was during early 1980s that banks used brokerage houses, both their own subsidiaries and independent ones, to increase their share in deposits. Banks issued CDs to brokerage houses in large volumes at a discount and the brokers would resell the CDs to the public at par. Realizing that brokerage houses were involved in highly risky credit transactions, on November 1981 monetary authorities prohibited banks from marketing CDs through brokers. However it did not stop some brokerage firms selling CDs and the system collapsed, leading a major crisis, known as ‘banker crisis’ in mid-1982.

#### **2.2.3.3. Legislation**

From their establishment with a government decree no. 83/7506 in 19 December 1983 until their inclusion in banking law in 19 December 1999, Special Finance Houses’s (SFHs) were regulated according to the government, central bank and undersecretariat of treasury decrees. In their inception, they were regarded as non-bank financial institutions and as such were outside the banking system and the banking law. SFHs’ legal base was the subject of continuous criticism from their start on the basis that they were not properly regulated and favored against conventional banks resulting in an unfair competition. Debates around their legal base within a particular set of contextual conditions explained below, led to inclusion of SHFs into the banking system with the amendments of Banking Law n. 4389 twice, first in 19 December 1999 and then in 29 May 2001.

The process that was ended with SFHs’ inclusion into the banking law in 1999 started with the state’s intention to shut down or convert the SFHs into conventional banks and linked to the military memorandum in 28 February 1997. Known also as a ‘postmodern coup’, 1997 military memorandum refers to anti-sharia decisions issued by

the Turkish military leadership on a National Security Council (NSC) meeting in 28 February 1997. Memorandum reflected NSC's critiques about what military elites considered as pro-sharia activities and suggested secular measures such as transferring the control of private religious schools to the state, abolishing sectarian groups, and controlling the 'green money'. 28 February decisions initiated the process that precipitated the resignation of Islamist prime minister Necmettin Erbakan and the abolishment of his political party.

Reference to 'green money' is about NSC's concern with multi-partnership firms, generally referred to as Islamic Holdings, which sprouted in 1990s. These holdings collected funds from Turkish workers, mostly from Germany, based on a partnership and profit and loss sharing and NSC was concerned about their relations with political Islam. During the process, disestablishment of Islamic banking came into consideration and Islamic bankers were given the options of either to convert to conventional banks or closing down their establishments. The period between 1997 and 1999 was regarded as one of the most difficult periods for SFHs by Islamic bankers (Akyüz, 2011). However, SFHs' leaders lobbied successfully and influenced the process so that SFHs were included into the banking system, instead of being shut down.

The amended banking law n. 4389, ratified in 19 December 1999, was aimed at strengthening of the banking system and banking regulations which was part of the structural reforms agreed with the IMF. What the law meant in terms of SFHs was that they were included in the banking system and became subject to the same regulation and supervision body, BRSA, as conventional banks. They were not defined as bank, however and were outside of Saving Deposits Insurance Fund, meaning savings in SFHs were not insured by the fund. SFH also lacked a professional public entity defined and mandated by law. Conventional banks had such an entity, the banks association of Turkey, since 1958.

According to this amendment; (1) Banking Regulation and Supervision Agency (BRSA) was established as a sole independent decision-making body authorized to take and implement any decisions and measures regarding to banks and SFHs, including their foundation criteria, branch opening, systems of accounts and records, the procedures for

their supervision, and the temporary or permanent suspension of their activities, (2) sworn bank auditors on behalf of the BRSA would inspect and analyze the banks' and SFHs' assets, receivables, own funds, liabilities and profit and loss accounts and all other elements affecting their financial structures, (3) conventional banking terms such as "paid up capital", "own funds" and reserves became valid for SFHs, (4) SFHs were treated as banks for the purposes of application of provisions related to checks and guarantee letters.

Second amendment in Banking Law n. 4389 occurred on May 29th 2001 and was related to the banking crises of 2000-2001 and bankruptcy of one SFHs. Government's initiation of exchange-rate-based stabilization program in December 1999 could not prevent the economic crisis of 2000-2001, one of the worst in Turkish history that resulted in shutting down over twenty banks.

One of them was İhlas Finans, an Islamic bank that was founded in 1995. Operation of İhlas Finans was revoked in 10 February 2001 by BRSA creating a panic among the customers of SFHs which resulted in the withdrawal of 51% of total deposits in all SFHs in the following months. Just five days after İhlas Finance's operations were stopped, on February 15th 2001, the remaining five SFHs (Albaraka Türk, Anadolu Finans, Asya Finans, Faisal Finans and Kuveyt Türk) applied to BRSA for a permit to establish an assurance fund and publicized their application with announcements in national newspapers. With the amendment of banking law n. 4389 second time on 29 May 2001, Association of Special Finance Institutions as a public legal entity, and the Assurance Fund were established.

Association started its operation as a professional public entity on 4 October 2001. Its responsibilities defined by the law were (1) monitoring that SFHs operate in accordance with the law and in line with the needs of the economy in dignity, discipline and solidarity, (2) taking and implementing any action aimed at preventing unfair competition between SFHs. Moreover, all the SFHs were obliged to become a member of the Association and the Association was "assigned to and authorized with establishing an "Assurance Fund" in order to provide security for savings of natural persons, who have special current accounts



and accounts for sharing profits and losses with SFHs” (BDDK, 2002: 30). The association was also authorized to control and the supervise the Fund.

Later, in 19 October 2005, SFHs were further integrated to the banking system with new Banking Law n. 5411. This law changed the name Special Finance House to Participation Bank and defined Participation Banking legally as one of the three types of banking along with deposit banks, and development and investment banks in Turkey. The name ‘participation bank’ was first proposed in 1999 by an employee of an Albaraka Türk (Bereket, 1999). The name of the SFH Association was changed to Participation Banks Association of Turkey as well. The law also required the transferring of the control of SFH Assurance Fund from the Association to the SDIF, bringing the assurance of the entire banking system under the control of the same entity. The funds contributed by Islamic banks to the SDIF would be kept separate from the contributions of conventional banks and would be directed to the funding of the interest-free sector (both domestic and abroad).

As of December 2015, Banking Law n. 5411 is in force and regulates the whole banking system in Turkey. According to this law and associated regulations, BRSA regulates and supervise all aspects of both conventional and Islamic banking; both types of banking have their corresponding professional associations that each bank must be a member of; and the savings of both conventional and Islamic banking customers are protected by the same agency, SDIF. The Central Bank is also involved with regards only to foreign currency operations and reserve requirements and gathers money and banking statistics from all types of banks.

According to the current law, there are minor differences in accounting methods and calculation method for Capital Adequacy Ratio for Islamic banking. In the law, the only tangible difference between conventional and Islamic banking is in their fund collection and utilization. In terms of loans, Islamic banks are not allowed to place cash loans. In terms of collecting funds, they can do it through “participation accounts that yield the result of participation in the loss or profit to arise from their use by participation banks, that do not require the payment of a pre-determined return to their owners and that do not guarantee the payment of the principal sum” (BDDK, 2111: 15). This is the only statement

in law that differentiates Islamic banks from conventional banks; that they operate according to loss and profit sharing principle and as a result are not obliged for pre-determined return which is interest. There is no reference to participant banks' Islamic nature or, their interest-free feature in the banking law.

#### **2.2.3.4. Actors**

##### **2.2.3.4.1. State**

As I described above, state's involvement in Islamic banking has both economic and political aspects. The changes in banking law in 1999 and 2005 were motivated to strengthen the banking system and banking regulations in general and was part of the structural reforms agreed with the IMF. These laws also brought important changes for Islamic banks. In 1999, SFHs were included in the banking law placing SFHs on the same legal base as conventional banks. In 2005, they were defined as a bank and brought under the same assurance fund as conventional banks.

##### **2.2.3.4.2. Participation banks association of Turkey**

Participation banks association of Turkey (TKBB) was established first as Association of Special Finance Institutions in 2001, that was renamed in 2005. All Islamic banks are legally obliged to be member of association. According to its statute, TKBB represents the rights and interests of its members, ensures coordination in common projects among its members, participates in law and regulation process by providing advisory opinion, involves in academic research and studies to further the public awareness, publish educational and statistical information about participation banking and organize seminars, symposia, and conferences regarding to the sector (TKBB, 2006).

#### **2.2.3.4.3. Islamic law, Islamic economic scholars and advisory boards**

Although it is not required formally, each Islamic bank in Turkey has its own Advisory Board (commonly referred as Sharia Board in other countries) that is responsible for overseeing that the banks' products and services are compliant with Islamic law. Islamic banks need to take the approval of the Advisory Board for every new product and service they plan to introduce and they are bounded by the decision of the Advisory Board.

Although Advisory Board is clearly one of the biggest distinctions of Islamic banks that separates them from conventional banks, the process regarding the working of the Board and the members of the board are not well shared in the participation banks' websites, annual reports or in the media. In fact, as of November 2014, two out of four Islamic banks in Turkey provide information about their advisory boards in their websites; one of them provides only the names of Islamic law scholars, and the other includes a few sentences regarding what the Advisory Board is for. The other two banks did not include any information in their web sites, annual reports or organization charts.

Islamic Law Professor Hayrettin Karaman is the one of the most well-known Advisory Board member In Turkey. He writes regularly in a national newspaper, Yeni Şafak, on several issues ranging from politics to Islamic life to education and has a web site where he shares fifteen of his most-read books, newspaper articles, interviews and answers to reader questions.

Although not in the scope of law, he has direct influence on the products and services that Islamic banks can offer. For example in 19 February 2012, deciding that income indexed securities, offered by the government and invested in by Islamic banks since 2009, become non-compliant with Islamic law, he wrote in his newspaper column that these securities involved interest (Karaman, 2012). Islamic banks then applied to Treasury to exchange those securities valuing 1 billion Turkish Lira with Islamic bonds.

Karaman is relatively moderate in his views on debated issues such as indexation, loans, state's incentive credits, mortgage, insurance, and credit cards. For example, he states that for a person who lends money as a debt to another person, it is legitimate that the debt is indexed to the rate of inflation to protect its purchasing power so that the lender would not be disadvantaged. However, he states, if a person lends money to a bank through opening a deposit account, any excess he gets at the end of the term, even if it is under the inflation rate, it is considered as interest and not legitimate within Islam. Saying that "deeds are evaluated according to the intention" Karaman states that the deposit account contract between the individual and the bank includes interest from the beginning so that the fact that the interest rate is lower than the rate of inflation, does not make the incurred excess money legitimate to take and use (Karaman, 2006).

On the same intention principle he regards the long term, low interest state incentive credits as legitimate according to Islam as these credits are given to entrepreneurs to invest in areas that need to be developed and bring out a public good. He is also moderate on his views regarding mortgage, insurance (excluding life insurance) and credit cards. He states that mortgage and insurance is legitimate if there is a genuine need that could not be fulfilled in an Islamic way. He states that home and car can be primary necessities under some circumstances and if not satisfied cause distress and disfunction to individual, so to take loan from conventional banks can be permissible. Before Islamic banks were offering credit cards, he also stated that using conventional credit cards is legitimate (but not for excess consumption) because, if the debts are paid in term, it does not include interest.

#### **2.2.3.4.4. Presidency of religious affairs of Turkey**

Presidency of Religious Affairs of Turkey (PoRA) is a constitutional institution and "carries out religious affairs pertaining to faith, worship and moral principles; informs the society on religion; and administers the places of worship". (Law n. 633) PoRA does not have a direct relationship with Islamic banks nor it has a kind of influence that Advisory

Boards have. However it is the formal organization of the state in religious matters and as such it gets questions from people regarding various matters including banking and its answers are shared with society through its publications and national presses.

The High Board of Religious Affairs within the PoRA is the highest decision making and advisory organ on religious matters and its duties include expressing views and replying questions about religion. High board also examines and assess different religious comments made by Islamic circles, religious-social associations and traditional religious-cultural formations in the country and abroad. The High Board of Religious Affairs organizes consultative meetings and conferences on various contemporary matters with a multidisciplinary focus since 2002. Two of ‘Consultation Meeting on Contemporary Religious Issues’ were related to Islamic banking one held in 2007, and the other in 2010. Economists, Islamic bankers, state officials, islamic law scholars and islamic economic scholars participated to these meetings. Therefore, through its formal role as the highest governmental authority in religion, its visibility and its consultation meetings that gather various actors on the subject, I contend that PoRA is one of the prominent actors in Islamic banking.

#### **2.2.3.5. Growth over time**

After the establishment of first two Islamic banks, Albaraka Türk and Faisal Finans in 1984, the third one, Kuveyt Türk was established in 1989. They were all subsidiaries of established Islamic banks from Bahrain, Saudi Arabia and Kuwait respectively. Anadolu Finans which was founded in 1990 was the first domestic SFH. Later, the fifth and the sixth SFHs were founded; İhlas Finans in 1995 and Asya Finans in 1996. İhlas Finans has been liquidated in 2001 leaving five SFHs remaining in the sector. The same year, in 2001, Faisal Finans changed ownership and was renamed as Family Finans. Family Finans and Anadolu Finans merged in 2005 becoming Türkiye Finans, and leaving four Islamic banks in the sector until 2015. The first state-founded Islamic bank started operation on May

14th, 2015. Currently five Islamic banks that are operating in Turkey are: Albaraka Türk, Kuveyt Türk, Bank Asya, Türkiye Finans and Ziraat Katılım Bankası. Kuveyt Türk is the biggest of all Islamic banks in terms of total assets and collected funds valuing 34 billion TRY and 22 billion TRY respectively, followed by Türkiye Finans (33.5 billion TRY; 19 billion TRY), Albaraka Türk (23 billion TRY; 16.6 billion TRY) and Bank Asya (13.6 billion TRY; 8.8 billion TRY) as of December 2014. In terms of allocated funds, Türkiye Finans is the leader with 24 billion TRY, followed by Kuveyt Türk (21 billion TRY), Albaraka Türk (16 billion TRY) and Bank Asya (8.5 billion TRY) for the same term. The main financial figures of four Islamic banks as of December 2014 are shown in Table 2.3.

Table 2.3

Participation banks' key financial indicators (YTL thousands), December 2014

Financial Topics		Albaraka Türk		Bank Asya		Kuveyt Türk		Türkiye Finans		Grand Total	Grand Total	(%)
		2014/Q4	2014-Q4/2013 (%)	2014/Q4	2014-Q4/2013 (%)	2014/Q4	2014-Q4/2013 (%)	2014/Q4	2014-Q4/2013 (%)	2014-Q4	2013	2014-Q4/2013 (%)
Funds Collected	YTL	9,782,163	30.1	4,865,894	-53.6	12,147,375	30.2	12,443,928	29.1	39,239,360	36,984,083	6.10
	FC	6,861,055	37.0	4,021,059	-49.8	9,997,339	29.8	6,668,832	21.3	27,548,285	26,226,112	5.04
	Total	16,643,218	32.9	8,886,953	-52.0	22,144,614	30.0	19,112,760	26.2	66,787,545	63,210,195	5.66
Funds Allocated		16,143,978	34.2	8,544,306	-58.6	21,213,691	27.8	24,063,493	32.4	69,965,468	67,415,970	3.78
Non-Performing Loans		39,714	51.3	862,681	34.2	71,977	58.2	228,470	72.7	1,202,842	847,119	41.99
Non-Performing loans (gross) / Loans		2.0%	-	20.9%	-	2.3%	-	2.5%	-	28	13	119.84
Total Assets		23,046,424	33.9	13,679,814	-50.8	34,008,175	31.3	33,494,790	33.3	104,229,203	96,021,671	8.55
Shareholders' Equity		1,790,927	19.6	1,705,392	-32.1	3,022,870	31.3	3,153,847	25.0	9,673,036	8,832,644	9.51
Net Profit		252,631	4.6	-813,470	-550.4	370,450	23.3	334,228	1.5	143,839	1,051,633	-86.32
Number of Employees		3,510	14.8	3,200	-36.9	5,082	9.5	4,478	12.2	16,270	16,763	-2.94
Number of Branches		202	21.0	200	-28.8	308	14.9	280	12.0	990	966	2.48

Source: Participation Banks Association of Turkey

The Turkish banking sector has 52 banks as of 2015, of which 34 are deposit banks, 13 are development and investment banks and 5 are participation banks. The share of Islamic banks in total banking assets, deposits and loans are 5.3%, 6.2%, and 5.5% respectively in September 2014 which is far from what had been anticipated in 2009 as 10% by 2015. As of September 2014, Islamic banks' shares in total assets, deposits and loans are up almost 3%, 4% %0.5 from their respective values in 2000. Except 2001, the year one of the SFHs, İhlas Finans, was liquidated, Islamic banks' shares are steadily

increasing albeit in small increments. The total number of four Islamic banks' branches is 1029 whereas the total number of bank branches is 12129 as of September 2014. The changes in the shares of Islamic banks in total banking asset, deposits and loans between 2000 and 2013 are shown in Figure 2.1. The changes in the numbers of branches and employees of Islamic banks for the same period are shown in Table 2.4.

Figure 2.1

Participation banks' asset, deposit and loan shares in Turkish banking sector (%)

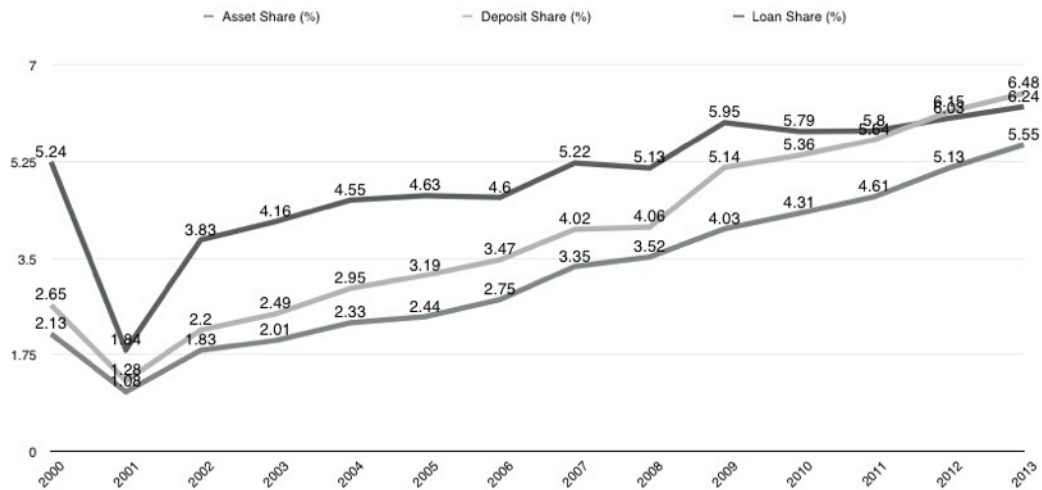


Table 2.4  
Participation banks' branches and employees

<b>Year</b>	<b>Branch</b>	<b>Growth (%)</b>	<b>Employee</b>	<b>Growth (%)</b>
<b>2000</b>	110		2.182	
<b>2003</b>	188	71%	3.520	61%
<b>2004</b>	255	36%	4.789	36%
<b>2005</b>	290	14%	5.740	20%
<b>2006</b>	355	22%	7.114	24%
<b>2007</b>	422	19%	9.215	30%
<b>2008</b>	530	26%	11.022	20%
<b>2009</b>	560	6%	11.802	7%
<b>2010</b>	607	8%	12.677	7%
<b>2011</b>	685	13%	13.857	9%
<b>2012</b>	829	21%	15.356	11%
<b>2013</b>	966	17%	16.763	9%

Table 2.5 summarizes the main events in the trajectory of Islamic banking in Turkey.



Table 2.5  
Main events in the trajectory of Islamic banking in Turkey

DATE	EVENT
1980	Import substitution policies were abandoned for export-oriented, market-led economy through '24 January Decisions'. Military junta governed the country from 18 Sept. 1980 until 13 Dec. 1983.
1983	Government decree no: 83/7506 introduced Islamic banks with legal name 'Special Finance Houses' (SFHs) on December 19th.
1984	First two Islamic banks in Turkey, Albaraka Türk (Bahrain origin) and Faisal Finans (Saudi Arabia origin) were established.
1989	Third Islamic bank in Turkey, Kuveyt Türk (Kuwait origin) was established.
1991	Fourth, and first national Islamic bank, Anadolu Finans was established.
1995	Fifth Islamic bank, İhlas Finans was established.
1996	Sixth Islamic bank, Asya Finans was established.
1997	Military memorandum on February 28th.
1999	SFHs were included in Banking Law n. 4389 on December 19th ; Banking regulation and supervision body was established and became the sole authority on banking.
2001	İhlas Finans bankrupted on Feb 10th. ; Assurance Fund was established ; Association of Special Finance Houses was established on Oct. 4th ; Faisal Finans was sold to Ülker and became Family Finans.
2005	Banking Law n. 5411 defined SFH as a 'bank' and renamed it as Participation Banking ; Assurance Fund was transferred to Saving Deposits Insurance Fund ; Anadolu Finans and Family Finans merged and became Türkiye Finans.
2008	Türkiye Finans was acquired by National Commerce Bank.
2015	First state owned Islamic bank, Ziraat Katılım Bankası was established on May 14th.

### **2.3. Methods of Data Collection**

I collected two types of data: archival data and interview data. In addition to these, I did observations in two international industry-wide congresses one for organic agriculture and one for Islamic banking. Archival data provided me with initial understanding of events, actors, and the areas of debates in each industry. The interviews with influential actors in both fields provided the foundation of my analysis to induce themes and relationships. I used the observations in two congresses as an opportunity to learn more about these two industries as well as to build rapport with participants. Since the observations were done in international congresses, it was also useful to learn about international debates and how they were similar or different from the Turkish case.

I collected archival data that covers the complete period from the pre emergence years of both industries starting from 1980 until 2013. I conducted interviews between 2010 and 2015 and carried out observations in two international congresses in 2014. Table 2.6 shows the distribution of data.

Table 2.6  
Data sources

ARCHIVAL DATA		
Newspaper Articles	Zaman	Islamic banking articles 1986-2013: 2642 entries ; Organic agriculture articles 1986-1994: 1125 entries
	Milliyet	Islamic banking articles 1980-2013: 1440 entries ; Organic agriculture articles 1980-2013: 3692 entries
Bank Documents	Annual Reports	Albaraka Türk (2001-2012) ; Kuveyt Türk (2005-2012) ; Bank Asya (1996-2012) ; Türkiye Finans (2005-2012) ; İhlas Finans (1996-1999)
	Magazines	Bereket (Albaraka Türk: 1997-2015: 39 issues) ; Biz Asya (Bank Asya: 2002-2012: 2 issues) ; Paylaşım (Türkiye Finans: (2006-2015: 34 issues)
	Press Releases	Albaraka Türk (2007-2012) ; Kuveyt Türk (2008-2013) ; Bank Asya (2002-2013) ; Türkiye Finans (2006-2013)
	Participation Banks Association of Turkey	Annual books regarding Islamic banking in Turkey and the world (2003-2014; 12 issues)
NGO Documents	Buğday Magazines 2009-2014: 21 issues	
Other Archival Data Sources	Presidency of Religious Affairs of Turkey: Consultation Meeting on Contemporary Religious Issues, 2007 and 2010: 800 pages	
	Prof. Hayrettin Karaman's web page: answers' to readers questions ; interviews ; his newspaper articles ; five electronic books	
	Pınar Kaftancıoğlu's weekly e-mails (2010-2015) and articles in Kuraldışı magazine (2011-2015: 44 entries)	
	Informants' public videos, podcasts, blogs, social media accounts, books, articles	
INTERVIEWS		
Islamic Banking	10 interviews with 9 informants	High ranking managers of Islamic banks (6) ; Islamic law scholars (2) ; a law professor
Organic Agriculture	17 interviews with 14 informants	NGO leaders (10: 3 of them are also producers) ; Producers (4)
OBSERVATIONS		
Islamic Banking	11th Harvard University Forum on Islamic Finance in Boston, USA between 25-27 April 2014	
Organic Agriculture	18th IFOAM Organic World Congress in İstanbul, Turkey between 13-15 October, 2014	

### **2.3.1. Archival Data**

Archival data contains all the articles related to Islamic banking published in two national newspapers and all the articles related to organic agriculture published in one newspaper. I also collected all the public materials (magazines, interviews, press releases, annual reports, books etc.) from the web pages of Islamic banks, NGOs and individuals who are related to these industries. I collected news and documents going back as early as 1980 whenever available to capture the debates related to organic agriculture and Islamic banking such as debates on pesticides, hormones, and interest rates, prior to emergence of these industries. This approach was useful in terms of understanding precursor debates in agriculture and banking before organic agriculture and Islamic banking were born.

The core of archival data came from two national newspapers; Milliyet and Zaman. I have chosen Milliyet because it is one of the leading mainstream newspapers which has on-line archive from the first day it started publishing on 3 May 1950. Milliyet has two on-line archives; the first one provides the exact replica of the printed version and covers the period from 3 May 1950 to 31 December 2007. It contains jpeg images of the printed version. When I completed data collection from this archive in the beginning of 2014, it covered until 30 June 2004. So when it was extended, I searched the period from 30 June 2004 to 31 December 2007 for all the keywords to make sure I have the complete set of articles related to both industries. The new search yielded 126 new articles, 60 of which were related to organic agriculture and 66 of which were related to Islamic banking. Most of the new articles were from supplements such as editions devoted to specific industries, regions and cities.

The second on-line archive covers the period from 23 June 2001 onwards, and comprised of internet edition of the newspaper in text format. This internet edition is not one-on-one replica of the printed version as is the first one, but comparable in content. To make sure the second archive was as comprehensive as the first archive, I examined the search results for the period from 23 June 2001 to 30 June 2004, which was the period covered by both archives initially. I searched for the same keywords in the overlapped

period and got the same results with a few exceptions. The differences were due to keywords being at the end of the line and had to be cut off or some spelling errors in print version. This gave me confidence that the second archive was as comprehensive as the first one.

From Milliyet's two on-line archives, I collected all the articles related to organic agriculture and Islamic banking between 01/01/1980 and 31/12/2013 covering 34 years period. The key words that I used for searching organic agriculture related articles included all the possible references to organic agriculture such as ecological agriculture and biological agriculture as well as related terms and phrases such as fertilizer, seed, pesticides, hormones, GMO and their inflected forms and synonyms. The key words that I used for searching Islamic banking related articles included all the possible references to Islamic banking such as interest-free banking, participation banks, special finance houses and their inflected forms. The search results from Milliyet's two on-line archives yielded 3692 entries for organic agriculture and 1440 entries for Islamic banking for the period between 01/01/1980 and 31/12/2013. The exact keywords in Turkish used for archive search for organic agriculture and Islamic banking are shown in Table 2.7 and Table 2.8 respectively.

Table 2.7

Keyword list in Turkish for online archival search: organic agriculture

organik tarım; organik gıda; organik tohum; organik gübre; ekolojik tarım; ekolojik gıda; ekolojik gübre; biyolojik tarım; biyo tarım; bio tarım; biyolojik gıda; biyo gıda; bio gıda; biyolojik tohum; biyolojik gübre; biyo gübre; bio gübre; yerli tohum; ithal tohum; hibrid tohum; hibrit tohum ; kısır tohum; zirai ilaç; tarım ilacı; tarım ilaçları; tarımsal ilaç; pestisit; kimyasal gübre; kimyevi gübre; hormonlu et; hormonlu gıda; genetiği değiştirilmiş; GDO; GDO'lu; bilinçsiz tarım

Table 2.8

Keyword list in Turkish for online archival search: Islamic banking

İslami banka; İslami bankası; İslami bankacılık; İslami bankacılığı; İslami bankacılığın; İslam bankaları; İslam bankacılığı; İslam bankacılık; İslam bankası; özel finans kurumu; özel finans kurumları; özel finans kurumlarının; özel finans kuruluşu; özel finans kuruluşları; faizsiz banka; faizsiz bankalar; faizsiz bankacılık; faizsiz bankacılığı; faizsiz bankacılığın; faizsiz bankacılığa; katılım bankası; katılım bankaları; katılım bankalarının; katılım bankacılığı

I have chosen Zaman as the second newspaper to collect archive data about Islamic banking as it is known for its affiliation with Islamist community. I expected Zaman could have more coverage of and a different view about Islamic banking thus would supply me with complementary data to Milliyet's data about Islamic banking.

Zaman started publishing on 3 November 1986 and its on-line archive is available starting from 3 September 1994. Thus, for the first 8 years from 3 November 1986 to 3 September 1994, I had to collect data manually from printed versions. I have spent two months in three libraries to access to complete period; Beyazıt State Library in İstanbul, National Library of Turkey in Ankara and the Library of National Journalists Association of Turkey in İstanbul in the summer of 2013. I have done a quick read of each and every page of Zaman to identify the Islamic banking related articles for the first 8 years period. I took picture of all the related articles and entered the date and the title of the articles into a spreadsheet.

For on-line archive searching in Zaman, I used the same key words that I used for searching Milliyet's archive that is shown in Table 2.8. The search from Zaman's printed and on-line archives together yielded 2567 entries for Islamic banking between 03/11/1986 and 31/12/2013 covering a little over 27 year period.

After finishing collecting data from Zaman's internet archive, I realized that the year 1996 in which one of the Islamic banks was founded yielded a small number of articles. I thought it was suspicious as the Islamic bank founded that year was related to the owners of the newspaper itself. Later, with the help of a little bit luck, I found out that Zaman's internet archive between 1996 and 1998 included some articles with english characters. So I searched this period for all the keywords written with english characters using 'o', instead of 'ö' and 's' instead of 'ş' etc. This additional search yielded 75 more articles between 1996 and 1998. To make sure this was not the case in Milliyet's archival data, I made the complete search with english characters which did not yield any additional articles.

Although I have collected and read organic agriculture related articles from Zaman's printed archive between 3/11/1986 and 3/9/1994 that yielded 1125 entries, I did not include Zaman's articles on organic agriculture in the analysis. The reason was that, for the first 8 years, the way Zaman covered organic agriculture did not differ from the way Milliyet covered organic agriculture substantially, and I did not have a reason to think that it would change for the remaining period. Considering the time that it took me to collect archival data manually, I decided it was a reasonable compromise.

Apart from the articles from two newspapers, I also collected the magazines, books and published interviews in different venues that NGO's, Islamic banks, academicians or practitioners produced related to these two industries. I collected all of Buğday's publications from its web page. I also collected the articles, interviews and statements of vocal individuals such as Hayrettin Karaman and Pınar Kaftancıoğlu from internet pertaining to Islamic banking and organic agriculture respectively.

One main archival source regarding Islamic banking was 'Consultation Meeting on Contemporary Religious Issues' of PoRA. PoRA held two national three-day meetings regarding Islamic banking one in 2007, and the other in 2010. Economists, Islamic bankers, state officials, Islamic law scholars and Islamic economic scholars from various universities participated to these meetings and all the questions and debates were taped, transcribed and published as books totaling 800 pages.

### **2.3.2. Interviews**

I started doing interviews in 2010. My initial informants were certified organic farmers that I have met in organic farmers' markets in Istanbul (6), NGO leaders (3) in organic farming and an Islamic banker totaling 9 interviews. In these initial interviews, I asked my informants about their personal involvement with the industry and then inquired about their views on the challenges and the critical events in the industry's history. My objective was to understand the informants' representation of their industry. Although I conducted these interviews before completing archival data collection and narrowing my research focus, they are still filled with relevant information regarding the current study. In these early interviews, the questions that tapped into the informants' understanding of the industry usually provided information on how they see the industry and how it is different from some other view that they mention. Also, the question about the challenges in industry yielded relevant information regarding debates and different views in the industry. Thus I included these early interviews in data analysis.

For the interviews that I conducted after archive data collection and analysis I had a more focused interest. I approached those people whose names I have been seeing in archival data and hearing from previous informants. I tried to probe informants' accounts and interpretations of a set of specific topics; legislation, names used for the industry (SFH/participation bank/Islamic bank/interest-free bank and organic/ecologic/biologic agriculture), similar ventures (Islamic holdings and local/natural/Anatolian/traditional agriculture) and certain practices that were contested (such as late due payments in Islamic banking and seed/GMO in organic agriculture). I talked with managers or former CEOs of Islamic banks (6), NGO leaders (5), a commerce law professor, Islamic economic scholars (2) and certified organic food producers (2) and a non-certified organic farmer. In total I have conducted 27 interviews with 23 people; 10 interviews with 9 people from Islamic banking, and 17 interviews with 14 people from organic agriculture. I conducted all interviews face-to-face, except two, in the informant's choice of place that varied from organic farmers' markets to cafes to workplaces. Two interviews were held through skype.



The interviews lasted 87 minutes in median, varying from 25 to 130 minutes. All interviews were recorded and transcribed verbatim.

Before the interviews I searched the internet for informants' previous statements, interviews, presentations, scholarly papers and books if available. I have checked their social media accounts such as facebook and tweeter, watched their videos and listened their podcasts if available. Before each interview, I also listened the previous interviews I have conducted with other informants and read my notes on those to freshen my memory and be able to recognize any similarities and differences in the accounts. My aim with this preparation was several: to get an initial idea about my informant; to identify the specific areas that my informant could provide detailed information; to be prepared to probe better during the actual interview; to be able to ask more specific questions by directly referring his/her statements; and to convey my genuine interest and respect in their ideas and the time they spared for the interview.

During the interviews, I tried to learn as much as possible about the informant's account of events. I would ask who were involved, what were the concerns and differing views and what was the basis for those different views. I would ask if they had any influence in the course of events and if yes how and to what extent. I would also ask for clarifications on any questions that I came up when I was preparing for the interview. Although I inquired the same broad topics in each interview, some topics would take longer to cover than the others depending on the informant's experience and knowledge in that topic. Appendix 1 provides the guiding questions used in the interviews.

### **2.3.3. Observation**

I did observations in two international congresses; 18th IFOAM Organic World Congress in İstanbul, Turkey between 13-15 October, 2014 and 11th Harvard University Forum on Islamic Finance in Boston, USA between 25-27 April 2014.

IFOAM Organic World Congress occurs every three years and it is the largest meeting of the organic sector in the world. It attracts people as diverse as scientists, government officials, activists, NGOs, practitioners and certifiers around the world. The congress's aim is to provide an opportunity to discuss and be informed about a range of major issues that concern organic sector.

In this particular congress, participants tried to answer such questions as: What does the organic world today look like?, What are the shortcomings of organic agriculture and how can we address them?, How do we compare to the other sustainability initiatives?, Which objectives do we want to achieve? Who will have to do what, how and by when? What are the main messages and how should participants communicate them?

Harvard University Forum on Islamic Finance occurs every two years and provides a venue to discuss specific topics as well as more general topics, such as takaful and alternative cooperative finance and challenges and opportunities in Islamic Finance. Participants includes scholars, economists, bankers, government officials and Sharia experts from different countries.

At these congresses, I attended formal sessions where there were either presentations or panel discussions. Formal presentations provided the opportunity to observe the ways participants presented their views. In the question and answer sessions I could observe the issues that the listeners regarded as relevant or important. During the breaks, I would meet people, introduce myself and listen to ongoing conversations and/or ask questions.

I took notes at the formal sessions, and recorded when it was possible. I also recorded some of the informal conversations with the informants who gave permission to do so. These observations provided me with information about diverse issues and views in each industry from an international perspective.

## **2.4. Methods of Data Analysis**

I analyzed archival and interview data according to principles of grounded theory that I explained its fundamental principles in Section 2.1. above. The analysis in grounded theory approach is a process of building a theory that evolves gradually during data collection and analysis process. This approach requires that data and evolving theory be constantly compared and the theory to be modified according to data. The aim is to develop a theory that accounts for and encompass the various views in the data.

### **2.4.1. Archival Data Analysis**

Archival data collection from libraries and internet was itself was part of my very early analysis in line with the grounded theory practice (Glaser and Strauss, 1967). As I stated above, I needed to collect Zaman's articles between 1986 and 1994 from the libraries. To do that, I manually searched all the pages of Zaman published in this period and made a copy of the related articles. And since the content was not always clear from the headlines or the columns' titles, I had to do a quick read of each day's newspaper. Reading 8 years' of content of a newspaper in a concentrated time provided early insights and hunches that I took note of for further analysis. When I was identifying and copying related newspaper articles, I wrote down any preliminary ideas, questions, words or phrases along with the articles' names and dates that prompted those ideas. And when I was indexing all the articles with their date, title and identification number in a spreadsheet, I opened a separate column named 'data collection notes' for those ideas.

Collecting newspaper articles from the on-line archive followed a similar process; scanning through all articles and choosing the related ones to be included in the corpus of newspaper data. Reading of three decades of newspapers in a relatively concentrated time during newspaper data collection provided me with an initial familiarity with the events

and debates in the data. I could already observe the general discussions and topics around Islamic banking and organic agriculture in each newspaper such as secular concerns regarding Islamic banks, healthy and tasty food emphasis around organic agriculture and critique of current banking system or agriculture.

I started systematic analysis of newspaper data by reading each article in chronological order for an intensive reflection and analysis. I attempted to analyze the complete newspaper data comprised of 7774 files for Islamic banking and organic agriculture in total. I have loaded all files to Atlas.ti v6.2 and did a close reading (line-by-line reading of each article), open coding (segregating and grouping data by identifying similar ideas and assigning them a summative, and essence-capturing label, i.e. code), and writing memos for initial codes and ideas (analytical notes to reflect on codes and to reconstruct the coded data to a higher abstract level). I carried these procedures for the first 3 years of Islamic banking articles in Zaman and realized that it was not possible to do open coding for any and all ideas for all the newspaper data as it was simply taking too much time.

To overcome this, I decided I would only concentrate on those articles that directly referred to Islamic banking or organic agriculture. To this end, I first read complete newspaper data comprised of 7774 files and identified all the articles that were directly related to Islamic banking and organic agriculture. Thus, I excluded all the articles that were about Islamic economics, interest, banking crisis, hormones, pesticides, seed etc. but did not refer to Islamic banking or organic/ecologic agriculture directly. This selection process yielded 2595 articles with a main focus on Islamic banking or organic agriculture. The distribution of newspaper data and those with direct references to Islamic banking in Zaman and Milliyet are shown in Figures 2.2 and Figure 2.3 respectively. The distribution of newspaper data and those with direct references to organic or ecologic agriculture in Milliyet is shown in Figures 2.4.

Figure 2.2  
Islamic banking articles in Zaman

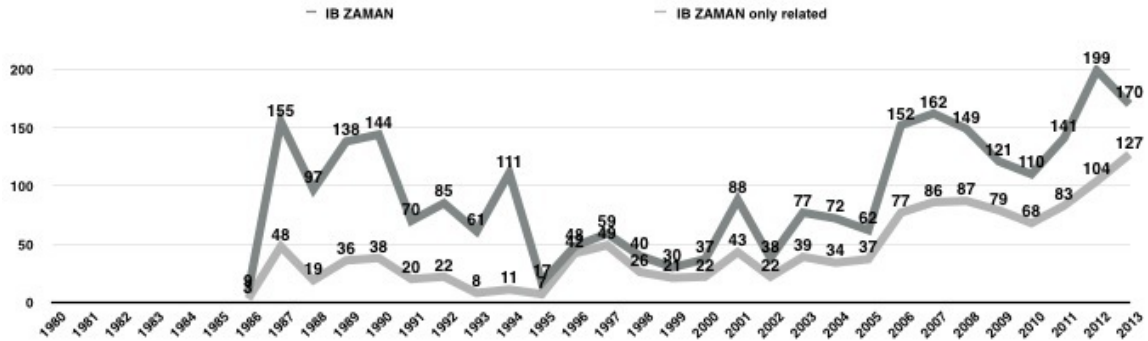


Figure 2.3  
Islamic banking articles in Milliyet

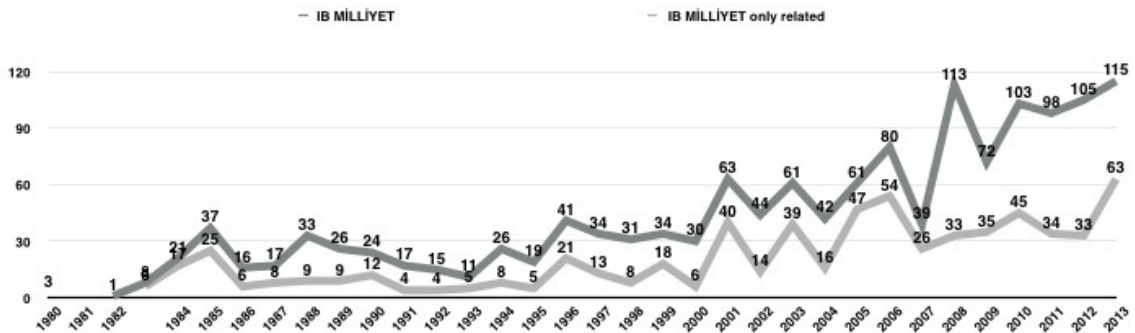
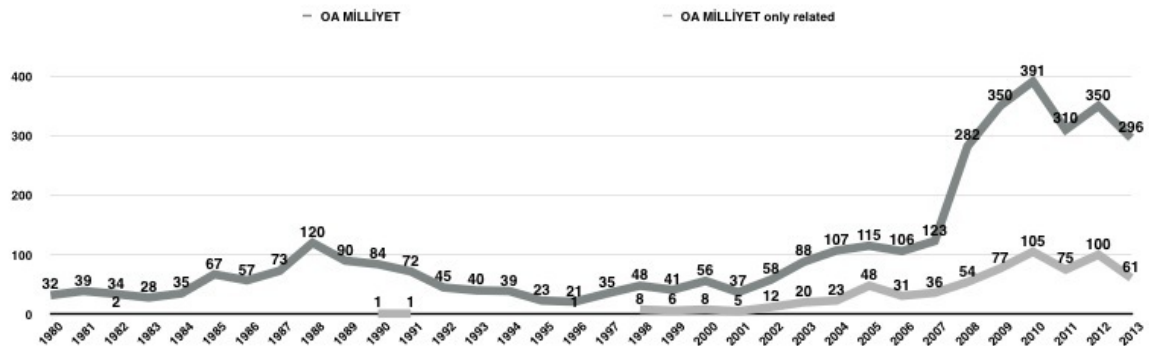


Figure 2.4  
Organic agriculture articles in Milliyet



Realizing that the remaining 2595 articles were still too many to be analyzed with the procedures in the first cycle, I plotted the article numbers across years and identified the years with the highest number of articles. My assumption was that those years with the highest number of articles were the years that critical events or debates carried out in the focal industry. I read the newspaper data and created comprehensive summaries for those years. In the end, I had a detailed descriptions of data for years with the highest number of articles for each industry. I put these descriptions in a spreadsheet and identified the course of events and debates as reflected in the newspapers. In the end of this process, I listed several events and debates for each industry. Then I compared these events and debates across Islamic banking and organic agriculture and identified the ones common to both industries. This yielded 4 common debates around naming of industry; law and regulations and relations with the state in general; similar ventures that were associated with these industries; and the debates about the contested practices. Appendix 2 provides the summaries of Islamic banking articles in Zaman and Milliyet in 1989 as an illustrative example of detailed descriptions of newspaper data for years with the highest number of articles for each industry. Appendix 3 provides topics around which there were salient discussions in Islamic banking and organic agriculture in newspaper data.

From the analysis of newspaper data, I identified these 4 topics and the accounts related to these topics as reflected in newspapers. In the meantime, I read other sources: Bereket, Albaraka Türk's magazine (39 issues between 1997 and 2015), TKBB's annual books about Islamic banking in Turkey and the world (12 issues between 2002 and 2014), PoRA's publications of 'Consultation Meeting on Contemporary Religious Issues' in 2007 and 2010 that were related to Islamic banking, Buğday's magazines (21 issues between 2009 and 2014) and Pınar Kaftancıoğlu's 44 articles in magazine Kuraldışı between 2011 and 2015 and her weekly emails from 2010. I have read articles, books and personal web pages of prominent Islamic law scholars such as Prof.Dr. Abdülaziz Bayındır and Prof.Dr. Hayrettin Karaman and Prof.Dr. Servet Bayındır. My detailed reading of these sources created additional information and questions regarding the four topics. For example,

Albaraka Türk's magazines and PoRA's books provided rich data about contested practices in Islamic banking and Kaftancıoğlu's articles provided the criticism related to organic agriculture. From Islamic law scholars' publications, I have gained initial understanding of Islamic law, its sources and techniques.

The archival data analysis was a crucial first step that provided me with an understanding of actors, events, the context, and the debates in each industry and the initial ideas that needed to be further evaluated. In particular, through archival data analysis i. I have learned about main actors, events and debates in each industry, ii. observed how actors tried to influence the courses of events and how they were enabled and/or constrained, iii. identified four main issues (naming, law, similar ventures and contested practices) that were most salient and common to both industries, iv. collected all the published discussions around those four topics and v. had initial insights about how and why the events and discussions played out as they did. Archival data analysis also directed my interview process in both guiding theoretical sampling and preparing interview questions.

#### **2.4.2. Interview Data Analysis**

I conducted interviews to learn about my informants' perceptions, concerns and thoughts about four main topics that I identified through archival data analysis. In these interviews, I inquired about missing details and contradictory accounts in archival data. If I realized an informant's account is different than her previous accounts captured in archival data, I would focus on how she would reconcile her accounts. I also used the interviews to test and refine the initial findings from archival data.

The goal of the analysis of the interview data was to find out the ways in which my informants discussed and interpreted the four issues. I organized verbatim transcriptions of the interviews by issue in a spreadsheet. A column includes an informant's accounts on all

topics, and a row includes all informants' account on a specific topic. I find this kind of organizing helpful as it allowed me to navigate easily among accounts and topics.

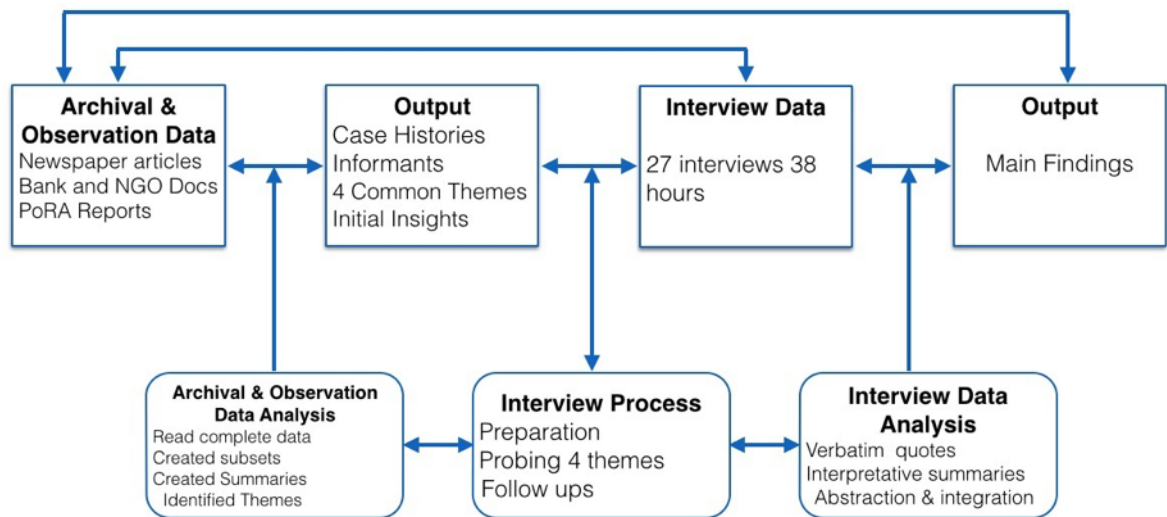
First, I read these verbatim accounts in detail. I tried to map the structure of an account by noting all the arguments used and how they were related. For example I would note which arguments were put forward for a specific preference for the industry name. I would note which concerns were salient for a specific account. I would identify on which grounds the contested practices were criticized or defended and try to figure out their relations to larger concerns.

As I went back and forth between informants' accounts of the same events within industry and similar events across the two industries, I tried to create more abstract accounts of original verbatim quotes. For example, Islamic bankers' and certified organic farmers' defenses of contested practices involved arguments on how they were constrained by legal structure. Legal structure came up again on Islamic bankers' and certified organic farmers' accounts about similar ventures but this time not as a constraining factor but as a feature that separated them from unregulated alternatives. Transition from original accounts to more abstract descriptions was not linear but iterative. I needed to modify and adjust my initial interpretations of data in response to new interview and/or archival data to account for and encompass the new evidence. Thus all the findings presented in the next chapters are based on the text rather than being deduced from prior theory. An example of an interpretation of original verbatim accounts regarding the use of Islamic references is provided in Appendix 4. Figure 2.5 summarizes data collection and analysis process.



Figure 2.5

Summary of data collection and analysis process



I present my findings in the following three chapters. In Chapter 3, I explain the distinct actors and roles in Islamic banking and organic agriculture. In Chapters 4 and 5, I provide the accounts of the interactions and communications among different actors first in relation to legal codification of Islamic banking and organic agriculture and then in relation to contested practices.

### 3.

#### ACTORS AND ROLES

I identify and named five main types of actors that play similar roles in Islamic banking and organic agriculture: *state*, *certified producers*, *non-certified producers*, *moral certifiers*, and *idealists*. These actors were directly or indirectly involved in main debates and were influential in the trajectory of these industries.

*State* includes references to government, the government officials and bodies such as ministries, bureaucrats, undersecretaries, state-owned enterprises and the military. *Certified producers* refer to both Islamic banks and the small and large farmers and businesses that produce certified organic products. ‘Certified’ here refers to formal status of these actors’ products and services; they are registered and regulated by the state and certified by authorized bodies as conforming to related laws and regulations. *Non-certified producers* refer to ventures that can be perceived as associated with and comparable to organic agriculture or Islamic banking but outside the formal organic or banking law. What I label as *moral certifiers* refer to people, groups of people, or NGOs who work closely with certified producers, sometimes within the same organizational boundaries (but outside of the state apparatus), and exercise an informal regulation and control on the certified producers and the industry. I use the term *idealists* for people, groups of people, or NGOs that have a mission of presenting morally informed alternatives to dominant conventional banking and conventional agriculture. Idealists differ from certified producers and moral certifiers in some crucial aspects of that mission that I will explain below in detail.

Moral certifiers and the idealists in Islamic banking are publicly known sharia scholars with similar educational and professional backgrounds. Almost all of them are graduates of Theology and a few hold economic degrees too. They usually work at

universities, and some of the them worked previously as *imam* or *mufti*. Moral certifiers and the idealists in organic agriculture have more divergent educational and professional backgrounds. Some left corporate careers and moved to villages to practice farming, while others define themselves as '*farmers*' by stating that their fathers and grand grand fathers were also farmers. They usually call themselves '*activists*' and are involved in some kind of agricultural production, either farming or gardening.

Some actors simultaneously occupy a few of the five roles. There are some idealists who are at the same time certified or non-certified producers in organic agriculture. Some idealists previously played moral certifier roles. There are moral certifiers in Islamic banking whose views are very close to idealists' views. Nevertheless, for the reasons I explain below, it is possible to think these roles as distinct in both industries.

The salience of these roles in archival data change over time. Some non-certified producers in Islamic banking and organic agriculture did not exist in the early stages of these industries. Idealists in organic agriculture become more salient in the later stages of the industry.

I do not include conventional banking and conventional agriculture as one of the actors/roles that shaped Islamic banking and organic agriculture respectively. Even though there are frequent references to conventional banking and conventional agriculture in archival data, they are almost exclusively the subject of accounts presented by industry insiders. Accounts of people who are associated with conventional banking or conventional agriculture are nearly absent in archival data. Interview data supports the conventional counterparts' disinterest in these industries.

In the following pages, I explain the five types of actors and the roles they played throughout the history of the focal industry. My aim in this chapter is to establish the distinctness of each role played by different sets of actors. I provide detailed accounts of conversations among these actors regarding legal definitions and contested practices such as *murabaha* and late payment fines in Islamic banking, and hybrid seed, mono-culture production and greenhouses in organic agriculture in the next two chapters.

### 3.1. State

State is one of the main actors in industry creation and development. New markets and industries are generally assumed to benefit from receiving state authorization. From neoinstitutionalists' perspective the benefit stems from state's role as rationalizing and selecting appropriate organizational forms (Schneiberg and Bartley, 2001). State regulation and accompanying legal formalization validates the industry as a rational and appropriate venture.

At least some actors within the Turkish state were eager to recognize and ratify Islamic banking and organic agriculture due to the anticipated economic benefits. The first legal codes regarding these industries, which came into effect in 1983 and in 1994 respectively, started public debates about the appropriateness of these industries and their place in economy and society. This debate was much more heated in the case of Islamic banking than in organic agriculture. Data suggests that political contestations and larger ideological forces were more influential in state regulation of Islamic banking than in organic agriculture. In Islamic banking case, legal establishment of the industry in 1983 did not grant an initial acceptance; the contestation over the place of Islamic banking in a secular system persisted until early 2000s.

Below I show that Islamic bankers interpreted state's specific legal attempts as a direct threat to the very existence of the form until early 2000s, when the government was transferred to the Islamist Justice and Development Party (AKP). Supporters of organic agriculture do not report such ideological battles though there are some accounts of conflict starting in 2013 as the government started to associate them with the opposition. These cases are consistent with literature on the Turkish state acting not as a unified and impartial authority but as being a fragmented and politically motivated collection of actors (Özel, 2014; Özen and Akkemik, 2012).

### **3.1.1. Islamic Banking and the State**

When my respondents refer to the state they usually mean the government, the government officials and bodies such as ministries, bureaucrats, undersecretaries, state-owned enterprises and the military. They use ‘soldiers’ or ‘army’ to refer specifically to military officials. In newspaper data, I interpreted references such as ‘certain segments of the bureaucracy’, ‘state authority’, ‘political authority’, or ‘lawmaker’ as referring to the state.

Regulation process of Islamic banking is the main arena where the state and Islamic banks interact. The defining characteristic of this interaction is the discussions around the perceived incompatibility between secularism and Islamic banking. Secularism critique is usually carried out through state’s perceived partiality for or hostility to Islamic banking. Common theme in these criticisms is references to Islamic banks’ legal base and their origins and political and sectarian connections. The secularist oppositions around the origins and the political and sectarian connections of Islamic banks are usually articulated by journalists and politicians. Secularist opposition on legal grounds are more prominent in the state officials’ and politicians’ accounts. Islamic bankers participate in these debates by refuting these claims on the basis that they are regulated and transparent establishments.

#### **3.1.1.1. Debates around the origins and the political and sectarian connections**

Islamic banking in Turkey was legalized with a government decree by a six-day old government that was formed after a three-year military rule. Legality based on a government decree was itself problematized in some newspaper articles by people who interpreted government’s Islamic banking initiative as a proof for its lack of adherence to the secularism principle of Turkish Republic. One of my respondents explained this by referring to Turgut Özal, then the head of government, himself never being completely welcomed by secular segments because of his conservative outlook.

The fact that the first three Islamic banks established in Turkey were subsidiaries of established Islamic banks from Bahrain, Saudi Arabia and Kuwait and that their local founders were prominent political and religious leaders linked to Islamic sects added to this secular criticism. For example an influential local founder of Albaraka Türk was Eymen Topbaş, the brother of Nakşibendi sheik Musa Topbaş (Yavuz, 2003). Salih Özcan, one of the founders and the vice president of the board of directors of Faisal Finans, was a prominent leader of Nur movement. İhlas Finans was founded by Enver Ören who was the leader of Işık movement. Asya Finans was founded by businessmen who were linked to Gülen movement. Moreover, at various times, former politicians from conservative parties served as founders and managers of Islamic banks such as Ali Coşkun (İhlas Finans), Gündüz Sevilgen (Faisal Finans) and Kemal Unakıtan (Albaraka Türk) among the most known.

Related to origin and the political and sectarian connections, the debates around Albaraka Türk provides a revealing example. Korkut Özal, brother of prime minister Turgut Özal, and follower of Nakşibendi sect denies any privileges Albaraka Türk is claimed to have due to its Arab origin and its relations with him. In an article in Milliyet on February 17th, 1987, Korkut Özal states that:

*“Özel Finans kurumları gibi önemli bir yeni finans sistemi kararnamesinin iki gün içinde oluşturulup yayınlandığı gibi bir iddia ise fevkalade gayri ciddi ve gülünç olur. Bilediğim kadarıyla bu çalışmalar Sayın Ulusu'nun başbakanlığı sırasında ele alınmış ve gerek Hazine gerekse Merkez Bankası tarafından bu mevzuat üzerinde yıllarca çalışılmıştır. Sadece Suudi sermayesiyle değil, bütün dış ve iç sermayeye açık olan bu müessesenin sırf bizim hatırımız için, Suudi sermayesine tanınmış bir ayrıcalık olarak gösterilmeye kalkışılması, bir cümle ile ne gerçeklerle, ne ciddiyetle ve ne de aklıselim ile bağdaşmaz.” (Özal, 1987)*

*“Allegations that a new finance system decree of such importance as Special Finance Houses could have been formed and executed in two days, are remarkably frivolous and ridiculous at best. As far as I know, work on this started in Mr. Ulusu's prime ministry and both the Treasury and the Central Bank have worked on the statutes for years. Open not only to Saudi capital but also to all domestic and foreign capital, claiming that this is a privilege handed*

*over to Saudi capital just for our sake does not abide by the truth, seriousness or reason.” (Özal, 1987)*

On the same vein, Yalçın Öner, the general manager of Albaraka Türk, in an article in Zaman on June 2nd, 1989 highlights the prejudices stemming from the bank’s origin:

*"Biz yatırım yapmaktan bir nevi çekiniyoruz. Basın bizi doğru şekilde lanse etmiyor. Üzerimizde baskı var. Al Baraka değil de, Al Amerika olsaydık bu baskı olmazdı.” (Öner, 1989)*

*"In a way we refrain from making investments. The press does not reflect us in the right manner. If we were Al America and not Al Baraka, there would be no such pressure.” (Öner, 1989)*

### **3.1.1.2. Debates around secularism and Islamic banking**

The defining characteristic of state - Islamic banking interaction, from these banks’ inception in 1983 to the early 2000s in Turkey is the ever-present tension between secular ideology and Islam. Secularism is one of the pillars of the Republic of Turkey in her foundation in 1923 following the dissolution of Ottoman Empire. Through secularization process, several institutional changes were introduced that marked a profound break from the previous social and political order such as abolition of caliphate and Islamic law courts, dismantlement of Islamic institution of education, adoption of secular civil code, and declaration of secularism as a constitutional principal in 1937 (Buğra and Savaşkan, 2014; Göle, 1997). The aim was to retrieve the religion from public arena to individual domain so that it would not be used as a political instrument. To this end, state was heavily involved in overseeing religious education and practice but was limited in transforming a religion-centered system of public morality to a non-religious system of values, paving the way for an enduring conflict about the idea of secularism and the place of Islam in Turkish society. (For a detailed discussion see Buğra and Savaşkan, 2014).

Secularist criticism of Islamic banking for the first half of its existence is best understood within the historical context. As it is explained in Chapter 2, Islamic banking started in a period that marked Turkey's integration into global market economy that was accompanied by military intervention in 1980. This period is also characterized by the rise of Political Islam that refers to an understanding of Islam different from pre-1980's in its explicit assertion that Islam informs not only private moral life but also political, social and economic aspects of public life (Buğra and Savaşkan, 2014). Secular segments of the public and of state bureaucracy saw Islamic banking as part of political islam's aspiration to redesign socioeconomic institutions in order to conform to Islamic principles.

According to Islamic bankers, these concerns were visible in state's treatment of Islamic banks as '*stepchildren*' through its rules and regulations. Newspaper accounts of second half of 1980s and through 1990s are abundant with Islamic Banks' managers' statements about what they refer as 'hostile attitudes' of the state bodies like Central Bank of the Republic of Turkey, Undersecretariat of Treasury and state-owned economic enterprises towards these banks. These statements almost always refer to some legal regulation or legal constraint understood to be intentionally limiting the Islamic banks and usually compared with the regulations for conventional banks.

One feature of these kinds of statements of Islamic bankers is that both the same and different legal treatment of state in relation to conventional banks could be criticized as disfavoring Islamic banks. For example, when there is a same rule or regulation applied to both Islamic banks and conventional banks, Islamic bankers claim that they operate on a different mechanism from conventional banks and criticize the state as not acknowledging or taking these differences into account. However when a different rules or ratios applied for Islamic banks and conventional banks, then Islamic bankers usually refer to unfair consequences of that treatment for these banks or their customers.

Some examples of the legal rules and regulations that were described as hostile by Islamic bankers were: the limitations on opening branches (Islamic banks could open maximum 10 branches per year upon permission whereas there were no limits for opening new branches for conventional banks and they could open first 10 branches each year



without permission), the problem with the status of Islamic banks' letters of guarantee (Islamic banks' letters of guarantee were not accepted by state-owned economic enterprises), tax regulation (that decreased the ratio of retention tax from 10% to 5% for conventional banks' deposit accounts whereas kept it at 10% for Islamic bank's loss and profit accounts), and the increase in the reserve requirement ratios (it was increased from 1% to 8%, the same level to the ratio applied to conventional banks).

A joint statement by all the four existing SFHs published on June 10th, 1994 in Zaman, regarding the reserve requirement ratios is an example for criticism of the same regulation being applied to both Islamic banks and conventional banks:

*"Kuruluş amaç ve felsefeleri, çalışma tarzları, tasarruf sahibinden fon toplama usulleri münhasıran kar/zarara katılım esasına dayanan ve bu yönüyle borç/faiz esasında düzenlenen klasik banka mevduat hesabından tamamen farklı olan kar/zarara katılım hesabıyla, banka mevduatlarını aynı kategoride değerlendirmek bilimsel ve mantıki hiç bir yanı olmayan hatalı bir yaklaşımdır. Tasarrufunun bir bölümünü bankaya diğer bölümünü ÖFK'na yatıran bir kimse bankadan vadesinde anapara ve faiz olarak ne alacağını önceden kesin rakamıyla bilmekte; ÖFK'ndan ise, vade tarihi itibariyle kar elde edilmiş olura, işlem tarihinde miktarı belli olmayan bu karın sadece yüzde kaçını alacağını, ve hatta zarar halinde, doğacak zarar nedeniyle ana parasının azalacağını bilmektedir. Böylece, tamamen farklı iki ayrı işlemi mukayese etmeden aynı düzenlemeye tabi tutmanın savunulabilir bir açıklaması mümkün değildir. Karı ve zararı tamamiyle yatırımcılara ait olan bir hesaba blokaj ayrılmasının, bankalarla rekabet ediliyor mesnetsiz endişesi dışında, haklı hiç bir açıklaması yoktur ve yapılamamaktadır. Nitekim, Sermaye Piyasası Kanunu uyarınca sadece bankalar tarafından kurulabilen 'yatırım fonları' için, sabit bir faiz veya gelir taahhüt edilmediğinden, hiç bir şekilde munzam karşılığı ve blokaj yapılmamaktadır." (Özel Finans Kurumları Ortak Açıklama, 1994)*

*"With their establishment purpose and philosophy, working style, ways of collecting funds from account owners based exclusively on participation in profit/loss and in this respect are completely different from standard banking accounts regulated based on debt/interest; there is no scientific or reasonable side to assessing banking accounts and these participation accounts within the same category and it is a faulty approach. A person who deposits part of his savings to a bank and the rest to a Special Finance House will know in exact numbers how much his capital and interest will be at the end of maturity at a bank; whereas in SFH, he will only know the percentage of the profit, if such a*

*profit is made at the end of the term, which is not predetermined at the time of the transaction and that if there is loss at the end of the term, his capital will also decrease. Consequently, there is no defensible argument to subject two completely different transactions to the same regulation without comparing them. Attempting a blockage onto an account, which the investor holds complete profit and loss liability, has no rightful explanation – except for an unfounded concern that they are competing with banks – and an explanation cannot be done. There is no prospect of required reserve and blockage for ‘investment funds’ that can only be set up by banks as per the Capital Market Law, because there is no assurance of a fixed interest of income.” (Special Finance Houses Press Release, 1994)*

The general manager of Anadolu Finans Ünal Arslan's criticism of the different ratios of retention tax for the deposit accounts and loss and profit accounts is an example for criticism of the different regulation applied to Islamic banks and conventional banks. In an article in Milliyet on February 18th, 1994, Arslan states that:

*"Yüzbinlerce tasarruf sahibinin elde ettiği gelirden yüzde 5 daha fazla gelir vergisi kesintisinin yapılmasının nedeni nedir? Bu karar çok fazla seçeneği olmayan katılma fonu sahiplerini mağdur etmektedir. Toplam mevduat içerisinde stopajın yüzde 5'e çekilmesiyle devlet büyük fedakarlıkta bulunmuştur. Ama bu fedakarlık bankacılık kesimi için yapılmıştır. Yüzde 4 paya sahip finans kurumlarına da aynı uygulama getirilmelidir.” (Arslan, 1994)*

*"What is the basis for an extra 5 percent income tax cut than the income of hundreds and thousands of savings owners? This decision is a mistreatment of participation fund owners who do not have much of an alternative. The state has made a big sacrifice in decreasing withholding tax to 5 percent within total savings. However this sacrifice was made for the banking sector. The same should be done for finance houses that hold a 4 percent share.”(Arslan, 1994)*

The military elite is usually perceived as the fierce defender of secularism in Turkey as the protector of the Republic and its founding principles. That's why it is curious that government decree that paved the way to establish Islamic banking is announced just six days after the transition from three-year military rule to civil parliamentary that was suppressive of extremist Islamic and leftist ideologies. There is no way for me to know military elites' view on Islamic banking at the time it was established. However, Salih

Özcan who was one of the founders of Faisal Finans, the second Islamic bank established in Turkey, explains arranging a meeting between Saudi Prince Faisal and six high ranking military officials in early 1980s. In an interview on September 19, 2004 on Zaman, Özcan states that:

*“Faysal, askerlere ‘Buraya para kazanmaya değil hizmet yapmaya geldim. Burası annemin (Kral Faysal’ın eşi Ülfet Hanım Adapazarlıydı) memleketi.’ dedi. Onlar da kurulmasına onay vererek Başbakan Bülend Ulusu’ya telefon açtı. Ulusu, bize ‘Yakında Özal iktidara gelecek, bu imzayı o atarsa daha iyi olur.’ dedi.” (Özcan, 2004)*

*“Faysal said to the soldiers; ‘I came here not to make money but be of service. This is my mother’s country (King Faysal’s wife Mrs. Ülfet was from Adapazarı).’ They in turn granted approval to set up and called Prime Minister Bülent Ulusu. Ulusu told us, “Soon Özal will hold office, it would be better if he signed this.” (Özcan, 2004)*

This statement clearly suggests Islamic banking was established by the approval of military elites. My respondents could not provide information on this, however, they highlighted the urgency of attracting capital of the time and speculated that nobody, even the military elite, had the option to resist any venture that would bring in capital.

In interviews, all respondents agreed on the state’s hostile attitude towards Islamic Banking in its early years. According to these accounts, state understood Islamic banking as associated with Political Islam. Specifically, military elites considered Islamic banks to be a financial vehicle for a fundamentalist agenda that is against the Western and secular character of the Republic. Exclusion of *riba*/interest in Islamic Banks’ accounts is considered, by the state, to be essentially political.

Accounts of the draft banking law of 1999 process that resulted in Islamic banking to be included in banking law in 1999 is the basis of these interpretations. All respondents linked the process of Banking Law of 1999 to the military memorandum in 28 February 1997. The memorandum reflected military elites’ criticism about what they refer as *pro-sharia* activities and suggested secular measures such as transferring the control of private religious schools to the state, abolishing sectarian groups, and controlling the ‘green

money’ that was associated with political Islam. Islamic banks were lumped in ‘green money’ along with Islamic holdings that I will explain in Section 3.3. below. Osman Akyüz in an interview in the magazine Aksiyon, refers to that period as one of the most difficult periods for SFHs. He explains:

*“Büyük zorluklar yaşadık. Kamu otoritesindeki muhataplarımıza ulaşip sorunlarımızı aktaramıyorduk. Zamanın ekonomi bakanı Güneş Taner’e ulaşip kendisinden yardım istedik. Bize cevabı, ‘Gidin derdinizi askerlere anlatın. Ben sizin için bir şey yapamam.’ olmuştu.” (Akyüz, 2011)*

*“We have been through great hardships. We could not reach addressees within the public authority and convey our problems. We reached the then Minister of Economy Güneş Taner and asked for help. His response was: ‘Go and tell your problems to the military. I cannot do anything for you.’ ” (Akyüz, 2011)*

According to one respondent, Islamic bankers indeed met with military elites in the course of draft Banking Law of 1999 to explain themselves. My respondent talked about arranging and attending a meeting between Islamic bankers and military officials in the events of draft Banking Law of 1999. This interaction with military officials presents second example of military involvement in Islamic banking. Similar to seeking military elites’ approval in the down of the establishment of Islamic banking in Turkey that Özcan explains above, Islamic bankers sought the approval of military elites’, this time, to survive.

These accounts referring to the military and Islamic banking during the second half of 1990s suggest the tendency of the military elite to view Islamic banking as part of a larger agenda of Political Islam. However, the fact that the military could be convinced on the establishment and later on survival of Islamic banking also suggests that the military elite did not see these banks as a real threat to secularism, given that they seemed to have the power to intervene.

All of my informants agreed that the discussions around secularism and Islamic banking lost its heat starting from early 2000s. They also agreed that these banks enjoyed much easier and closer relations with the state after *Justice and Development Party (AKP)* came to power at the end of 2002. Newspaper data supports both claims.

Some respondents attributed the state's more '*objective*' treatment of Islamic banking to political and economic stability that came with a single majority government. Yet others pointed to the decreased influence and involvement of military in civil politics. Another reason may be that Islamic banking was included in the Banking Law in 1999 and integrated into the banking system completely in 2005. So the arguments around Islamic banks being favored or disfavored through their legal regulation were not valid anymore as Islamic banks and conventional banks are being subjected to the same Banking Law.

### **3.1.2. Organic Agriculture and the State**

Turkey follows the European Union's rules and regulations as the basis of her legal framework for organic agriculture from the very beginning. Changes in regulations and law in organic agriculture in Turkey were almost always to adapt to the changes in European Union's regulations. These changes were usually related to elaboration of production method and establishing institutional structure such as specifying permitted agricultural inputs and detailing control and certification processes and the organization of the Ministry of Agriculture.

Unlike Islamic banking, there are no widespread debates captured in archival data over specific legal framework of organic agriculture. The discussions of legal regulations in my informants' accounts are usually related to wider laws and regulations that are perceived to be related to agriculture in general. Laws regulating seedlings, soil conservation and land use, trading of agricultural products, regulations on open markets and bio-safety are the examples that figure in the discussions of state regulation in agriculture. However the salience of these discussions differ in the accounts of different sets of actors. As I will explain below in Section 3.5. legal criticism usually figures most prominently in the accounts of people I refer to as idealists.

The main claim in these accounts is that state and state regulations are being used as a tool by capitalist corporations to further their interests. This interpretation of regulation in

organic agriculture parallels the arguments of capture theories of regulation that posit the capitalist interests as driving force of regulation (Schneiberg and Bartley, 2001).

State - organic agriculture interaction is much less politicized compared to state - Islamic banking interaction at least at the level of central government. However a few respondents pointed out disrupted relations with local municipalities and with the Ministry of Food Agriculture and Livestock after Gezi Park protests. Gezi protests were triggered by an urban development project in Istanbul over demolition of Gezi park and spread throughout the country over the course of two month from the end of May 2013 to the end of July 2013. Gezi protests' presence in my account of state-organic agriculture relations is due to the amendment in the regulation of open markets on July 13th, 2013 that restricted local municipalities to form joint projects with NGOs on the opening and management of open markets including organic farmers' markets. Previously NGOs were opening and managing organic farmers' markets through joint projects with local municipalities. The new amendment stated that local municipalities will be responsible for the opening and management of these markets and cannot transfer their authority to third parties. They should, however, make protocols with NGOs if they want some services regarding the management of open markets to be carried out by the NGOs. What this amendment meant for the existing organic farmers' markets is that now NGOs needed to pay rents for the area that the open market is located including occupancy fees for previous years' usage. This requirement resulted in the closing down of two organic farmers' markets in İstanbul. According to my respondent, this amendment in the regulation of open markets was one of central government's '*intimidation methods*' of those supportive of Gezi protests.

While it is not possible to establish a clear relationship between Gezi protests and the change in the aforementioned legislation, it is still possible to make observations about the government's reactions to Gezi supporters to have a sense of the reference to government's '*intimidation methods*'. One of the notable example to this end is the legislation change on July 10th, 2013 that ended the right of the Chamber of Turkish Engineers and Architects (Türk Mühendis ve Mimar Odaları, TMMOB) who was opposing the demolition of Gezi park, to approve construction projects. Another example is a legal investigation against

İstanbul Medical Chamber that started on June 13th, 2013 regarding some doctors' involvement in Gezi protests to provide first aid services. The investigation questioned doctors' unauthorized medical services during the protests. Later, with Law No. 6514, passed on January 2nd, 2014, an article that restricts doctors' first aid emergency administration without government authorization was added to Law n. 3359. The fact that these legislative changes were carried out while Gezi demonstrations were still the main topic of the country seems remarkable and conforms to Buğra and Savaşkan's (2014) arguments about the current government's use of legislation as a tool to reshape the interest representation structure.

One of the respondent's account about his experience on the 'local seed' campaign against hybrid seeds and GMOs is revealing about the influence of political factors in organic agriculture. He explained how a local government, run by an opposition political party, with whom he tried to organize a 'local seed' campaign wanted to transmute it into a 'national seed' campaign with complete Atatürk posters, the Turkish flags and a political criticism of AKP. So it is not only the central government's but also the local governments' approach to organic agriculture could be politically informed. Newspaper data is supportive of this account: the regional news about the organic agriculture includes the statements of local government authorities usually on how these initiatives are supportive of economic and social development of the region and the small farmers with a note to a detrimental or supportive agricultural policies of the central government depending on whether they are representing opposition or incumbent political party respectively.

All in all, in the accounts of my respondents, the state, the central government and to a lesser extent the local governments have a prominent place in the trajectory of both Islamic banking and to a lesser extent in organic agriculture. However, this influence is not always perceived to be positive and supportive by the industry incumbents. Islamic bankers and organic producers described the state as hostile at certain episodes as in the case of attempting to shut down Islamic banks and to restrict the NGOs to establish organic farmers' markets. These accounts provide evidence on how state authorities' understandings and treatments of these industries are influenced by the sociopolitical context and how new

industries could be or become a part of a political project. It also shows the fragmented nature of the state in its approach to Islamic banking and organic agriculture. The military, local government and central government do not represent a unified set of actors in their understanding and treatment of Islamic banking and organic agriculture.

### **3.2. Certified Producers**

I refer to managers and owners of Islamic banks and the small and large producers and businesses who produce certified organic products as certified producers. ‘Certified’ here refers to formal status of these actors’ products and services; they are registered and regulated by the state and certified by state-authorized bodies as conforming to related laws and regulations.

The structure of certified producers is strikingly different in Islamic banking and organic agriculture. There are currently five Islamic banks operating in Turkey with a formal professional association that provides them a space for a regular interaction. There are thousands of farmers involved in organic agriculture production nationwide posing a coordination problem for organic producers compared to Islamic bankers.

Certified producers in both industries are divided on their understanding of the focal industry. In Islamic banking, the division comes down to different views on proper and distinct legal definition of Islamic banking. Understanding of law as a marker that separates Islamic banking from conventional banking irrespective of its benefits or drawbacks versus understanding of law as a tool for symbolic and material gains was the main axis of the division among Islamic bankers.

The division about the understanding of organic agriculture among certified producers stems from atomistic versus holistic approach to organic farming. Understanding of organic agriculture as defined in the formal law -a farming method prohibiting harmful inputs for the benefit of human and environmental health-, reflects the atomistic approach.



Understanding of organic agriculture as not only a production method but as a part of ecological living challenging the industrialized production and consumption systems represents holistic approach.

Certified producers are similar in their depiction of their industry. Islamic bankers almost always elaborate Islamic banking in terms of its economic and societal benefits due to exclusion of interest. Organic agriculture producers refer to environmental and health benefits due to exclusion of chemicals.

In the following pages, I present more detail and evidence regarding certified producers' accounts of their industries first for Islamic banking and then for organic agriculture.

### **3.2.1. Islamic Bankers and Islamic Banks**

As I explained in Chapter 2, 7 different Islamic banks were established in Turkey since 1985. There have been a maximum 6 Islamic banks operating at the same time between 1996 and 2001, 5 between 2001 and 2005, 4 from 2005 until May 2015. The first state owned Islamic bank was established in May 2015 making 5 Islamic banks in total operating in Turkey as of December 2015. All Islamic banks' headquarters are based in Istanbul. The five existing SFHs established a voluntary union on December 25th, 1995 that was not very active in producing and disseminating public information, so I do not have archival data related to/from that establishment. With the amendment of banking law n. 4389 on May 29th, 2001 the Association of Special Finance Houses was established as a public legal entity and it started its operation on October 4th, 2001. All the Islamic banks are required to be a member of the association and the association is the main channel through which the industry rights and interests are represented.

With a limited number of players and a formal association gathering members under a roof, Islamic bankers are in close communication. Archival and interview data provide evidence that the managers of Islamic banks were interacting regularly. Data also suggests

that Islamic bankers do not represent a homogenous group but differ in their understandings about the proper and distinct legal definition of Islamic banking.

### **3.2.1.1. Different views among Islamic bankers**

Islamic banker differ in their views regarding formal definition and regulation of Islamic banking as captured in debates over the inclusion within the Banking Law in 1999; definition as a ‘Bank’ in Banking Law in 2005; and the product and services of Islamic banks. The differences come down to the Islamic bankers’ different understandings about the proper and distinct legal definition of Islamic banking. Islamic bankers hold different views regarding the content, structure and the scope of the formal law in relation to legal definition of Islamic banking. Specifically, Islamic bankers differed in their views on: How should Islamic banking be defined in legal terms: as a bank or as a financial institution? ; How should legal framework of Islamic banking devised: as part of a larger financial law and regulations outside of banking law or within the banking law? ; and how should the practice of Islamic banking be codified and which practices should be enforced legally: should Islamic banks have deposit guarantee funds or not? To be sure, not only Islamic bankers but also the state, moral certifiers and idealists are involved in the conversations around these questions. I discuss the debates around specific legal regulations in detail in the next chapter where I examine the legal creation and formation of both industries.

The question Osman Akyüz, then the general manager of Albaraka Türk, posed to Prof. Sabahaddin Zaim, one of the prominent thought leaders of Islamic banking in Turkey in 1998 reflects this division among Islamic bankers. Akyüz asks:

*“Hocam, bir de şunu öğrenmek istiyorum. Biz pratik çalışmalarımızda şöyle bir ikilem içerisindeyiz. Kendi aramızda zaman zaman bunu münakaşa ediyoruz. Bir kısım arkadaşlarımız diyor ki; Türkiye’de ki özel finans kurumları mevzuatı bu haliyle bizim ihtiyacımıza cevap vermiyor. İstikbalde bu kurumların korunabilmesi için belli bir yer edinebilmesi için bugün mutlaka bankacılık şemsiyesi altına girmelidir. Bu müesseseleri faizsiz bankacılık veya*

*faizsiz banka sözcüğü altında hükmi şahsiyet haline getirmemiz lâzım. Dolayısıyla Türkiye'deki yasal düzenlemede de bankalar kanunu bünyesinde bunları bir yere monte ettirmemiz lâzım, diyorlar. Bir kısım arkadaşlar da der ki, Hayır bu tamamen klasik banka sisteminin dışında farklı bir finans anlayışıdır. Bunun ayrı korunması, ayrı geliştirilmesi, banka sözcüğünün terminolojiye sokulmaması gerekir. Adına işte faizsiz finans kurumu ve benzeri adlar altında bugünkü ismi ile hükmi şahsiyetini muhafaza etmenin çok daha asli bir fonksiyon olduğunu iddia ediyorlar. Bu konuda ne dersiniz bize hocam.”(Akyüz, 2000: 175)*

*“Sir, there is something else I would like to know. We are in a predicament in our practical studies. We sometimes debate this among ourselves. Some of our colleagues say, the special finance houses regulation in Turkey does not answer our needs with its present state. For these establishments to keep existing in the future and gain a place, they must be taken under the umbrella of the banking system as of today. We must give legal personalities to them under the name interest-free banking or interest-free banks. Therefore we must have them installed somewhere in the banking legislation within the legal regulations in Turkey, they say. Others say, no, this is a totally different understanding outside the standard banking system. It should be protected and developed apart from banks, and the word bank should not be included into the terminology. They claim that it is a much more essential function to maintain them under their present legal personality with the name interest-free financial houses and such. I would like to hear your opinion on this.” (Akyüz, 2000: 175)*

Data do not provide sufficient evidence to make suggestions regarding sources of different views among Islamic bankers. However, it is plausible to think that differences in affiliations, both country and Islamic sect, may play a role. Local founders of Islamic banks in Turkey were prominent political and religious leaders linked to Islamic sects. Islamic sects differ in their interpretation of Islam. The more stringent interpretation of Islam may inform a more distinct understanding of Islamic banking that may reflect in debates around legal definition of Islamic banking. Similarly, differences in the origin country of Islamic banks may account for variance in Islamic bankers' understandings of their work.

### **3.2.1.2. Common views among Islamic bankers**

Although there are different views among Islamic bankers regarding legal definition and regulation of Islamic banking, they are generally in agreement on depicting their industry in terms of its economic and societal benefits in their public statements. In that sense, they have more pragmatic account of Islamic banking compared to moral certifiers and idealists who elaborates Islamic banking in relation to Islamic law. This may be related to being practitioners with banking and finance backgrounds as well as perceived ideological/secular limitations. They acknowledge and refer to ideals regarding Islamic banking and use them as normative aspirations. However they frequently refer to difficulties of operating in a global system shaped by a debt financing instead of equity financing as obstacles to reach those ideals.

#### **3.2.1.2.1. Islamic banks as financial institutions that are good for entire economy**

Islamic bankers define Islamic banks as '*financial institutions*' when interacting with state. They elaborated these banks in terms of their public/societal benefits by i. appealing to domestic savings that stay out of the banking system because of '*interest sensitivity*', ii. attracting Gulf capital that looks for new investment areas that exclude interest, iii. supporting economic development by financing small and medium sized enterprises, and iv. being more resilient to financial crises. The first two arguments about appealing to domestic and foreign capital are the justifications that the state officials used for Islamic banking during their establishment. The last two statements about local development through financing real sector and the resilience arguments also appear in the state officials' accounts about Islamic banking albeit starting with 2000s. Before then, these arguments were exclusively used by Islamic banks and their supporters.

Islamic bankers usually state that Islamic banks are '*complementary*' to conventional banks, filling a gap in the sector by appealing to a different niche. According to this view,

they are offering an ethical option for those who do not want to participate in the dominant system based on their religious beliefs; as such they are supplementing the financial system. This view is different than those that use '*alternative*' to refer to a view of Islamic banking as creating a new social and economic order separate from hegemonic capitalist and secularist system with an aspiration to substitute it one day. '*Alternative*' account is usually invoked by the people I refer to as idealists.

### **3.2.1.2.2. Islamic banks as financial institutions that embody universal values**

The most salient characteristic of the 'financial institutions' accounts of Islamic bankers is that they understate 'Islamic' and sometimes even 'interest-free' aspects of these banks. Islamic bankers meticulously avoided Islamic references and the name 'Islamic banking' from the very beginning. They use phrases like '*ethical*', '*ahlaki/moral*' or '*compatible with tradition*' (tradition is vaguely referring to practices of Prophet) to refer to their Islamic character, and even then, they add that these criteria should be guiding all banks and business life anyway.

Even though Islamic bankers use 'interest-free' more freely, they also use phrases like 'fixed income', 'risk-free income' or 'pre-determined profit' to refer to interest. Moreover, Islamic bankers usually highlight the existence of the prohibition of interest throughout the history of mankind and the ethical as well as economic bases for this prohibition. The historicity and the ethical and economic bases of the prohibition of interest, Islamic bankers add, makes the ban on interest not exclusive to Muslims but instead a universal principle for all.

The emphasis on Islamic banking embodies and is compatible with modern universal values in these accounts also conveys implicitly or explicitly that 'dilemma' between Islam and modern economy is false and that Islamic principles can be enlisted in modern economic systems.

### **3.2.1.2.3. Islamic banks as financial institutions following Islamic rules**

Islamic bankers framed Islamic banks as *'financial institutions following Islamic rules'* when interacting with people I refer to as moral certifiers and idealists. There are common references in Islamic bankers' accounts while interacting with the state on the one hand and the moral certifiers and idealists on the other hand. For example 'appealing to domestic savings' would figure on both accounts. While interacting with state, appealing to domestic savings would be tied to bringing much needed *'money under the pillow'* into the use of economy and promoting formal economy and development. While interacting with moral certifiers and idealists, however, appealing to domestic savings would be tied to social and economic inclusion of devout Muslims who stay out of financial system due to interest-based banking and have to bear social and economic disadvantages. Appealing to domestic savings is elaborated by its benefit to formal economy and development in the first account, and by its role in fostering social equality and justice in the second account.

These banks' dual roles and normative contexts are most salient in the conversations between Islamic bankers and moral certifiers and idealists. Islamic bankers often refer to social and economic factors as obstructs. In these expressions, depositors' greedy nature or borrowers' unethical business practices constrain these banks. However, the customers are also frequently referred as disadvantaged devout Muslims who avoid interest based on their beliefs. This simultaneous and seemingly contradictory characterization of customers are not expressed as incompatible though. Usually these arguments are linked to the need for these banks to be financially competitive to appeal to customers and as a justification for the application of some controversial practices according to Islamic law.

### **3.2.2. Small and Large Organic Producers**

Different than Islamic banking, thousands of producers, small and large, are engaged in organic agriculture nationwide. According to Ministry of Food Agriculture and Livestock

71,472 holdings, engaged in organic crop production, organically cultivated 842,216 hectares of land and harvested 1,642,235 tons of 208 different agricultural crops in 2014. Organic farming lacks a formal professional association for the whole industry. Instead there are local and national associations related to organic farming with varying degrees of focus on small farmers or larger industrialists. This producer structure of organic farming cautions me against the tendency to make generalizations about organic producers, since large and small producers typically hold different views regarding central issues.

My interpretations about organic producers are based on the interviews with people associated with organic agriculture, both producers and non-producers and archival data produced by two associations, ‘Organic Product Producers and Industrialists Association’ (ORGÜDER) and ‘Buğday Association for Supporting Ecological Living’. ORGÜDER was founded by seven large organic product producers/traders in 2004, currently having thirty-two members. Buğday initially formed as a health food store in 1991 transformed to a formal NGO in 2002 and is generally considered to be a small farmer oriented NGO. It is important to note that Buğday is not a farmer-founded association but works closely with small farmers through its organic farmers’ markets in different cities. Data regarding large producers comes from ORGÜDER. Data regarding small producers comes from Buğday and the small farmers who were or are still related to Buğday. Although ORGÜDER and Buğday do not represent all the organic producers, they are the most visible associations in media with links to organic producers in different cities.

The common theme in ORGÜDER’s and Buğday’s accounts is that they both highlight the production method of organic farming as different than conventional farming. ‘Chemical free’ aspect of organic production method and its implications for environmental and human health are frequently communicated through their public accounts.

ORGÜDER and Buğday differ in their interpretation of the scope and the aim of organic agriculture. ORGÜDER tends to understand and communicate organic farming as defined in formal law: as a production method that excludes inputs with adverse environmental and health effects such as chemical fertilizers, growth hormones, and antibiotics. ‘Buğday Association for Supporting Ecological Living’ holds a more holistic

approach to organic farming. The most visible manifestations of this difference between these two associations is in their choice of the term that is also reflected in their names. Buğday and small organic producers use *ecological farming* instead of *organic farming* on the basis that the name ‘organic’ does not provide a complete definition for the industry as they understand it. Theirs is not only about a farming method that excludes chemical inputs. It is about ecological living, a holistic way of life that involves protection of the nature with all the living things in it and ecological farming refers to the understanding of a production and consumption system that is compatible with such a view of being. Thus, compared to reductionist accounts of organic farming of the large organic producers as being chemical-free, small farmers tend to understand ecological farming linked to the question of how to live, produce and consume.

It is again important to note that these accounts are not suggested as being shared by all the small farmers or all the large producers. On the contrary, my respondents from Buğday stated that there are many small organic farmers in the field just to do business. However the accounts where ecological farming is tied to ecological living often figure in the accounts of small producers, but not large producers.

Below I provide the differences in terms of focus and the aim of large and small organic producers.

### **3.2.2.1. Large organic producers**

ORGÜDER is highly interested and involved in commercial and legislative aspects of organic farming. ORGÜDER’s aim and activities are stated as “to contribute to the development of the Organic Agriculture and Organic Product Industry in Turkey by combining all the organic product industry sector under one roof”; to develop “occupational solidarity and cooperation” in the industry; “to work in collaboration with the relevant public Institutes/Institutions in the preparation of regulations and guidelines”; “to create sufficient demand for the growing production”; and “to develop export possibilities in the



foreign markets” (ORGÜDER, 2015). This does not mean large producers do not refer to ecological and health benefits of organic farming, they do, but in a rather atomistic way. In these accounts, ecological and health benefits are strongly linked to being chemical-free. Organic production is harmless for environment because it does not use chemical inputs. Organic consumption is kind of insurance policy to protect oneself from the possibility of future health risks due to chemical residues in conventional food. Şerif Ayhan Sümerli, the most vocal large organic producer who is the president of ORGÜDER and the owner of the largest and oldest organic food company, City Farm, in Turkey states that:

*“Organik gıda bir sigorta poliçesi. İstikbal’de kaybettiğiniz sağlığı geriye getirmek adına harcadığınız paranın çok daha azını, daha sağlıklı yaşamak için bugün harcıyorsunuz. Bir manada bir sigorta poliçesi satın alıyorsunuz. Bir noktası bu. En azından ben bu işin böyle olduğuna inanıyorum. Niye tüketilmeli çünkü her aşaması kontrol ediliyor, denetleniyor. Kimyasal ve sentetik madde barındırmıyor.” (Sümerli, 2014)*

*“Organic food is an insurance policy. You spend a fraction of the money that you would spend in the future to regain your lost health, today, to live a healthier life. In a way you buy an insurance policy. This is one point. At least I believe it to be so. Why should we consume them? Because every phase is controlled and supervised. It does not harbor chemical or synthetic material.” (Sümerli, 2014)*

in an interview published in magazine called ‘Organik Türkiye’ on March 2014.

The conversations around seed (hybrid seed vs local seed, hegemony in seed production), small farmers (organic farming as supporting small farmers against agribusiness) and living in tune with nature do not figure much in their accounts and when they do they differ strikingly from those articulated by small producers.

Local seed is interpreted as an utopia by larger organic producers, there is no possibility that the local seed would fit in organic production process as it is not feasible to produce large amounts of domestic and export goods due to yield inefficiency of local seeds. In these accounts, the idea of local seed is referred as nostalgic and its place in food production is articulated in a way corresponding to that nostalgia; to produce food in your garden for your own consumption.

Organic production is not linked to the survival of small farmers in these accounts as it usually finds expression in small producers. On the contrary, fragmentation of farming lands is seen as problematic in terms of production efficiency since small farms are used mainly for subsistence farming. This makes these lands to be difficult to utilize for large scale organic production. ORGÜDER's one of the activities in its web-page stated as working for '*stopping fragmentation of plantations by cooperatives*' (ORGÜDER, 2015).

The view of organic farming as part of a way of life based on environmental consciousness and less consumption is not present in these accounts. They acknowledge Buğday and activists having a holistic view around organic farming but large producers seem to put them in a different category. According to large organic farmers, organic farming is just a production method and consuming organic products is a choice, a choice those who can afford to make.

The most salient characteristics of the large organic producers' accounts is that the definition of organic farming closely corresponds to formal definition of the state. The reference to Organic Farming Law n. 5262 is used frequently to highlight both the chemical-free and the regulated nature of organic farming. They do not claim superiority in taste or aroma as these are subjective criterions. I interpreted this objective and technical description of organic farming in large organic producers' accounts as compatible with their commercial view of the industry. In these accounts, what makes an organic product distinct is the formal certification based on the Law that proves no chemicals are used in the production. So organic certification is regarded as the only tangible proof that gives distinction to organic products; the superiority claims based on taste, aroma and to a certain extent, environmental and health benefits are considered to be subjective, secondary and distant.

### **3.2.2.2. Small organic producers**

As explained in the case history of organic agriculture in Turkey in Chapter 2, certified organic agriculture started with the initiation of the European companies to produce organic dried fruits for European markets in 1984 and it was in 1994 that the state was involved in the sector with the first national regulation. Thus, organic farming in Turkey lacks an initial set of farmer-activists that mobilized other producers and consumers as in the case of North America and Europe.

Buğday, as ORGÜDER, involves in commercial or legislative issues regarding organic agriculture but it holds a more holistic approach to organic farming. Buğday and the small farmers associated with Buğday have a much broader scope in their understanding of organic agriculture compared to large organic producers. They do not talk about only ‘chemical free’ aspect of organic agriculture. They are also concerned about the seed, biodiversity and agribusiness and perceive these issues within the scope of organic agriculture. In their accounts organic agriculture is not just for human and environmental health, it is also supporting small farmers and connecting producers and consumers through their common interest in a better alternative to conventional agriculture. I discuss these debates in detail in Chapter 5 where I examine the moral fundamentals of the industry as informed by rules and models in Nature.

## **3.3. Non-Certified Producers**

Non-certified producers refer to ventures that may be perceived as comparable to organic agriculture or Islamic banking but outside the formal organic or banking law. Some of these ventures utilize similar and sometimes the same labels that connote association with the claims of Islamic banking and organic agriculture. For example, multi-partnership firms generally known as Islamic Holdings collect funds from their members based on a

‘partnership’ and ‘profit and loss sharing’ contract. Any kind of product may be labeled as ‘natural’, ‘local’, or ‘traditional’ (NLT labels) in the case of organic agriculture.

Some of these ventures are possible due to loopholes in the law and regulations. For example, any large or small producer/trader can refer to their products as ‘natural’, ‘local’, or ‘traditional’, irrespective of the production method. NLT claims are not need to be substantiated since these labels are not formally codified. Islamic holdings were able to collect funds from the public directly by selling ‘shares’ and avoid registration with the Capital Markets Board due to a misspecification regarding the holding companies in Turkish Commercial Code (Özcan and Çokgezen, 2006).

As such, NLT labels and Islamic holdings are unregistered, unlicensed ventures that are outside the regulation of formal authority, thus their contracts and/or claims are not legally binding. NLT claims cannot be challenged legally as there is no legal definition for these terms. Islamic holdings’ shares do not provide legally defined property rights such as voting or right to sell shares. This ‘non-certified’ character of these producers creates the questions of legal accountability, legal validity and transparency for these ventures.

Non-certified producers’ legal base is not the only source of their questionability. In the case of Islamic Holdings, part of the story is their ideological stance and activities. Islamic holdings were generally perceived as subversive entities aiming to throw out secularist regime among the secularist social and political groups and the military elite.

To a lesser extent, Islamic holdings also created concerns within the conservative circles. Archival data suggests some conservatives were hesitant about Islamic Holdings’ choice of methods such as raising money in mosques. These people were hesitant about the true conformity of Islamic Holdings’ activities to Islamic principles.

Moreover, not all of the Islamic holdings have found to be genuine, some of them existed only on paper and most of them bankrupted in early 2000s (Özcan and Çokgezen, 2006).

In the case of organic agriculture, part of the confusion and questioning about NLT labels stem from the existence of both counterfeit and genuine usages of the terms. All of my respondents were cognizant of counterfeit and genuine producers who use NLT labels.

Respondents also acknowledged that these labels created confusion and stated that counterfeit NLT labels created unfair competition either for organic agriculture, or for conventional products, or for genuine NLTs.

When the respondents referred to counterfeit NLT examples they usually talked about the products that are sold in large supermarkets, small shops, open markets or even in the fruit and vegetable stalls on the highways. These products regarded as counterfeit because the NLT labels used without any substantiation, transparency and observability. When the respondents referred to genuine NLTs, they would count a few producers with their names, places and products. as examples. These producers were acknowledged as using similar methods to organic agriculture but not preferring or affording formal certification.

Other than Islamic Holdings and NLT labels, non-certified producers include consumer and producer cooperatives and informal mutual assistance organizations that are organized to operate outside the formal agriculture and finance system. These ventures utilize direct relationships among its members for the purpose of setting preferred terms of conduct such as chemical-free food production as in the consumer and producer cooperatives and interest-free financing as in the mutual assistance organizations. As such, they also create an informal space for agriculture and finance outside of the dominant formal system.

Consumer and producer cooperatives and informal mutual assistance organizations are marginal in terms of scale and visibility compared to NLT labels and Islamic holdings. Moreover, these ventures seem to escape the ‘sincerity questioning’ present around the NLT labels and Islamic holdings and enjoy a more unquestioned existence. It is important to highlight again that not all NLT labels and Islamic holdings are perceived as complete frauds. There exist highly respectable and visible producers who use NLT labels and some of my respondents believed in sincerity of some Islamic holdings. However both NLT labels and Islamic holdings have counterfeit examples that create a tainted view of these ventures.

There is also an agricultural production method called Good Agricultural Practices (GAP) that could be referred as non-certified producers for organic farming. GAP is

basically conventional farming with formal state certification guaranteeing that conventional agricultural inputs such as chemical fertilizers and pesticides were used in accordance with their prescriptions.

The name *Good Agricultural Practices* suggests antithesis of stigmatized agricultural practices such as use of chemicals and hormones that figure frequently in newspaper data. Some examples of such newspaper articles are news regarding exported fruits and vegetables that were sent back due to chemical residues and now marketed into domestic consumption or health news that refers to cancer risk due to exposure to chemicals and hormones. Although GAP is different from NLT labels in that it is a formally certified practice, it is similar to those in the sense that it connotes a ‘better than conventional’ practice. Moreover, organic farming and GAP are organized under the same department, the Department of Good Agricultural Practices and Organic Farming, within the Ministry of Food Agriculture and Livestock in Turkey that may suggest similarities and create confusion.

I examine how non-certified producers figure in the accounts of certified producers, moral certifiers and idealists as related to definition of Islamic banking and organic agriculture in the next chapter in Section 4.1.4.

### **3.4. Moral Certifiers**

I refer to people, groups of people, or NGOs who work closely with certified producers, sometimes within the same organizational boundaries (but outside of the state apparatus), and exercise an informal regulation and control on the certified producers and the industry. What I mean by informal regulation and control is that moral certifiers do not have legally defined roles as control, regulation or certification bodies but nonetheless perform very similar roles carried out by formal bodies. Additionally, moral certifiers also endorse the industry as a moral enterprise through their active promotion of the industry as

a proper and appropriate alternative to its conventional counterpart. Below I explain each role, informal regulative role and moral certification role in detail.

### **3.4.1. Informal Regulative Role**

Moral certifiers corresponds to Advisory Boards (commonly referred as Sharia Board in other countries) and Sharia scholars within that board in the case of Islamic banking. Advisory Boards have never been formally defined and enforced in Banking Law, however each Islamic bank in Turkey has its own Advisory Board within its organizational boundaries from the very beginning. Advisory Board is responsible for overseeing the banks' products and services in terms of their compliancy with Islamic law. Islamic banks need to take the approval of the Advisory Board for every new product and services they plan to introduce and they are bounded by the decision of the Advisory Board.

One revealing example of that boundedness is the case about government revenue-indexed securities that Islamic banks have been investing since 2009 with the approval of Hayrettin Karaman, a respectable sharia scholar who was in the Advisory Boards of three Islamic banks at once. Karaman announced his account of these securities and why he approved them in his website by publishing his assessment letter that he provided to Islamic banks dated as November 4th, 2008 and can be found at <http://www.hayrettinkaraman.net/sc/00461.htm>. Upon his approval, Islamic banks invested heavily to those securities that Treasury started to issue on January 2009. On May 21st 2009, Osman Akyüz, General Secretary of TKBB stated in Zaman as:

*“1,3 milyar lira civarında GES ihracı oldu. Bunun yüzde 90'ından fazlasını katılım bankaları alarak, bu kâğıda 1,2 milyar lira yatırım yaptılar.” (Akyüz, 2009)*

*“Revenue-indexed securities valuing around 1,3 million Turkish lira has been issued. Participation banks acquired more than 90% of those securities investing 1,2 million Turkish lira.” (Akyüz, 2009)*

These securities were also celebrated as broadening the scope of these banks by Yunus Nacar, General Manager of Türkiye Finans and TKBB in his statement on May 17th, 2009 in Zaman:

*(Bugüne kadar katılım bankacılığının iki ayağının bulunduğunu, bunların fon toplamak ve fon kullandırmak olduğunu ifade eden Nacar,) "Krizle birlikte elimizde çok büyük bir fon toplandı. Bu nakiti, Hazine'nin, ocak ayında oluşturduğu gelire endeksli senet alımında kullandık. Gelire endeksli senetle katılım bankacılığı, fon toplayan, fon kullandıran ve menkul kıymetleri kullandırabilen hale geldi." (Nacar, 2009)*

*(Stating that participation banking had two legs up until today; gathering and supplying funds, Nacar goes onto say,) "Due to the crisis, we gathered a lot of funds. We used this cash in the acquisition of revenue-indexed securities that the Treasury formed in January. Together with the revenue-indexed securities, participation banking became a fund gatherer, fund supplier and securities supplier." (Nacar, 2009)*

However, almost two years later on February 19th, 2012, Hayretin Karaman declared that these securities involved interest. He wrote in his newspaper column in Yeni Şafak:

*"GES"ler ilk çıkarıldığında "endekslendikleri gelir kaynakları" helal gelirlerin kaynakları olduğunu ve devletin bu kaynaklardaki hakkını senet mukabilinde satın alana devrettiğini göz önüne alarak (böyle olması gerektiğini, buna çevrilmesi lazım geldiğini söyleyerek) müspet karşılamıştık. Bu gelir kaynakları şunlardı: T.Petrolleri Anonim Ortaklığı (TPAO), Devlet Malzeme Ofisi (DMO), Devlet Hava Meydanları İşletmeleri (DHMI) ve Kıyı Emniyeti Genel Müdürlüğü'nden (KIYEM). Bunlardan bütçeye aktarılan hasılat payları, mali bir hakkın devri yoluyla "senet alanlara" devredilmiş olacaktı. Özel görüşmelerde bazı ilgililere "Bu senetlerin "gelire endeksli senet (GES)" değil, "gelir ortaklığı senedi (GOS)" olması gerektiğini, maksat bu ise adının da böyle olması gerektiğini, ayrıca bu senetlerin "devletin borçlanma enstrümanlarını çeşitlendirme" amacı ile ve borçlanma mahiyetinde olmaması, devletin hakkı olan bazı helal gelirlerin "senet mukabilinde bedeli ile geçici devri" mahiyetinde olması gerektiğini ısrarla söylemiştim. Medyaya düşen haberlerden, eski şekilde (gelire endeksli olduğu için faizli borçlanma olarak) devam edeceğini üzümlere öğrendim. Gelire endeksli senet (GES) olduğu süreçte bu senetler de "devlet tahvili gibidir. Gelir ortaklığı senedi (GOS) haline gelmedikçe bunların geliri de faizdir." (Karaman, 2012)*



*“When the revenue-indexed securities (RIS) were first established, taking into consideration that “the revenue sources that they were indexed to” were halal sources of income and that the state was turning its right in these sources over to the purchaser in the form of bonds (and stating that it had to be done this way, turned into this form), we received them positively. The revenue sources were: Turkish Petroleum Corporation (TPAO), State Supply Office (DMO), General Directorate Of State Airports Authority (DHMI) and Directorate General of Coastal Safety (KIYEM). The revenue shares that were to be transferred from these to the budget would be turned over to the “bond purchasers” via the transfer of a fiscal right. In private sessions, I had insistentlly told some authorities that these bonds should not be “revenue-indexed securities (RIS)” but “revenue-sharing securities (RSS)”, that if this was the intention than the name should match it, additionally that these bonds’ aim should not be “diversification of the state’s debt instruments” and not be in the form of debts and that they should be in the form of “temporary transfer of halal revenues that are the right of the state, in return for bonds”. From the news I got from the media, I reluctantly found out that it would go on as it used to (debt instrument with interest because it is revenue based). As long as they are revenue-indexed securities (RIS) these bonds are also like treasury bonds. As long as they do not become revenue-sharing securities, their revenue will continue to be from interest.” (Karaman, 2012)*

Upon his declaration that these securities involved interest and thus against Islamic law, Islamic banks needed to exchange those securities with interest-free alternatives. On March 29th 2012, Osman Akyüz, General Secretary of TKBB says in Milliyet:

*“Hayrettin Karaman Hoca’nın söyledikleri bizler açısından bağlayıcıdır. Dolayısıyla artık bu noktadan itibaren yeni bir yol haritasına ihtiyacımız olduğunu düşündük ve Hazine yetkilileri ile bir araya geldik. Bizim önerimiz şu oldu; katılım bankalarının elinde halen yaklaşık 1 milyar liralık GES var. ‘Bunları alın, karşılığında bize kira sertifikası (sukuk) verin’ dedik. Bu takas işlemiyle hem katılım bankalarının yaşadığı sorunlar çözülmüş olur, hem de uzun zamandır tartışılan kira sertifikaları devlet eliyle hayata geçirilmiş olur. Talebimiz iftaların gerçekleşeceği Ağustos ayına kadar Hazine’nin Türk lirası üzerinden kira sertifikası çıkarması.” (Akyüz, 2012)*

*The words of Mr. Hayrettin Karaman are binding for us. Therefore, we thought that, from this point on, we needed a new road map and we came together with officials from the Treasury. Our suggestion was; there are still around 1 billion worth of RISs in the hands of participation banks. We said,*

*'Take these and give us lease certificates (sukuk) in return'. With this barter transaction, both the problems of participation banks will be solved and lease certificates, which have long been a topic of debate, will have been realized by the hand of the state. Our request is for the Treasury to issue lease certificates over Turkish lira by August when the amortizations will be realized. (Akyüz, 2012)*

Buğday performs a similar role for certified organic producers to that of Advisory Boards for Islamic banks. In fact Buğday is performing a control function that is assigned to two different authorized bodies. First, only local municipalities can control the open markets but Buğday controls its own organic open markets. Second, that is parallel to that of Advisory Boards in Islamic banking, Buğday also controls the certified organic producers in its open markets that is a role assigned to authorized Control and Certification Bodies (CCB) by the state through organic agriculture Law. Buğday arranges field visits to control production methods of those organic producers who have a stall in organic open markets Buğday operates. It also works closely with the CCBs and have access to their producer data. Buğday compares the data from CCBs with the data they gather in their own field visits. Moreover, Buğday keeps track of the volume of produces each seller brings into the open markets and compares it with its own producer data to make an additional check to make sure conventional produces are not brought into market. Buğday also takes random samples from the produces in its open markets and makes them analyzed for any chemical residues and shares the results publicly. When there is a fraud detected, and my respondents from Buğday said there were a few frauds, the formal authorities were informed and those people were banned from the organic open markets.

Thus, Advisory boards and Buğday perform very similar roles to those legally authorized bodies albeit with a different twist in Islamic banking. Buğday's technical control is about making sure the agricultural inputs, forbidden in the organic law and the regulations, were not used during the process. As such Buğday is doing an additional control very similar to those done by authorized CCBs by referring to the same criterions defined in the formal organic law. However, the control that Advisory Boards perform in Islamic banking is based on Islamic law, not on formal banking law. It is still technical

control in that the main aim of Advisory Boards is to make sure that interest, forbidden in Islamic law, is not involved in the practices of Islamic banks. However this control differs from the formal controls done by authorized Banking Regulation and Supervision Agency in terms of both its focus and criterion which is informed by Islamic law instead of formal banking law.

The accounts of my respondents suggest that this additional technical control is regarded as a necessity to convince the consumers on products being chemical-free or interest-free. My respondents from Buğday explained their control procedures in open farmers' markets as *"a model that was developed through the years with regard to consumer demand"*. She explained that the people who are coming to organic open farmers' market come because they trust Buğday's guarantee rather than the formal certification. When I asked about the producers' reactions on these additional controls Buğday perform, my respondent claimed that the producers and also the CCBs are supportive of their activities as producers and CCBs too acknowledge that consumers do not necessarily trust formal organic certificate.

One reason for the need for Advisory Boards in Islamic banking seems to be knowledge related that may also be linked to credibility and trust issue. Islamic bankers in Turkey, except a few, lacks Islamic law and Islamic economics education. In fact, Islamic economics, as Islamic banking, is a fairly new concept and only recently started to be taught at universities in Turkey. Moreover a religious judgement on the permissibility of a practice or product could only be made by those who are regarded as having a deep understanding of Islamic jurisprudence, usually sharia scholars. Lacking such a formal education and a deep understanding of Islamic legal system, Islamic bankers' own claims regarding interest-free practices wouldn't be convincing and would create trust issue. Moreover, Turkey as a secular state, do not have formal institutions that would be authorized to make judgements about the conformity of dealings and transactions in public life to Islamic law. As such, in Islamic banking, the necessity for Advisory Boards stems from not due to distrust to formal control and regulation bodies as it is the case in organic

agriculture but due to non-existence of such bodies in a secular system to validate interest-free claims based on Islam.

### 3.4.2. Moral Certification Role

Apart from this technical control about the exclusion of chemicals in organic agriculture and of interest in Islamic banking, moral certifiers also perform what I refer to as moral certification role. Formal control and certification bodies in organic agriculture and regulation authorities in Islamic banking are involved in the technical operation of these industries and they are not actively part of the conversations around these industries. Their relation with the industry and the certified producers is confined to their regulative role.

Unlike formal regulation authorities, moral certifiers endorse the industry as a moral enterprise in addition to their regulative role. These are the people who, in their accounts, link the exclusion of chemicals and interest to a moral and proper way of doing agriculture and banking respectively. Their role as moral certifiers involves developing a consciousness in public around the specific issues of chemicals and interest and guide the public preferences towards these industries instead of their conventional counterparts. They are well connected to both producers and formal bodies and active in the preparation of law and regulation drafts regarding the industry. One respondent explains his role as he perceives it succinctly:

*“Bizim fonksiyonumuz çok basit, insanların falanca semt pazarından 1,5-2 liraya aldığı ıspanağı gelip 6 liraya organik pazardan almasını sağlayacak, bilinç ve kültürü sağlayan biziz aslında. Yani insanlar oraya geliyorsa, bir kuruma güvendiği için geliyor başlangıçta. O da örgüttür, sivil toplum örgütleridir. Bu Buğday’dır, biziz, odur budur hiç fark etmez. Yani sivil toplum örgütleri aslında ekoloji düşüncesini tüketiciyle buluşturan, bunun doğru olduğunu, işte insanlara yararını anlatan, organik beslenmesi gerektiğini anlatan, sigara içmemesi gerektiğini, poşeti anlatan, ne bileyim dünyadaki ekolojik ayak izini anlatan, sivil para kazanma amaçlı olmayan, düşünsel*

*faaliyetler, etkinlikler...Bunların hiçbirisi para kazanma amaçlı değil ya da para kazanacak bir mekanizma değil. Bunlarla siz, sen aslında güveni sağlıyorsunuz.”*

*“Our function is fairly simple; we are actually the formers of the awareness and culture that make people who would buy their spinach from any neighborhood market for 1.5-2 liras to buy it from the organic market for 6 liras. I mean if people come at all, they come because they trust the establishment. And this is organization, non-governmental organizations. It may be Buğday or us or anyone else, doesn't matter. I mean non-governmental organizations are actually the ones who convey ecological thinking to consumers, that this is right, I mean its benefits to people, that they should eat organic food, that they should not smoke, plastic bags, I mean, what else, that the ecological footprint of the world should be decreased, that they are not out to make profits and are non-governmental, intellectual operations, activities... None of these are profit-oriented mechanisms that make money. Through these, what you do is, you establish trust.”*

Due to their informal regulative role, moral certifiers are highly involved in the technical operation of being chemical-free and interest-free, however their concerns are larger than these specific issues. They advocate more holistic view of these industries. For the Islamic law scholars in advisory boards, Islamic banking is not just about refraining from interest but it is part of living Islam in everyday life that is what being a Muslim means. According to their accounts, Islamic banks are not just banks, through their dealings they have to foster solidarity and social justice. These banks are considered to be a vehicle for a fair distribution of wealth as they share the risk instead of transfer it. In these accounts, Islamic banking is sometimes positioned as the solution of Islamic civilization for the evils of Western/Modern/Secular/Capitalist banking system.

For Buğday, organic agriculture is a food production and consumption system that is only meaningful within ecological living. Ecological living refers to being in harmony with natures' rules, models and cycles, respecting all other living things including soil, weather, and water and realizing we, as humans, are not separate from but part of the nature. In these accounts, only such a living is sustainable.

Moral certifiers' endorsements of these industries as moral enterprises do not mean that they are content with these industries as they are. On the contrary, moral certifiers'

understanding of these industries is less than perfect. Moral certifiers usually see these industries as a transition phase to reach an ideal state and, claim that they must be evaluated on that basis. Moreover, these industries, although they are imperfect, are considered to be fulfilling an important function and must be supported to survive even if it means that some practices that are regarded as problematic must be tolerated. Besides, those problematic practices are usually understood to be linked to the contextual constraints rather than the flaws in Islamic banking or organic agriculture.

### **3.5. Idealists**

I use the label *idealists* to refer to people, groups of people, or NGOs who are at same camp with certified producers and moral certifiers regarding their desire for alternatives to conventional banking and conventional agriculture. They may or may not have direct relationship with certified producers and moral certifiers but all of them are known to each other. Idealists do not play a direct technical regulative role similar to moral certifiers explained above although some might have played in the past. Idealists' engagement with certified producers and moral certifiers is through their alliance to a common mission: a morally informed alternatives to dominant conventional counterparts and not only in the scope of the specific industries but encompassing a whole social, political and economic transformation. The content and the scope of that morally informed alternative is what differentiates idealists from moral certifiers.

A crucial part of idealists' accounts is a particular construction of the moral universe. These people have an ideal of the purer model for the industry in specific and society in general that may or may not have the basis in an idealized past. However they are not ignorant of the social and structural constraints for this ideal. On the contrary, they are well aware of the constraints that certified producers and moral certifiers raise regarding the prevalence of certain problematic practices in Islamic banking or organic agriculture.

However idealists' references to social and structural constraints are not elaborated as they are related to these industries but elaborated as they are related to agency, interest and hegemony. As such the system critique is a big part of their accounts that I explain in detail in Section 3.5.3. below.

Idealists have an assumption of a pure and natural set of always-already there, universal qualities about human nature and the physical world. These qualities are not necessarily good or bad in the context of organic agriculture, but refer to beneficence (i.e. '*güzel ahlak*') when invoked for people in the context of Islamic banking. According to idealists' accounts in Islamic banking, man's true nature predisposes him to live harmoniously with himself, society and nature. According to idealists' accounts in organic agriculture, everything has a way of being that is considered natural. In both Islamic banking and organic agriculture, the system, usually meant to refer one or more of the concepts such as modernity, urbanization, industrialization, globalization, capitalism, science, secularism, culture etc., is believed to be taking the Existence/being apart from the qualities that is regarded to be present in its initial formation. These qualities are not explicit set of characteristics but usually invoked by references such as '*being accord with nature*' or '*being accord with Creation (fitrat)*'.

### **3.5.1. Being Accord with Nature**

Respondents generally refer to people's place in and relationship with nature when they invoke living harmoniously with nature. Humans' disregard of rules, cycles and models in Nature figure prominently in these accounts. The accounts always include a criticism of human disturbance to and domination over nature. Greed over materialism and power is the distinctive feature of the human relation to nature in this view. International corporations and the states they influence usually figure as representing those greedy actors within the context of food production.

Sustainability as it relates to domination over nature is another theme that figures prominently in these accounts. The only sustainable system is nature; the systems humans create to control the nature can never be sustainable and are doomed to fail unless people understand the rules and models in Nature and the intricate relations among all things. Only then, people could realize the futility of dominating the nature and could instead try to live harmoniously within it.

What is fiercely criticized when ‘being accord with nature’ is invoked is the anthropocentric approach to human existence. Idealists conceive humankind as one of the millions of nodes in a network called Universe or Nature. Another metaphor, that is also used by idealists in Islamic banking, is the metaphor of human body as a nature or society and the cells or organs as individuals. Human body is exemplified as a perfect system composed of millions of cells or several organs each being interdependent and in harmony with each other creating a sustainable whole. In this system, everything is interconnected, there is no waste or redundancy, each part is necessary and has a specific function producing and consuming just the way and the amount needed for all the other parts and the whole to function properly. Human body as a system is idealized as the perfect society informing humans place in the Whole.

Being accord with nature requires to realize this interdependency among the parts constituting the Whole and being in accord with the Laws of that Whole. The humans are criticized for trying to create their own Laws in these accounts to dominate over nature and other fellow beings.

### **3.5.2. Being Accord with Creation, *Fitrat***

When respondents refer to Creation or *fitrat*, they generally refer to the natural essences of things in their initial form when they are brought into the existence. It is related to the concept of ‘*tawhid*’ (‘*tevhid*’ in Turkish) in Islam that refers to a specific understanding of the relationship between the Creator and the Created, i.e. God and all the



rest. It supposes a divine unity among all the Created and the Creator as the Created is understood to be reflection of God. As such, idealists do not see sacred-profane duality within human nature, within the world and between human and the world in a Durkheimian sense, rather, all belongs to the plenitude of divine unity. Only by being true to that ‘natural essence’, humans can be part of that unity.

In these accounts, for humans to be in accord with the Creation usually involves a statement about humans being created based on ‘*güzel ahlâk*’, that can be translated as ‘beautiful morals’. Therefore, being accord with the Creation, i.e. ‘*fitrat*’, for humans refer to living based on ‘beautiful morals’ that is in their natural essence.

These accounts referring ‘*fitrat*’ and ‘*beautiful morals*’ usually include how the motivations and interests shaped within the hegemonic systems, be it modernity, secularism, rationality, capitalism, the West, or tradition and culture create a tension for living true to ‘*fitrat*’. Therefore the blame is put into the system that is understood to be forcing or shaping people to live against the true aim of their existence and, therefore, creates all the ills of the modern world, usually elaborated in terms of social justice.

A harmonious existences is only possible by adhering to ‘*fitrat*’ that is elaborated by Sharia, Islamic legal system, based on God’s words in Quran and the exemplary life of Prophet. That’s why ‘the system’ is almost always juxtaposed with Sharia or Islamic law in these accounts. Bayındır, in the beginning of his book named *Ticaret ve Faiz* (2007a) explains the relationship between *fitrat*, Quran, human nature and the prohibition of interest as:

*“Fitrat varlıkları oluşturan yaratılış, değişim ve gelişim ilke ve kanunlarını ifade eder. Göklerin, yerin, insanların, hayvanların, bitkilerin yani her şeyin yapısı ve işleyişi buna göredir. Bilimde, teknolojide ve insan ilişkilerindeki temel kanunlar da bunlardır.*

*Kur’an fitratın Allah tarafından bildirilmiş şeklidir...Fitrat İslam’dır. Kur’an ile fitrat arasında tam bir uyum vardır. Fitratı anlamak için Kur’an’dan, Kur’an’ı anlamak için fitrattan yararlanmak gerekir.*

*Fitrat kanunları insanda da geçerli olduğundan Kur’an’a aykırı davranışlar onu rahatsız eder. Ama o; menfaatleri, beklentileri veya özentileri sebebiyle bu tür davranışlara girer. Sonra alışır ve zevk almaya başlar. Ama içinde gizlenen rahatsızlık, zaman zaman ortaya çıkar...Peygamberler de onları tezekküre*

yani bir iç muhasebesi yapmaya çağırırlar. Tezekkür zihinde var olan bilgiyi harekete geçirmektedir...

*Kur'an'ın her yasağı gibi faiz yasağı da fitratla ilişkilidir. Yani bu yasak, mutlu insan ve mutlu toplum için olmazsa olmaz bir yasaktır. Faiz anlatılırken konunun bu yönü dikkate alınacaktır.*

*Kur'an'ın gösterdiği yoldan gidince fıkıh usulünde olan şekliyle icma ve kıyasa ihtiyaç kalmaz. Ayrıca 'olayların sınırsız, nasların sınırlı olduğu, bu sebeple başka yollara başvurma zorunluluğu doğduğu' şeklinde yanlış düşüncelere yer olmaz. İşte elinizdeki kitabı farklı kılan bu usuldür." (Bayındır, 2007a: 33)*

*"Fitrat expresses the principles and laws of creation, change and development that make up beings. The form and function of the sky, the earth, people, animals, plants, everything in short is based on this. It also governs the fundamental laws of science, technology and human relations.*

*Quran is the reported form of fitrat by Allah... Fitrat is Islam. There is total harmony between Quran and fitrat. One needs to make use of the Quran to understand fitrat, and fitrat to understand the Quran.*

*Because the laws of fitrat are also prevalent for people, conduct contradicting the Quran will disturb them. But they go into such conduct for their benefit, expectations or out of envy. Then they get used to it and take pleasure in it. But the uneasiness festering in them will surface from time to time... Prophets call upon them to do tezekkür, which is inner evaluation of oneself. Tezekkür is putting into action the information already present in the mind...*

*Just like any prohibition in the Quran, the one about interest is also associated with fitrat. In other words, this prohibition is a must for a person and a society to be happy. When talking about interest, the topic will be handled through this perspective.*

*In following the path of the Quran, there will be no need for icma (the convergence of religious scholars on a certain topic) and kıyas (the convergence on an idea through comparison) as per the methods of fiqh. Furthermore, there will be no place for thinking like 'events are infinite, decrees are finite, and therefore there is obligation to take different action'. This method is what sets the book you have in your hand apart." (Bayındır, 2007a: 33)*

There are some crucial similarities between the references to 'being accord with nature' and 'being accord with the Creation, fitrat' that I observe in the accounts of idealists in organic agriculture and Islamic banking explained above. First both idealists' accounts have an understanding of interconnectedness and unity. The unity is about everything being part of Nature/Universe in organic agriculture and everything being part of divinity in

Islamic banking. Second, there is an understanding of overarching system of *laws* that needs to be obeyed that ensures that unity. Rules and models in Nature and Islamic Law provides the framework for humans to be harmoniously exist within the unity. Moreover, both Nature's rules and models and Islamic law are tended to be understood as universal and fixed. Third, a hegemonic system usually to refer to capitalism, modernity, industrialization, urbanization etc. is believed to force an overarching system of *law-like* principles that contradict with Natures's rules or Islamic Law. Fourth, dominant capitalist system is criticized along the dimensions of sustainability and social justice in both accounts albeit with different emphasis. Sustainability criticism seems to be more prominent in the accounts of organic agriculture whereas social justice criticism seems to be more prominent in the accounts of Islamic banking. Moreover a system based on Natures's rules and models or Islamic Law is usually set forth as an alternative against both capitalism and socialism.

### **3.5.3. System Criticism**

The concepts such as power, hegemony, domination, exploitation and colonization of mind and lives of people figure prominently in the accounts of people I refer to as idealists. In organic agriculture, hegemony of capitalism, the domination of men over nature; agribusiness over small farmers; science over nature; scientific knowledge over local knowledge; urbanization over community are some of the examples of those challenged relationships. In Islamic banking, hegemony of capitalism; domination of West over East; secular over religion; modernity over Islam; tradition and culture over Islam are some of the examples figure in system criticism.

It is important to note that, some of those criticized hegemonic relations are present in the accounts of certified producers and more so in the accounts of moral certifiers both in Islamic banking and organic agriculture. However there are two important differences between those criticisms of idealists' on the one side and the certified producers' and the

moral certifiers’ on the other. Idealists and certified producers and moral certifiers differ in the way they use the ‘system criticism’ and in their understanding of the scope of the system that I explain in two sections below.

### **3.5.3.1. System criticism as a tool**

In the accounts of idealists in Islamic banking and organic agriculture, system criticism figures to depict the ills of the economic and social structure to warn, inform and empower people and to convince that a better alternative is needed. In the accounts of certified producers and moral certifiers, system criticism usually figure as a tool to defend Islamic banking or organic agriculture against criticisms on the grounds that they fall short of their claims and ideals.

Islamic bankers’ and moral certifiers’ critical accounts of system is tied to specific issues and usually expressed as obstacles for practicing Islamic banking. In these accounts, formal banking law designed for a secular system, for example, is the reason for why *murabaha* contract can not be realized as the way the idealists prefer. Capitalist criticism is usually linked with the explanations of why Islamic banks cannot utilize *mudarabah*, a contract that is based on true partnership. Idealists’ accounts of system criticism, however, involves themes like exploitation, domination, and enslavement of both individuals and societies. Their accounts of system criticism are not to explain why Islamic banking is not the way it should be but why individuals and societies are as the way they are. System criticism is framed as it is linked to Islamic banking and used as a tool to defend and develop the industry in the Islamic bankers’ and moral certifiers’ accounts whereas it is linked to individual and society and used as an ideological tool to depict the ills of the system in idealists’ accounts.

Parallel to these observations, certified producers’ and moral certifiers’ system criticism is less direct and less confrontational compared to idealists’ system criticism in organic agriculture. Idealists’ system criticism is very much aligned to the socialist criticism

of capitalism. Some of these accounts explicitly refer to socialism that is almost always elaborated on the capital-labor relation. However, capital-labor relation in these accounts is appropriated to encompass not only the exploitation of labor, but also the nature. One respondent explained his view of system as:

*“(Sol görüşe göre) dünyadaki en temel çelişki, emek-sermaye arasındaki çelişkidir denilir; çok kabaca böyle tarif etmek gerekir. Biz tarım alanında da aynı şeyi düşünüyoruz. Yani nasıl insanın sömürüsü, emek sermaye temelinde, doğanın sömürüsü de bunun içindedir. Onlardan hani sosyalizmin o temel ayrımından farkımız şu, biz sadece canlı emek sömürüsü ya da artı değer sömürüsü (değil), doğanın sömürüsünü de bu işe katıyor. Evet emek sermaye o, ama bu emek sermaye çelişkisini de salt canlı emek sömürüsü değil, doğanın sömürüsü de var ve içine katıyoruz. Sol, klasik sol, sosyalist sol emek sermaye çelişkisi, bunun dışında işte tarım, çevre, kadın sorunları, (onlara) yanıl sorunlar olarak bakar....Yani işi böyle spritüel alanlardan, soyut şeylerden çıkartıp bizzat emek sermaye temel çelişkisine götürme, onun üzerinden bakma ve tabii ki liberalizme kafa tutma.”*

*“(according to socialism) it can be said that the most fundamental conflict in the world, to put it very bluntly, is the one between labor and capital. We think like this about agriculture too. Just as exploitation of people is grounded on labor-capital conflict, the exploitation of nature is also in there. Our main difference from them, from the fundamental distinction in socialism is that we include not only the exploitation of live labor or added value exploitation but also the exploitation of nature. Yes that is labor-capital, but this labor-capital conflict is not solely live labor exploitation, there is also the exploitation of nature and we include this as well. Leftist view, standard leftist, the socialist leftist view look at issues such as agriculture, environment, women’s issues as secondary problems to the labor-capital conflict... I mean like, taking this away from spiritual fields, abstract fields and taking it directly to the labor-capital conflict, viewing it from there and of course challenging liberalism.”*

Not all idealists explicitly make the capital-labor analogy in their accounts of system. However there is always a reference to the problems of production system, commodification of agriculture and life in general that I interpret as an example of general capitalist criticism.

Idealists’ account of system almost always involves how hegemony is sustained and/or enhanced in accordance with capitalist interests. In these accounts legal system is usually

understood as serving the capitalist actors' agendas to control the economic and social system. For example, the seedling law that requires the seeds to be patented is elaborated as an example of the commodification of agriculture that helps transforming farming to agribusiness. Agribusiness is usually linked to a few countries', usually the USA's and Israel's, interests to control the world. My data suggests, there are two common '*evidences*' provided for this argument. First, origins and activities of multinational agrochemical and agricultural biotechnology companies, most notably Monsanto's are frequently referred as an evidence for their argument. A few of the biggest agrochemical and seed companies are stigmatized for controlling agricultural inputs at the expense of the rest. Second, a fairly common quote is cited although without mentioning its owner, 'Control oil and you control the nations; control food and you control the people'. This quote is commonly attributed to Henry Kissinger, an American diplomat, allegedly used in his account of using food as a weapon to induce targeted population reduction in 1974. My respondents would not necessarily refer to Henry Kissinger as the owner of the quote but they would link the quote with some concealed agenda to control population growth especially in the underdeveloped countries through agricultural interference. It is important to note that these two '*evidences*' are not exclusively used in Turkey, they are fairly common in anti-GMO web pages in English too. Parallel to these arguments, idealist in Islamic banking would point to the fluidity of capital via complex and abstract finance operations and its potential to be mobilized when needed to destroy specific economies.

### **3.5.3.2. Scope of the system criticism**

In the accounts of idealists in Islamic banking and organic agriculture, system criticism involves the discussion regarding dominant understanding of Islam and the place of science and technology in organic agriculture respectively.

Idealists in Islamic banking challenge the validity of traditional interpretations and commentaries of Quran. Idealists perceive the current understanding of Islam as reflecting

the interests and motives shaped within the cultures and traditions of Islamic societies throughout the history. In these accounts, returning to the original sources of the religion, Quran and *sunna* (deeds of Prophet) is essential for revival of pure Islam that is sometimes depicted as lived in the age of Prophet and the first four caliphs. Organization of all life domains according to the fundamental sources of Islam is proposed as the only solution to break free from Muslims' problems. Although this view is usually expressed for the Muslim world, the envisioned salvation is imagined for all mankind. As such, Idealists in Islamic banking are at the center of many controversies related to not only Islamic banking, but also to other aspects of Islam such as worship, religious obligations, prohibitions and sanctions.

There is no comprehensive criticism of Islam in Islamic bankers' and moral certifiers' accounts. At most, Islamic bankers and moral certifiers point the different interpretations on interest, contracts, risk etc. and their negative influences on Islamic banking when those divergent interpretations are perceived as obstacles. In some of their accounts, however, there is also celebration of the pluralism when different interpretations could be used as a justification for certain questionable practice. Unlike idealists, their accounts do not include the discussions of the origins of such differences and their meanings. Here, again, Islamic bankers' and moral certifiers' accounts on divergent interpretations is linked to Islamic banking and used instrumentally while Idealists' accounts are more concerned with their larger meanings and implications.

Although it is not completely parallel to criticism of dominant understanding of Islam in Islamic banking, idealists' criticism of science and technology in organic agriculture is similar to that in the sense that it is one of the markers that differentiates idealists from moral certifiers and certified producers in organic agriculture. Science is usually understood by idealists as a tool mobilized to dominate both human knowledge and the nature. It is not that idealists ignore the benefits of science and technology, on the contrary, its role in labor and yield efficiency is well understood. However, science and technology is challenged on that very same benefit. The increased efficiency enabled by science and technology is not sustainable as it comes at the expense of disrupting the Nature's rules, cycles and models.

Technology and science can only be helpful as long as it takes Nature's rules and the indigenous knowledge as its basis.

Certified producers and moral certifiers in organic agriculture usually deem science and technology as necessary and helpful. Science is understood to help '*tired*' and '*worn-out*' earth. Science also helps to develop sustainable practices that were not present in traditional cultural knowledge of agriculture.

#### **3.5.4. Idealist Role**

Idealists, as moral certifiers are actively involved in consciousness raising activities for a better alternative by producing and disseminating knowledge through their writings, public appearances and events. However, unlike moral certifiers, idealist do not represent Islamic banking or organic agriculture in its current form as conducted by certified producers as '*the better alternative*'. Although most of the idealists have some sympathy for the idea of Islamic banking or organic agriculture, they do not perceive these industries as '*the*' best alternatives both in terms of content and scope. Idealists' views regarding the alternatives are informed by the concepts of '*being accord with nature*' or '*being accord with the Creation (fitrat)*' as explained above.

Idealists are not only concerned with production and consumption systems but also the way people should live their lives as conscious human beings. They want to transform the consumer to *co-producer* and the deposit lender and borrower to a *partner*. The conceptions of people as *co-producers* or *partners* are present in the accounts of certified producers and moral certifiers however idealists' conception refers to a more encompassing transformation. A co-producer does not only participate in specifying what and how the food is produced. A co-producer is also concerned with the preservation of the land, air and water and the well beings of fellow animals and human beings, and she aligns her life accordingly. A partner is not a person who opens a participation account in Islamic banks,



but is knowledgeable about the legal and religious bases of the contracts she is making with the bank.

Idealists also differ in the nature of their consciousness raising activities. Unlike moral certifiers, idealists are very active to produce and disseminate counter-hegemonic accounts of the capitalist system. In these account, they usually refer to how individuals are manipulated by the system. They try to educate and empower the people as a whole.

Idealists produce and disseminate their counter-hegemonic accounts through their newspaper columns, blogs, social media accounts, magazines, books, regular video/audio podcasts and public seminar series. Some founded associations and *waqfs*. They organize public campaigns to raise consciousness on specific issues (such as endangered species or GMOs), or establish economic research centers. İKAME is one such example, that is acronym for *İKtisadi Araştırmalar MERkezi*, translated as Economic Research Center. İKAME also means ‘to substitute’ in Turkish. Its aim is stated as “creating a natural economic order that does not contradict *fitrat*” (İKAME, 2015).

The events that provide opportunity for face to face social interaction is especially valuable for consciousness-raising activities of idealists. These are the venues idealists recount the problems of the system, their roots, the pain and injustice they cause and the relations among seemingly unrelated problems. They encourage people to actively question and to recognize the relationships between problems, practices and institutions. They also suggests solutions elaborated by referring to ‘being accord with nature’ or ‘being accord with the Creation, *fitrat*’. Audience is involved in these accounts by bringing personal experience and/or asking questions thus helping the account to be more detailed and elaborated. Idealists try to make people enraged at the system and persuade them an alternative is possible at the same time.

Idealist usually refrain to be associated with the third parties. Those associations are usually understood to be restricting counter-hegemonic speech and action. “*If you only be servant to God, then you are the most powerful man in the world*” one respondent said while talking about his confrontational encounters with different people with various powerful positions. While talking about a research center in Islamic economics he

established and probed if the center will be cooperating with other institutions in the field, he says:

*“Yol göstermek için yapılıyor bunlar. Olmazı da söyleyeceksin; ama nasıl olacağını da söyleyeceksiniz... Bizim herhangi bir şeyle işbirliğimiz söz konusu değil. Yani biz iş yaparken, çalışma yaparken, ekonomik olarak düşünmüyoruz... bilgi olursa da özgür bilgi olarak düşünüyoruz. Yani herhangi bir kurum ve kuruluşun güdümünde olan bilgiyi kabul etmiyoruz.”*

*“These are done to guide people. You have to say what not to do as well; but you also have to tell how it's going to be... We are not in league with anyone. I mean, when we work, do something, we do not think of it economically... If there is information we think of it as free information. I mean, we do not accept any information in the guidance of any foundation or establishment.”*

### **3.5.5. Relations with Moral Certifiers**

In both Islamic banking and organic agriculture there are idealists who played moral certifier roles previously. These idealists refer to a specific event as a breaking point that led them to leave their roles as moral certifiers. The breaking points referred in data were a start of a certain application of late payment fees in Islamic banking in early 2000s and the seed law that was passed in 2006 in organic agriculture.

Islamic banks started to charge late payment fees based on ‘deprived profit model’ that was proposed by Hayrettin Karaman a Sharia scholar mentioned previously. Rationale for the proposed model was, if the borrowers made their payments on due, the bank would have used them, made profits and shared them with the participants, i.e. lenders. Those who do not pay on due are extorting others’ money and a fine is necessary to discourage them. According to Prof. Abdülaziz Bayındır, then the Advisory Board member of an Islamic bank, the proposed scheme was simply charging interest that made him to leave his role as an Advisory Board member. In organic agriculture, Buğday’s perceived lack of stance on the seed law led some members to leave as they understood the Law as a tool for furthering

agribusiness. The crux of the issue was whether the seed can be patented and whether the farmers could be forced to use patented seed that was associated with agribusiness.

Idealists and moral certifiers usually acknowledge each other about being in the same ‘camp’ in respect to the stance against conventional counterparts, and follow each other’s works and statements. However their relations are not necessarily harmonious. There are examples of strenuous relations between some moral certifiers and idealists in both industries and they usually consciously avoid each other by, for example, not attending or inviting to an industry-wide seminar or conference.

But what are the conditions that make possible these idealists’ counter-hegemonic accounts? Based on the reading of data, I suggest that both independence and knowledge/experience are associated with counter-hegemonic accounts. Idealists in both industries tend to refer to being independent as a prerequisite for their activities. They view moral certifiers’ relations and involvement in private or government projects like EU funded projects questionable. They do not oppose to relations or collaborations per se but are cautious about the power dynamics that would bring in. They prefer to produce and disseminate knowledge through their own channels like establishing associations, *waqfs*, research centers and web pages.

Knowledge and experience seems to be an important criterion for evaluating each other in both industries. Idealists and moral certifiers in Islamic banking almost always have similar theology education. But they sometimes criticize each other for their lack of economics knowledge or trading experience. Some idealists refer to their degrees in economics or experience in trade to support their arguments. In organic agriculture, being a ‘real farmer’ or having a comprehensive understanding of farming as it is done traditionally seems important. Some idealists and small farmers dismissed agricultural engineers who work for Control and Certification Bodies for their lack of knowledge. One respondent says:

*“Benimki anam babam usulü tarım, ben bir çiftçiyim. Hem ürün ürettiyorum, iyi üretildiğini söylüyorum, tadının da iyi olduğunu söylüyorum. Tadarsın alırsın, bakarsın beğenmezsin. Benim ismim o evraktan (organik sertifikası) daha net..*

*Sen kimsin de bana sertifikayı gösterirsin ya da niye 3 bin Euro vereyim, ben patates ekemiyor muyum? Benim yaptığım işi onaylatıyorsun, onaylatman için benden daha üstün, daha tarım bilen, daha diken, daha başka türlü olman lazım. Bahçedeki pamuğu ürün verene kadar tanımıyorlar. Geliyorlar buralara ne dikilmiş diyorlar. (Sertifikasyon kuruluşlarındaki ziraat mühendislerinden bahsediyor)”*

*“I am a farmer; my methods are that of our ancestors. I grow products, I say they are grown well and I also say they taste well. You taste it you buy it, you see it you don't like it. My name is much more clear than that document (referring to formal organic certification)... Who are you to refer me to that certificate or why should I pay 3 thousand euros, am I not capable enough to plant potatoes? You have what I do approved but in order to do this you have to be greater, more knowledgeable in agriculture than me, you have to be something else. They can't tell the cotton on the field without it blooming first (referring to certification controllers). They come and ask what is planted here.”*

Idealists in organic agriculture seem to value greatly the efforts for organizing fellow farmers, working on alternative models, and establishing cooperatives or farmers' markets. They seem to disregard people whom they perceive as a trader or wholesaler even though those people practice alternative/traditional agriculture methods and vocal on raising consciousness among consumers.

In this chapter, I explained the distinct actors and roles in Islamic banking and organic agriculture. In Chapters 4 and 5, I provide the accounts of the interactions and communications among different actors first in relation to legal codification of Islamic banking and organic agriculture and then in relation to contested practices.

#### 4.

### **LEGAL CREATION OF AN ORGANIZATIONAL FORM**

Newly organized industries either in their inception or when they reach to a certain scale are usually included in formal legal system. Inclusion within the legal system poses many challenges: codifying key features of the industry, establishing a legal framework and regulatory agencies and identifying their place within the larger legal framework. When the new industry is strikingly different in terms of its operation from the incumbent industries this may require modification in a wide array of law and regulations.

In young industries, ambiguity of product definitions and features may make their legal codification challenging. Formal codification of an industry can be especially complicated in cases where the key features of the industry are difficult to accommodate within the formal system either because of their abstract nature or incompatibility with the incumbent system. The history of legal codifications of Islamic banking and organic agriculture in Turkey contains such challenges and complexities, albeit more intensely in Islamic banking.

As I explained in Chapter 2, both Islamic banking and organic agriculture were established top down by the state with economic goals in mind. The state saw the rationale for establishing and supporting these industries in their potential benefits to the economy. Islamic banking was seen as a tool to attract foreign and domestic funds to the economy at the time when Turkey was going through economic liberalization. The state established and aligned the legal framework of organic farming according to EU requirements to be able to continue to export organic products.

While the government often highlighted these industries' economic benefits due to exclusion of interest in banking and exclusion of chemicals in agriculture, producers, moral

certifiers and idealists emphasized benefits of the industries beyond economic interests. The focus of law on objective features with economic benefits and the focus of industry participants on identity, culture, and moral values and their societal goals was the main axis of contention in various debates.

Exclusion of interest is one of the main injunctions of Quran and as such, it is a matter of belief, not economic benefit. To be sure, avoiding interest is said to be beneficial for economy but its main intention according to Islamic belief, is protecting social solidarity. Interest is believed to be a tool of exploitation hampering fair distribution and social justice. In organic agriculture, a group of farmer activists understood exclusion of chemicals as not only about human and environmental health but as part of a stance against industrial hegemony over life. As such the key features of Islamic banking and organic agriculture in the law, exclusion of interest and chemicals respectively, are not merely objective, technical issues. They are embedded with identity, culture, and moral values.

Regulation process of both industries provide evidence regarding the continuous efforts and contention on incorporating the moral into the realm of objective. How to encode the moral aspects of Islamic banking and organic agriculture into the legal definition? Discussions of this question is one of the main themes in the data and the focus of this chapter. I examine the process of creation, definition and incorporation of Islamic banking and organic agriculture within the legal system by attending to accounts that refer to formal law and regulations in relation to the codification of Islamic banking and organic agriculture. My focus will be on how the ideas of Islamic banking and organic agriculture were encoded within the formal law. The nature of the ideas of Islamic banking and organic agriculture is the topic of the next chapter.

#### **4.1. Different Positions with Respect to Formal Codification**

Legal codification of a new industry and its products imposes a definition of the industry. It is plausible to think that legal definition may not always reflect insiders' self

definitions, especially when the industry is established top-down by the state. Moreover, industry insiders rarely have uniform ideas about the features of their products during the initial formation of the industry and that may add to the gap between formal definition and industry insiders' definitions.

But the top-down nature of the industry or ambiguity regarding product features may not be the whole story about the debates regarding formal codification of industries. The cases of Islamic banking and organic agriculture posit a more complicated account. Part of the challenge for Islamic banking is the strong incumbent system which makes accommodation of Islamic banking within a secular system problematic. A bigger challenge is the fragmentation among Islamic scholars regarding their understanding of Islamic law and Islamic economics. Even the concept of *interest*, -its content and the boundaries- heatedly debated among Islamic scholars. The complicated nature of modern financial instruments and figuring out their status in Islamic law creates ongoing challenges for Islamic scholars and in turn for Islamic bankers who need Sharia scholars' approval for their products. For organic agriculture, a strong incumbent system devised for conventional agriculture creates challenges for the accommodation of a particular understanding of organic agriculture that values local culture and traditions.

The legal definition of Islamic banking in Turkey changed incrementally from *Special Finance Houses as financial institutions outside the banking law* to *Participation Banks as a third type of banking subject to the same regulation and assurance institutions as their conventional counterparts*. Recently, the plans for major legal changes were announced with *Participation Banking Strategic Plan* on May 2015 regarding product development and structural changes such as formalizing advisory boards and establishing a formal central advisory board. The debates around legal definition and changes are persistent throughout the years from Islamic banking's inception in 1983 to 2015. These debates involve detailed discussions regarding the technical operation of Islamic banking as defined in formal law.

Legal changes specific to organic law and regulations are frequent too. For example most recent organic agriculture regulation, issued in 2010, was amended yearly until 2015.

However, accounts related to legal changes in organic agriculture almost never figure in archival data. Participants' accounts regarding regulation of organic agriculture usually involve references to other laws and regulations such as seedling law, or bio-safety law.

What explains the persistence of debates around the formal codification of Islamic banking? And why are not the changes in legal codification of organic agriculture, but the larger legal framework debated among industry insiders in organic agriculture? Data suggests two possible explanations. First, different positions and priorities with respect to formal codification among industry insiders play a role in the debates around the formal codification. Second, the larger legal space and socio-economic context pose specific challenges for incorporating the focal industry into incumbent formal law that adds to the debates around legal definitions of the focal industry.

In the accounts of the actors that I refer to as idealists and moral certifiers, legal codification of Islamic banking is about aligning Islamic banking with the contractual forms in Islamic law while simultaneously separating it from conventional banking. Idealists and moral certifiers are usually in favor of detailed legal codifications of Islamic contracts and establishing industry-wide standardizations.

In the accounts of the Islamic bankers, legal codification of Islamic banking is about ensuring safe and viable operation of Islamic banking. To be sure, Islamic bankers are too invested in form alignment with respect to Islamic law and separation from conventional banking, but in their view, formal codification, first and foremost, should help the development of Islamic banking. Islamic bankers are usually less enthusiastic regarding strict, detailed regulations and setting up industry-wide standards compared to idealists and moral certifiers.

Unlike in Islamic banking, the discussions of legal regulation in organic agriculture revolve around a criticism of capitalism. Focus is not on the technical definitions in specific organic agriculture law and regulations but on the general legal framework. And the discussions are not about the differences from conventional agriculture, but how the law is used as a tool to further agribusiness at the stake of small farmers, society and ecology. Similar to accounts in Islamic banking referring Islamic law, the accounts about legal



regulations in organic agriculture involve references to the way Nature works, i.e. rules, cycles and models in Nature. Producers, moral certifiers and idealists involve in these debates with distinct positions.

Below I provide detailed accounts of and evidence for how different positions with respect to formal codification (separation from conventional counterparts; alignment with the ideal form; ensuring a viable operation; and separation from similar ventures) played out at different episodes throughout the history of legal codification of Islamic banking and organic agriculture. In the next two sections in Sections 4.2. and 4.3., I will explain how larger legal space and socio-economic context played out in the debates around legal definitions of the both industries.

#### **4.1.1. Formal Codification as Separation from Conventional Counterparts**

##### **4.1.1.1. Separation of Islamic banking from conventional banking**

Islamic banking in Turkey was established with a government decree in 1983, according to which Islamic banks were to be regulated according to the government, central bank and undersecretariat of treasury decrees. In their inception, they were named as Special Finance Houses (SFHs) and regarded as non-bank financial institutions within the financial field but outside the banking system. They were regarded as a new form of finance institutions excluding interest-based instruments in their transactions.

SFHs had their own legal regulation different from conventional banks but the details of the regulatory framework were unclear. According to informants who served as managers of first Islamic banks, Turkey created her Islamic banking model and legislation from scratch. Although the inception of Islamic banking dates back to 1960s and 1970s in the world, and the first Islamic banks established in Turkey were subsidiaries of established Islamic banks in other countries, my respondents explained how they needed to figure out

the technical operation of Islamic banking from the '*three documents*' referring to government, central bank and treasury decrees in 1983.

My respondents agreed regarding the ambiguities in the legal definition with respect to how to do Islamic banking in practice. They also agreed that the formal name, Special Financial Houses, created ambiguities with respect to whether these are banks or similar to other kinds of financial organizations. They frequently referred to obstacles their name, SFH, created in their operations as in the case of refusal of their letter of guarantees by state-owned economic enterprises on the grounds that the public procurement law only referred to 'banks' and not to 'Special Finance Houses' as the entities who could provide such guarantees.

Similar confusions and debates around the legal definition and framework of Islamic banking are persistent throughout its history. As I show below, these debates are about properties, forms, implementation and execution of Islamic banking as defined in the formal law and almost always discussed in relation to conventional banking and the Islamic law. As such I interpret these debates as discussions of drawing technical boundaries -as grounded in technical implementation- between Islamic banking and conventional banking.

Debates around legal codification of Islamic banking show conflicting positions and motives among Islamic bankers, moral certifiers and idealists. Islamic bankers in general wanted to be recognized as banks. Some Islamic law scholars, however, preferred a legal code that separated these organizations from conventional banks altogether. This debate continued throughout the industry's history in discussions around specific banking products and became most heated around current Banking Law n. 5411 issued on October 19th, 2005.

In 2005, with the banking law n. 5411, SFHs were completely integrated into the banking system. Although SFHs became subject to the banking law for the first time in 1999 with the law n. 4389, they were not defined as a 'bank'. In 1999, SFHs were brought under the same regulation body, Banking Regulation and Supervision Agency (BRSA) as their conventional counterparts. With an amendment in 2001, SFHs were to establish their

own Association as well as Assurance Fund similar to conventional banks' Banking Association and Savings Deposits Insurance Fund (SDIF) respectively.

With law n. 5411, SFHs were defined as a third type of 'bank' along with deposit banks, and development and investment banks in Turkey. The name Special Finance Houses was changed to Participation Bank. The law also transferred SFHs' Assurance Fund to the Savings Deposits Insurance Fund .

Current banking law n. 5411 is fiercely criticized on several grounds by some Islamic scholars for blurring the boundaries between Islamic banking and conventional banking. Some Islamic scholars opposed to transfer of assurance fund to SDIF. The transfer meant that the assurance of all funds, both interest-free and interest-based funds brought under the same entity. Some Islamic scholars deemed this as problematic according to Islamic law on the grounds that the interest-free funds should not be mixed with interest-based funds to stay pure. Some Islamic scholars said that assurance of Islamic banking funds was against the spirit of the participation principle in the first place, an argument that was also stated previously by Islamic bankers themselves (e.g. Güler, 1996). Yet others claim that the assurance was needed but the risks it should cover differ from the risks that SDIF covers. According to these arguments, conventional banks and Islamic banks make different contracts with their customers that differ in terms of their risks. The only risk that must be covered for participation accounts is the risk of mismanagement and abuse and not the risks that are associated with trade (Battal, 2007). Besides, putting the distinct risks associated with two different contracts into the same risk pool is against the insurance technique anyway (Battal, 2007).

Abdülaziz Bayındır, a former Advisory Board member of an Islamic bank is one of the most vocal Islamic scholar in the debates around the current banking law. He claims according to current banking law, there is no difference between Islamic banking and conventional banking. He wrote a letter, dated May 28th, 2005 and sent to the formal bodies explaining his views on the draft version for current Banking Law. He published this letter in his book *Ticaret ve Faiz* (2007a). He sees the draft banking Law that became in

force eventually, as a last step in Islamic banks' transformation to conventional banks through the formal regulation. He wrote:

*“Yürürlükteki kanun (önceki Bankalar kanunu no. 4389’e atıf) finans kurumlarının fatura kesme şartını kaldırarak bankalar lehine oluşan haksız rekabete son vermiştir. Kanunun yürürlüğe girmesinden sonra gerekli düzenlemeler yapılmadığından finans kurumları, mal ve hizmet satışı yerine bu tür satışları finanse eden bir çeşit yatırım bankasına dönüşmüşlerdir. Geciken alacaklarına ‘kar kaybının telafisi’ adı altında faiz tahakkuk ettirmeye başlamakla da faizli banka olma yolunun sonuna gelmişlerdir. Son engeller bu Tasarıyla kaldırılmaktadır. Tasarı kanunlaşırsa onların kimliğini oluşturan mal ve hizmet satışı sona erecek ve bu tür işlemlere kredi veren kuruluşlar haline dönüşeceklerdir. Bunu faizli bankalar zaten yaptığından bu Kanunla Finans Kurumlarının varlık sebebi ortadan kalkmış olacaktır.*

*Katılım Bankaları faizsiz olarak topladıkları fonları, faizli olarak kullandıran kuruluşlar haline geleceği için bu Tasarı, finans kurumları lehine haksız rekabete de yol açacak mahiyettedir.*

*Bu duruma engel olmak için herkes elinden geleni yapmalıdır.” (Bayındır, 2007a: 278)*

*“The law in force has annulled the obligation for finance houses to make out invoices, putting an end to the unfair competition that was in favor of banks. Because the necessary regulations were not realized after the law was effectuated, finance houses have become a kind of investment bank that do not sell goods and services themselves but finances their sale. And by accruing interest onto their past due receivables under the name ‘the compensation of lost profits’, they have reached the end of the road in becoming interest banks. The final obstructions are being removed with this draft. If this draft is enrolled, the sale of goods and services that makes up their identity, will come to an end and they will become establishments that give credit to these kinds of transactions. Since interest banks do this already, with this law the reason for the existence of Finance Houses will become obsolete.*

*Because Participation Banks will become establishments that lend funds, that they have collected without interest, with interest, this draft will have the prospect of causing unfair competition in favor of finance houses. Everybody should do whatever they can to stop this from happening.” (Bayındır, 2007a: 278)*

The discontent with the latest banking law regarding Islamic banking is also salient among the participants to the Consultation Meeting on Contemporary Religious Issues-II and -III held by Presidency of Religious Affairs of Turkey (PoRA) in 2007 and 2010

respectively. Participants usually refer to Banking law in general or relevant articles in particular and usually claim that, according to formal law, there are no clear differences in actual operations of Islamic banks and conventional banks. Referring to another participant's concern with legal separation of Islamic banking and conventional banking, Servet Bayındır, an Advisory Board member of an Islamic bank says:

*“Hocamız -anladığım kadarıyla- katılım bankaları ile mevduat bankalarının hukuki anlamda gerektiği gibi birbirlerinden ayrılmadığı, olması gereken farklılıklarının uygulamaya konulmadığını ifade ettiler. Elimde yeni ve son (2005 yılına ait) bankacılık kanunu var... Bu kanunun 4. maddesinde faizli bankalarla katılım bankalarının yapabilecekleri işlemler madde madde sıralanmış durumda. Burada toplam 20 madde var ve bir istisna yapmış. Şöyle diyor madde: Mevduat bankaları şu iki işlemi yapamazlar. Bir, katılım hesabı altında para toplayamazlar. İki, finansal kiralama yani leasing yapamazlar. Peki katılım bankaları ne yapamazlar. O da mevduat kabulü yapamazlar, yani kanun katılım hesabıyla mevduat hesabını birbirinden ayırmış. Peki bunun dışında ne yapabilirler? Herşeyi yapabilirler. Burada 20 madde sıralanmış. Şimdi katılım bankalarının yöneticileri, ilgililer şunu diyor olabilirler -ki diyorlar-: “Tamam bu kanunda bize bütün bu yetkiler verilmiştir ama biz işlemleri birtakım süzgeçlerden geçirerek uyguluyoruz; mahsurlu olanlardan kaçınıyoruz.”..katılım bankalarının faizli işlemde kaçınacakları hususu bir şekilde kanuna eklenmelidir.” (Bayındır, 2010: 315-316)*

*“As far as I can understand, he has stated that participation banks and deposit banks were not distinguished as they should be in the face of the law and that the necessary differences were not implemented. I have here the new and latest banking law... In the 4th amendment of this act are listed the operations that interest-based banks and participation banks can carry out. There are a total of 20 amendments here and there is one exception. The amendment reads: Deposit banks cannot undertake the following two operations: One, they cannot collect money under the name participation account. Two, they cannot carry out leasing operations. Then what can't participation banks do? They cannot accept deposits. The same law has distinguished between participation accounts and deposit accounts. And what can they do apart from this? They can do everything. 20 amendments are listed here. Now participation bank managers, authorities might be saying – and they are saying it –, “Alright, with this act we have full authority. But while we apply our operations we run them through various filters; we avoid unfavorable ones.” ... The fact that participation banks will avoid operations involving interest should somehow be added to the law.” (Bayındır, 2010: 315-316)*

Within the context of current banking law, similarities between Islamic banking and conventional banking regarding consumer financing, deposit collecting, treatment of late payments, and the jargon used are other criticized topics. These accounts usually involve a concern about the similarities in form and legal treatment of these practices with their conventional counterparts and question the distinctions between the two types of banking. These accounts usually assert a need for categorical separation between Islamic banks and conventional banks before the formal law. Formal law is understood to be a marker or “a red line” (Battal, 2007) that further differentiates Islamic banks from conventional banks. For example, Prof. Ali Bakkal compares the house financing of conventional banks and questions the difference between Islamic banks and conventional banks:

*“Şimdi bankanın yapmış olduğu bu işlem ile katılım bankasının doğrudan doğruya evi satan kişiye parayı ödemesi arasında şekil itibarıyla ne kadar fark var? Yani bankadan ev alan müşteri, bankadan kredi mi almış oluyor; yoksa katılım bankalarında olduğu gibi vadeli olarak ev mi satın almış oluyor? Müşteri hiçbir zaman bankanın kendisine verdiği krediyi para olarak eline geçirme ve başka işlerde kullanma imkânına sahip değildir. Netice itibarıyla eline geçen evdir. Bu bir kredi işlemi midir; yoksa bir satım muamelesi midir?”(Bakka, 2007: 283-284)*

*“Now, how much difference is there in form between what a bank does and what a participation bank does by directly paying the person who is selling the house? I mean, is a customer who buys a house from a bank taking out a credit loan from the bank or is he buying a house from the bank in deposits just like with participation banks? The customer never has the opportunity to receive the money loaned in cash and use it for other transactions. As a result what he gets is the house. Is this a credit transaction; or is it a sales treatment?”(Bakka, 2007: 283-284)*

In various accounts similar to above, the operation of Islamic banking and its products as defined in formal law were compared to conventional banking and its products. Technical implementations of products in Islamic banking and conventional banking were compared with a focus on interest-free character. In these accounts, operational processes are approached with a rather technical understanding, focusing on tangible, concrete

properties of the contracts. As I will explicate in detail below in Section 4.1.2., in moral certifiers and idealists' accounts, there are usually concurrent references to contractual forms in Islamic law, with similar technical focus on properties, implementation and execution.

To be sure, the comparison is always about evaluation of Islamic claim, usually understood to be exclusion of interest within the accounts regarding legal definition. This claim is assessed by comparing technical implementation of Islamic banking as defined in the law with the implementation of conventional counterpart as well as with the contractual forms in Islamic law. I interpret these accounts comparing form, implementation and execution of Islamic banking with respect to conventional banking and the Islamic law as conversations about establishing technical boundaries between Islamic banks and conventional banks.

#### **4.1.1.1.1. Naming as separation from conventional banking**

Although not completely in the context of formal codification of technical operation of Islamic banking, the choice of legal and informal naming for the Islamic banking reveals industry specific and societal level conditions that limit adopting a formal name that invokes a sharp separation from conventional banking.

The formal name of Islamic banking as defined in law and regulations was first *Special Finance Houses* and then *Participation Banks*. Although the informal term, *interest-free banking* was used frequently both by industry insiders and the media, industry insiders rarely used the term *Islamic banking*. As one of the salient markers that separates these banks from their conventional counterparts, why do Islamic bankers, moral certifiers and idealist avoid the term '*Islamic*'?

Data points to three explanations for actors' avoidance of Islamic references in relation to Islamic banks. First reason is related to sacredness of Islam. Naming an action or institution explicitly 'Islamic' in general is regarded inappropriate virtually by all of my

respondents. This view does not refer something similar to secular ideology, in a sense that the religion is to be lived in personal life and not to be visible in public life. On the contrary, these actors all agree that the teachings and the rulings of Islam should guide people in everyday matters, private and public. But they also have an understanding of Islam as independent from worldly existence that is sacred and not to be tainted by its representation in life.

According to this view, Islam should guide all the deeds in life but observable world of people and their actions should not be perceived as reflecting Islam. As people are flawed and can make mistakes, Islam can not be assessed on the basis of people's deeds. According to this view, explicit naming of an action or institution as 'Islamic' may result in wrongdoings to be attributed to Islam that is regarded as a disruption to its sacredness and its claim of being true and valid everywhere and all the time. Therefore, in these accounts naming a practice 'Islamic' is inappropriate because it confounds observable and material world with Islam's transcendent and sacred character.

Second reason, that became more salient in 2000s, refers to social and instrumental contradictions the terms 'Islamic' creates. According to this view, the name Islamic banking contradicts its claim of appealing to everyone and not just to Muslims. The use of 'Islamic' as part of definition, suggests exclusivity and creates a group of 'others'. It also contradicts with Islamic banks' growth aspirations. If these banks claim to increase their shares in banking sector and to compete with conventional counterparts, it would be restrictive to call these banks Islamic that may alienate potential customers. Social exclusion argument is usually expressed by idealists, moral certifiers and Islamic bankers, while financial restriction argument is usually expressed by Islamic bankers.

Third explanation, that was implicit in several statements in newspaper data in 80s and 90s but lost its prevalence after 2000s refers to hostility of secular ideology to Islamic references. These accounts usually involved criticism and resentment of secular ideology inhibiting the clear and explicit representation of these banks. Respondents acknowledged the 'secular' restriction on calling these banks 'Islamic' in early stages, however, they



emphasized sacredness and exclusivity arguments over secular limits on calling these banks Islamic.

When inquired about the prevalence of the name ‘Islamic banking’ in other countries, especially in Muslim countries my respondents highlighted the specific sociopolitical contexts and the motivations of those countries for Islamic banking in the first place. According to these accounts, for western countries, the motivation is to appeal the Muslims’ funds anyway, so it would just make sense to call these banks Islamic. For Muslim countries, their sociopolitical context is invoked as determining the preference for the name Islamic banking. The most cited example is Malaysia and to lesser extent is Pakistan, in both countries, Islamic banking is believed to be developed by the state as part of the nationalist project to create solidarity and mutuality among their Muslim citizens after they gained their independence.

For a few of my respondents, the issue about naming these banks as ‘Islamic’ is specific to Turkey. According to these accounts, the issue does not apply to Western countries as they are Christians and without ‘Islamic sensitivities’ and does not apply to Muslim countries, as they acknowledge that they are Islamic states so it’s just normal to call these banks Islamic. However Turkey is in the middle, 98% of her population is Muslim but with no official state religion that creates an odd contradiction to call these banks Islamic.

However, in his ethnographic study of Islamic banking based on a fieldwork in Indonesia and the conversations in London and the United States, Maurer (2005) reports otherwise. He argues that, although the industry settled on the term ‘Islamic banking’ to refer itself in the world, there are voices within the field who prefer the term *lariba* (interest-free) on the basis that it is exclusion of the interest that makes these banks distinct (Maurer, 2005). Maurer elaborates that, the arguments of those people for the term ‘interest-free’ highlights the potential of the term to reach a wider audience as it avoids the negative connotations the term ‘Islamic’ may have and also more in line with the claim of these banks’ for being everyone and not just for Muslims (Maurer, 2005), that resonates with the exclusivity and financial restriction argument of my respondents in Turkey.

When inquired about the name ‘interest-free’ for referring these banks, my respondents argued that it is a shallow and incomplete definition as it does not say what it is but what it is not. They claim that these banks are not about being interest-free but about participation to losses and profits, that the alternative to interest is trade and profit hence the term ‘Participation Banking’, ‘Katılım Bankacılığı’ in Turkish, better captures what it is that makes its activities unique.

#### **4.1.1.2. Separation of organic agriculture from conventional agriculture**

Unlike Islamic banking, there are no widespread debates captured in archival data over legal changes in organic agriculture. The discussions of legal regulations in my respondents’ accounts are usually not about organic agriculture law and regulations but about a wide range of laws and regulations that are understood to be directly or indirectly influencing organic agriculture. Some of the referred laws and regulations are, law on seedlings (law no. 5553), law on soil conservation and land use (law no. 5403), law on the trading of fruit and vegetables (law no. 5957), law on municipalities and related regulations that define local administrations’ role about the open markets (law no. 5393), and bio-safety law (law no. 5977). Some of these laws are usually referred with pseudo names such as *GDO law* to refer to law on bio-safety or *food market law* to refer to law no. 5957.

The common theme in these accounts is the understanding of legal regulations as sustaining hegemonic relations. Idealists usually elaborated legal regulations in terms of how they help to sustain or further the dominant relations. Seedling law is commonly referred to as an act of ‘patenting life’ which furthers the domination and control of a few international firms over local seeds and small farmers. Law on soil conservation and land use that introduces land consolidation measures to prevent land fragmentation is interpreted as an act to further the interests of agribusiness at the expense of small farmers. Law on the trading of fruit and vegetables is criticized for furthering an infrastructure of distribution channels which favors intermediaries over real producers. Bio-safety law is interpreted as

the domination of science over nature with a full account of its health, environment, social and economic effects. The themes of domination and hegemony is the most salient aspect of these accounts that was not explicitly articulated in the accounts of regulation in Islamic banking.

In the accounts of formal regulation in organic agriculture, legal regulations are not discussed in terms of technical details regarding implementation and process as it was the case in Islamic banking, but discussed in terms of their influence on agriculture, ecology and society. Unlike Islamic banking, the debates regarding the similarities and differences between conventional agriculture and organic agriculture as defined in formal law is not salient in data. According to data, organic agriculture as a production method is understood to be different than conventional agriculture. All of my respondents acknowledged formal organic certification as a distinct legal marker that separates organic agriculture from conventional agriculture.

Similar to Islamic banking, I interpret the legal codification of production process as establishing the technical boundaries between organic agriculture and conventional agriculture. Unlike Islamic banking, technical boundaries based on legal definition of organic agriculture is not contested.

Uncontested nature of technical boundaries of organic agriculture may be related to two factors. First, clear and objective definition of ‘chemicals’ in organic agriculture may account for the clarity regarding the distinctness of organic agriculture. The concrete and consensual definition of chemicals obviates the discussions of ‘what is chemical and how to avoid it?’ as opposed to un-consensual definition on ‘interest’ in Islamic banking that stirs the discussions of ‘what is interest and how to avoid it?’

Second, it may be linked to differences in the trajectory of legal frameworks of Islamic banking and organic agriculture. From the very beginning, organic agriculture has a legal framework separate from conventional agriculture. From its initiation in 1984 by European exporters, organic production was done according to the rules and regulations of importing European countries. In 1994, Turkey had to devise her first regulation for organic agriculture to conform to the EU requirement for the third countries to formulate their own

legal framework to continue to export organic goods to EU. From then on, Turkey has followed the European Union's rules and regulations for the basis of her legal framework. Changes in regulations and law in organic agriculture were almost always to adapt to the changes in European Union's regulations. These changes were usually related to elaboration of production method such as specifying permitted agricultural inputs and establishing institutional structure such as detailing control and certification processes and organization in the Ministry. As such legal framework of organic agriculture was imported from the EU as the idea of industry itself.

To be sure, the lack of debates regarding the similarities and differences between conventional agriculture and organic agriculture as defined in formal law does not mean that organic agriculture is not criticized for becoming similar to conventional agriculture. On the contrary, it is fiercely criticized for practicing monoculture production in massive fields that is condemned and associated with industrial agriculture. Unseasonal production in greenhouses and using hybrid seeds are other practices that are commonly criticized in organic agriculture in the discussions of similarities with conventional agriculture. But, monoculture production and production in greenhouses with hybrid seeds are not explicitly mandated by law and regulations. Formal law codifies only the 'chemical aspect' of organic agriculture and similarity criticisms are never about 'chemicals' as defined in law. This is different then the similarity criticisms in Islamic banking that is almost always about 'interest' and carried out in respect to both formal law and Islamic law. I will discuss the debates around contested practices such as monoculture production and hybrid seeds in the next chapter within the scope of moral authenticity.

What I tried to establish up to now is that the formal definition of organic agriculture as excluding chemicals is rarely contested in terms of separating organic agriculture from conventional agriculture in its production process. I related this to the understanding of 'chemical-free' as a clear and objective criterion as opposed to contested and dynamic definition of 'interest-free' in Islamic banking. As such, I claimed that technical boundaries of organic agriculture is much less contested and durable compared to Islamic banking. However, in a few instances, certified producers were able to modify the 'content of

organic’ as in the case of the changes in the ratio of organic animal feed in order to be certified organic meat. I also pointed to the similar use of formal law as in Islamic banking as a proof that separates organic products from conventional and informal products.

#### **4.1.2. Formal Codification as Alignment to Ideal Form**

Different priorities with respect to formal codification among industry insiders are especially salient in the accounts around the legal codification of contested practices. Contested practices in both industries are the practices that are questioned either in terms of their appropriateness with respect to industry claims (such as connected to real economy, or environmentally friendly) or in terms of its specific implementation. In both cases, the debates around the contested practices are informative to have a sense of the ‘imagined ideal’ as reflected on technical operation and formal codification.

Accounts of contested practices as defined in formal law in both Islamic banking and organic agriculture involve references to ‘the other law’, Islamic Law and Nature’s rules and models respectively. In these accounts, Islamic scholars and organic farming activists question the formal definition of specific practices on the basis that legal codification do not ensure that the implementation would conform to Islamic law or Nature’s rules and models. The aim here is to establish a legal codification that would ensure the implementation would conform to an ideal form and serve to its purposes informed by Islamic Law or Nature’s rules and models. These conversations are about translation or mapping of other law into the realm of formal law; legal codification serves as an alignment of implementation to an ideal form informed by Islamic law or Nature’s rules and models.

Producers usually involve in these conversations by explaining why the legal codification is the way it is by referring to the obstacles in the previous implementations. Producers also assert that the legal codification and the implementation is still appropriate according to the *other law*, Islamic law or Nature’s rules and models.

The conversations around contested practices also provide further evidence regarding the distinct roles, priorities and positions of people who I refer to as moral certifiers and idealists. While idealists fiercely criticize the legal codifications of specific practices on the grounds that they are not aligned with their true form, moral certifiers are more lenient in their views. Unlike idealists, moral certifiers do not relate the problems regarding the technical operation of contested practices to flaws in Islamic banking or organic agriculture. Moral certifiers usually tend to attribute these problematic implementations to the factors outside the industry and emphasize the transitory phase of the focal industry.

The conversations around contested practices are different than those related to *separation* that I discussed above in Section 4.1.1. in that the contestation is about the conformity to other law rather than similarities to conventional counterpart. These conversations are similar to those related to *separation* that I discussed above in that the conversations focus on properties, implementation and executions.

#### **4.1.2.1. Formal codification as alignment to contractual forms in Islamic law**

In Islamic banking, the conversations among Islamic bankers, moral certifiers and idealists almost always include debates regarding the compatibility of Islamic banks' products as defined in the formal code and as practiced in the operations of Islamic banks to the Islamic law. In this regard, murabaha is one of the most contested practices in Islamic banking from the very beginning both because it is not based on the key tenet of Islamic banking, participation, and of its technical implementation. It is usually called a *weak instrument* because it is not based on the participation to losses and profit contract but a trade contract.

Murabaha is basically a sale with a mark-up price. Customer who wants to buy goods such as machinery or raw materials finds a seller. When he decides which seller to buy from, he applies to an Islamic bank for a murabaha financing. Islamic bank buys the desired

good from the seller whom the customer have chosen, and sells to customer by adding a profit margin. Customer pays back to the bank in arranged installments.

In the initial implementation of murabaha, Islamic banks were legally obliged to invoice for murabaha financing which made them the legal owner of the good. The seller was arranging an invoice in the name of Islamic bank while selling to Islamic bank, and Islamic bank was arranging an invoice in the name of the buyer while selling to the customer. Islamic banks were also doing the physical delivery of the goods they were selling. Since 2001, the invoice obligation for Islamic banks is revoked; seller arranges the invoice directly in the name of buyer. Moreover, in current implementation, the good is transferred from the seller to buyer directly without the Islamic bank physically involved in its delivery.

The crux of the criticism of murabaha contract comes down to the question of whether the murabaha as implemented currently can be called a real trade. The problem in execution of murabaha, according to some scholars, originated with the revocation of invoice obligation in 2001 by formal law. Without invoice, Islamic banks do not assume legal ownership of the goods they are financing. This was seen as converting murabaha conceived as trading relation into a credit relation.

Islamic bankers deemed the legal change revoking invoice obligation as necessary because of two main reasons: First, invoice system was open to abuse. Second, invoice system was bringing additional tax obligations for Islamic banks that created vulnerability and unfair competition with respect to conventional banks. Islamic bankers usually point to how the invoice obligation was creating extreme financial burdens because of incumbent accounting and tax regulations. They sometimes implicitly refer to how this could be used politically by opposing incumbent powers to intimidate Islamic bankers.

The argument regarding the invoice systems was open to abuse refers to the events of ‘fictitious exports’ that Islamic banks were allegedly involved through murabaha financing to a firm, ASCOR, between 1995 and 1998. Muhammet Ciğer, the owner of ASCOR claimed that he performed some of the fictitious exports through Islamic banks. Two Islamic banks, Albaraka Türk and Faisal Finans made public announcements both in

Milliyet and Zaman, stating that the business with ASCOR was completely within the boundaries of Islamic banks' legal framework. (Albaraka Türk, 2000; KuveytTürk, 2000).

At the 'Consultation Meeting on Contemporary Religious Issues' held by Presidency of Religious Affairs of Turkey (PoRA) in 2007, Fahrettin Yahşi, then the Assistant General Manager of Albaraka Türk, explains that invoice requirement for Islamic banks needed to be revoked to prevent these kinds of abuses as in the case of fictitious exports. He explains that Islamic banks cannot see each good they trade because they are involved in hundreds of thousands of murabaha financing. Since Islamic banks are not involved in physical delivery, they could not make sure whether the traded good was indeed existed. This operational limit was open to abuse as in the case of 'fictitious exports'. Yahşi also adds that *"invoice is not an obligatory document in murabaha contract in terms of Islamic law"* (Yahşi, 2007: 270).

However, Islamic scholars refute these claims on the grounds that both arguments, abuse and additional tax obligations, could be resolved with legal changes. According to Islamic scholars, the real reason Islamic bankers oppose invoice system is that they do not want to bear the risks associated with murabaha contract.

Islamic scholars posit that invoice obligation in the law makes the murabaha contract a real trade. When Islamic bank invoices in murabaha financing, the bank is legally regarded as the owner of the good and the transaction is treated within the scope of commercial code instead of credits code. Without invoicing, Islamic bank is not regarded as the legal owner of the traded good. Therefore, if the Islamic bank is not obliged to invoice, it could not be held responsible legally in cases where the good is damaged while being delivered from the seller to buyer. This is deemed problematic in terms of Islamic law. Because according to Sharia, if the Islamic bank is acting as a trader in murabaha contract, then it should be exposed to such risks associated with trade. According to these arguments, Islamic banks' earnings based on murabaha financing without invoicing are illegitimate because the profit cannot be substantiated based on true commerce.



In response to Yahşi's statement about invoice not being obligatory according to Islamic law, Pof. Dr. Abdülaziz Bayındır points to the function of invoice in murabaha contracts. He states:

*“Fahrettin Yahşi Bey dedi ki, “bizde fatura kaldırıldı; faturaya aslında alım satımda gerek de yok.” Doğru da, faturanın bir işlevi var; o, yapılan alım satımın belgesidir ve tarafların ilişkisinde ticaret hukukunu geçerli kılar. Birinde işlem, kredi alacaklarının takibi esasına göre, diğerinde ise ticari alacakların takibi esasına göre yürütülür. Arada ciddi fark vardır. Bu yeni uygulamayla ticaret kalktı, yerine, gerçekte olmayan ama hayallerde var sayılan bir ticaret ikame edildi.” (Bayındır, 2007b: 287)*

*“Mr. Fahrettin Yahşi said, “ invoices have been annulled for us; actually there is no need for invoices in buying and selling either.” Okay, but invoices have a function; it is the certificate of what is bought and sold and validates the laws of trade between the relations of the two sides. In one, the transaction will be carried out based on to the follow-up of the credit receivables by the creditor, in the other by the follow-up of commercial receivables. There is great difference between these two. With this new implementation, commerce has been annulled and it has been substituted by a commerce that is really not there but is perceived in imagination.” (Bayındır, 2007b: 287)*

Bayındır's statement is revealing in that he raises the issue of formal status of Islamic contracts. Invoice obligation is directly linked to murabaha to be treated as a real purchase and a sale transaction according to formal law and, through it, Islamic law. This is where secular state law meets and interacts with Islamic law in practice. Legal obligation to invoice, in murabaha case, makes the contract to be treated as commerce rather than credit according to formal law thus aligns the implementation with its true intention (trading rather than financing) in Islamic law.

There are other Islamic Law scholars who point to this function of formal codification of Islamic contracts. According to these arguments, formal codification makes Islamic contracts legally binding and through that, the implementation is aligned with Islamic law, both in terms of form and intention. Islamic scholars usually acknowledge such legal obstacles raised by Islamic bankers, but question the lack of enthusiasm to make legal

adjustments to overcome those obstacles. They usually assert that the real reason behind such problematic implementations is Islamic banks' risk aversion. One respondent states:

*“Aslında kanuni mevzuat engeli de var. Yani mudarebeyi, müşarekeyi doğrudan bir engel, yasaklayıcı bir şey yok, ama çok zorlaştırıcı... Dolayısıyla, bu tür yani bankaların elini bağlayan durumlar var. Mesela, en fazla gündeme getirdikleri şey, en fazla malı kendileri satın alıp, başka tarafa satmıyorlar... Burada yani mülkiyetin nakli meselesi; temel mülk meselesi, mesela şu anda bu yok. Bunu niye yapmıyorsunuz denildiğinde, efendim kanun engel. Düne kadar doğru kanun engeldi, bugün düzeltin. Bütün bakanlar arkadaşlarınız. Birçoğu sizin (eski) elemanınız. Bir saatlik iş, yok o eski yapmıyorlar, etmiyorlar, bizim İslam'a uygun çalışmamıza köstek oluyorlar gibi o suçlamalar; eski döneme ait suçlamalar o da ne derece doğruydı ayrı bir konu da onu bahane ediyorlardı yani.”*

*“Actually there is also an obstruction in the body of the law. That is to say, not directly stopping mudarabah (partnership among labor and capital) or musharakah (partnership in capital) but making it very hard... Therefore, there are things like this that tie banks' hands. For instance, the thing they bring up most is that they do not buy the good and sell to any other party... Here, the thing is the transfer of property; the property right issue, currently they (Islamic banks) do not own the property (they sell). When asked why they don't do it, they say the laws forbid us. That's right, the laws did forbid it in the past, today you can resolve this. All cabinet ministers are your friends. A lot of them are your (former) employees. It will take only an hour, but no, the accusations of they won't, they don't, they are hindering us from working according to Islam, these are all accusations of the old era, which I might say I don't know to what extent they were true, I mean they were using it as an excuse.”*

The account of an Islamic banker, Mustafa Esfa Emek of Albaraka Türk on why the invoice system in murabaha contract had to be revoked, confirms the claims on Islamic banks' lack of enthusiasm on taking the risks associated with trading. At the 'Consultation Meeting on Contemporary Religious Issues' held by PoRA in 2010, Emek states:

*“Üçüncüsü bizim taşıdığımız riskler, siz gerçekten mal alıp satıyor musunuz? İlk bu özel finans kurumları faaliyetini icra etmeye başladığımda fiili olarak malı gidip biz satın alıyorduk. Tabi takdir edersiniz ki Türkiye'de bankalar işte bir yıl vadeyle %50 faiz oranıyla kredi kullandırdığı zaman sadece %50 kredi kullandırmadan dolayı kredi riskini üstlenir. Biz de yaklaşık %50 kar elde ediyoruz, normal bir mevduat bankası da aynı oranda kar elde ediyor fakat biz*

*aynı zamanda mala ilişkin riskleri de üstleniyoruz. 38'lik bobini satıcı firmadan teslim alıp götürüp müşteriye teslim ediyoruz, müşteri diyor ki, 'bu 38'lik değil, 38,2'lik'. Tekrar o bobini alıp götürüp satıcı firmaya iade ediyoruz, satıcı firma 'hayır yalan söylüyor bu 38'lik' diyor, bilirkişiyi çağırıyoruz gidip depoya stokluyoruz, depoya gidiyoruz ki oksitlenmiş. Dolayısıyla mala ilişkin bankacılık sektöründen farklı olarak mala ilişkin riskleri de üstlenmek de kabul edilebilir birşey değil. İkincisi, önceki süreçte satıcı firma faturayı bizim adımıza keserdi, biz üzerine karımızı koyup müşteriye keserdik. Fakat sade bir fatura kesmiş olmakla vergi mevzuatındaki ilk imalatçıdan, nihai tüketiciye kadar bütün vergisel sorumluluğu da üstlenmiş oluyorduk. Albaraka Türk'ün ödenmiş sermayesi 20 milyon dolarken, sırf bu gerekçeden dolayı 22 milyon dolarlık fatura çıkarıldı. Kötü niyetli bir iktidar sırf bu gerekçeden dolayı, eğer istese bir katılım bankasını 15 günde batırabilir. O zaman bizim bu riski taşıyor olmamız düşünülemez.” (Emek, 2010: 341-342)*

*“The third is the risks we take, do you actually buy and sell the goods? When first these special finance houses started to operate, we actually went and bought the goods ourselves. Of course, as you would appreciate, in Turkey when banks give out credit for one year with 50% interest rate, they only undertake the credit risk that comes with applying 50% interest rate for one year. We too make a profit of around 50% and so does a deposit bank, I mean we both have the same profit rate, however, we also undertake the risks associated with the goods. We go and take the 38cm coil from the selling company and deliver it to the customer. The customer says, 'this is not 38cm, its 38.2'. So we take it back to the selling company, they say, 'No they are lying. This is 38'. So we go and stock it at the warehouse and call a legal expert but by the time he comes the goods are corroded. Therefore, it is not acceptable to also take the risks associated with the goods separate from banking sector. Secondly, in the previous process, the seller would invoice to us and we would invoice it to the customer by adding our profit. But just by making out that single invoice, we assumed all the tax responsibilities from first manufacturer to final consumer. While Albaraka Türk's paid capital was 20 million dollars, a 22 million dollars receipt was made out just because of this fact. A government with bad intensions could bankrupt a participation bank over a fortnight just based on this fact. You can see then, that we cannot assume this risk.” (Emek, 2010: 341-342)*

Emek clearly thinks Islamic banks should not take any risks that are associated with the traded goods which he sees as outside of the banking risks. This is exactly the point of the critical accounts provided above. In those accounts, what Islamic bank should be doing through murabaha is trading not financing so it should take the legal ownership and risks

related to the traded good. But according to Emek, taking the trade risk is not workable/feasible where the profit margins are the same with conventional banks. His account is also an example of the arguments that refer to vulnerability of Islamic banks due to invoice requirement. He states malicious incumbent powers could use the system to burden Islamic banks with excessive tax bills.

Although he does not refer explicitly to secularism, given the experience of Islamic bankers during the law process of 1999, he may be referring to ideological struggles that Islamic bankers had to go through. I will explain the process of 1999 law in Section 4.3. below where I examine the influence of context in the legal definition of Islamic banking. But to make it clear, such references regarding the perception of secular ideology as a threat to the existence of Islamic banking are not very common in the accounts of Islamic bankers after early 2000s.

The accounts of murabaha also reveal different positions, priorities and roles of people I refer to as moral certifiers and idealists. Although moral certifiers (Islamic scholars who are in the Advisory Boards of Islamic banks) acknowledge the less than perfect execution of murabaha, they deem it still permissible. According to moral certifiers, Islamic banks have to rely on murabaha to ensure long-term survival because more preferred Islamic financial instruments like mudarabah (labor-capital partnership similar to venture capital) and musharakah (similar to joint venture) are not viable due to unstable macro-economic conditions and ‘*unsuitable human model*’ that refers to lack of trustable, capable entrepreneurs. The answer of Karaman to a reader, challenging the murabaha contract by suggesting that it can be considered *Hile-i şer'iyye (hiyal)*, a legalistic trickery to evade the prohibition of interest in Islamic law, is an example of these accounts. He answers:

*“Kurum, kendisine para yatıran ortakların (kâra ve zarara katılım hesabı sahiplerinin) beklentilerini karşılamak mecburiyetindedir. Kâr beklentisi ile para yatıran bir ortak (hesap sahibi) parasının enflasyon farkını; yani enflasyonun sebep olduğu değer kaybını bile telafi edemezse buradan parasını çeker ve kurum işleyemez hale gelir. Değer kaybını karşılamak da yetmez, bunun üzerine bir miktar da reel kâr vermek gerekir. İşte vade farkı bu gereklere göre ayarlandığı için bir yandan banka faizlerine yakın olmakta, diğer yandan -bazı durumlarda- banka faizi nisbetini de aşmaktadır. Ama*

yalnızca bu duruma (yani kâr ile faizin miktar olarak birbirine yakın veya farklı olmasına) bakarak işlemin meşru olmadığını söylemek mümkün değildir. Genel olarak meşru ticarete ve sanayi kesiminde kâr böyledir; kimi zaman faize eşit olur, kimi zaman da farklı. Ticaret malı bedel karşılığında alıp satmak suretiyle yapılır. Finans kurumları da -murâbaha işlemi- bunu yapıyorlar. Alıp satma iki şekilde oluyor: ...Bu iki işlem şekil yönünden fıkha (İslâm'a) uygundur. Buna hile diyebilmek için tarafların maksadına bakmak gerekir; maksat araya bir işlem sokarak faizli kredi vermek/almak ise bu hile olur, maksat gerçekten bir malı alıp vade farkı koyarak satmak ise (mal gerçekten alınıyor ve satılıyorsa) buna hile denemez. Özel finans kurumlarının faizsiz sisteme -ekonomik ve sosyal etkisi bakımından- daha yakın, daha uygun bulunan iki işlemi daha vardır: Mudârabe ve müşâreke...Mudârabe ve müşâreke, özel finans kurumu uygulamalarında, murâbahaya göre daha küçük oranlarda gerçekleşmektedir. Bunun sebepleri arasında hesap sahiplerinin sabırsızlığı, riske düşmeden kâr beklentisi, müteşebbis firmaların hesaplarının kısmen kayıt dışı olması, iş dünyasında emanet, ahde vefâ, sadâkat, haram-helâl şuur ve duygularının zayıflamış olması sebebiyle hâsıl olan güven bunalımı... vardır. Biz kemiyet ve keyfiyet yönünden ne kadar iyi Müslümanlar olursak, kurumlarımız da o kadar iyi (Müslümanca) olacaktır.” (Karaman, 2001; Karaman 2003)

“The establishment is obliged to meet the expectations of the partners who deposit their money to its accounts (the holders of the participation to profit and loss accounts). A partner (account holder) who deposits money with the expectation of gaining profit will withdraw his money if he does not even get the inflation difference, that is the devaluation caused by inflation, and the establishment will not be able to operate. Compensating for the devaluation is not enough in itself, a certain amount of real profit is also required. It is because the maturity rate is calculated according to these factors that it is close to bank interest rates and sometimes –in certain instances- surpasses them. However it is not possible to rule this transaction out as illicit by just this (i.e. the fact that profit and interest rates are close to or different from each other). This is how profit rate generally is in legal trade and industry sectors; sometimes equal and sometimes different from interest rate. Trade is done by buying and selling a product for a price. This is what special finance houses do –in murabaha operations-. Buying and selling takes place in two ways: ... These two operations are fitting to fiqh in form. In order to call this deceit you need to look at the intentions of the two sides; if the goal is to give/take credit with interest by putting a transaction in between, this would be deceit, but if the goal is to actually buy a product and sell it by adding maturity rate (if the product is actually being bought and sold) this cannot be labeled as deceit. Special finance houses have two more operations that are more closer, more fitting the interest-free system –in terms of its economic and social impact-:

*mudarabah and musharakah. ... mudarabah and musharakah find less place among special finance house applications compared to murabaha. Among the reasons for this are the impatience of account holders, the expectation of profit without risk, the fact that companies' accounts are partly off the books, the confidence crisis surrounding the business world because of the diminishing sense and feelings of entrustment, abiding the promises (ahde vefa), loyalty, haram-halal...The better Muslims we are in quality and quantity, the better our establishments will be (in terms of Islam).” (Karaman, 2001; Karaman 2003)*

Karaman's account above reveals one of the distinctions between the people I refer to as moral certifiers and idealists that I explained in previous chapter. According to moral certifiers the flaws in implementation are due to objective and subjective constraints within the environment, so Islamic banking cannot be the only one to blame. Idealists see the flaws in implementation as mainly the function of the intentions and true motives of certified producers. Environmental constraints are acknowledged but, Islamic banking is understood to be existing to challenge and correct those constraints not to go along with them.

#### **4.1.2.2. Formal codification as alignment to Nature's rules and models**

Similar to Islamic scholars' accounts in Islamic banking above, moral certifiers and idealists in organic agriculture perceive the formal law as not fully accommodating the principals of organic agriculture. These arguments are similar to those in Islamic banking that they usually refer to both formal law and 'the other law' i.e, Nature's rules and models and assert that the latter should be taken into account or codified by the former.

Similar to the criticisms that the invoice obligation is avoided because of economic motives in murabaha in Islamic banking, there are criticism in organic agriculture that the natural ways of animal husbandry, seed pollination, or the general natural cycles are ignored because of profit maximization. In the following quote, my respondent claims that the conditions for chickens' natural way of being is ignored in certified organic agriculture because of economic reasons.

*“Şimdi organik dediğin zaman bir standart koyuyorsun. İşte bir tavuk şu kadar m2 alanda, hani bunun yapılmasında bir kötülük yok, ama iş görüntüye geliyor. Hani böyle organik sertifika olunca çiftliklere bakıyorsun, binlerce tavuk falan... Hangi doğal davranışlardan bahsediyorsun? Yumurta organik, ama tavukların içinde bir tane bile horoz yok... Onlara doğal davranım koşullarını sunabilmen lazım. Doğada nasıl yaşıyor bu hayvan, ona uygun şartlar hazırlayacaksın. Her canlının erkeği ve dişisi var. Tabii horoz yumurtlamadığı için o kadar horoza para harcamak istemiyor, bu kadar basit aslında... Organik yem alıyor, evet hani teknik anlamda organik sonuçta. Tahlil ettiğinde bir zehir çıkmaz, ama ekolojinin felsefesi bakımından baktığın zaman bana göre değil... çünkü doğal koşullarda yaşatmıyor hayvanı, istediği kadar sağlıklı yem yesin. Yani bu bütünden koparılmış artık yani. Bu iş böyle teknik düzeylere indirgenmiş.”*

*“Now, when you say organic, you put in a standard. Like, a chicken has this m2 space, I mean there is nothing bad in this, but it comes down to show. When there is an organic certificate, you look at the farms, thousands of chickens and what not... What natural behavior are you talking about? The egg is organic, but there isn't a single rooster among the chicken... You need to give them the means to act naturally. How does this animal live under natural conditions, that is what you have to provide means to conform that. Every creature has a male and a female. Sure, because the rooster does not lay eggs, they don't want to invest in that many roosters, it's actually that simple... They buy organic fodder, yes; it's organic in the end in technical terms. When you have it tested, no poison will come up, but when you look at the philosophy of ecology, that does not suit me... because the animal is not living under natural conditions, feed it all the organic fodder you want. I mean, it is severed away from the whole. It's all degraded to technicality.”*

Another respondent points how the legal enforcement of using organic certified agricultural inputs such as fertilizers to be eligible for organic certification violates the interdependency relations in nature. He states:

*“Organik gübreler var, organik üretim yaptığın tarlada organik gübreni kullanabiliyorsun. Ama yaylada otlamış ineğin gübresini kullanamıyorsun... Karadeniz'de bir sürü mesela çay üreticisi diyelim ki gübre olarak, Kars'taki, Erzurum'daki yaylalarda otlayan ineklerin gübresini taşıyor, onu kullanıyor. Onu kullandığı anda sertifikasını alamıyor. Al bakalım, şimdi hangisi daha ekolojik, onun yerine atıyorum, Amerika'da üretilen organik gübreyi 20 bin*

*kilometre gemide taşıtıp, bir sürü karbon analizini yaptırıp, onu kullanıyorlar. Bitkiyle hayvanın iç içeliği döngüsünü de kırmış oluyorsunuz.”*

*“There is organic fertilizer, you can use organic fertilizer in the field you produce organically. However, you cannot use the fertilizer from the cow that grazes on the highlands... In the Black Sea Region, let’s say tea growers carry the fertilizer of the cows that graze the highlands of Kars and Erzurum and use that. When they use it, they cannot get certification for it. There you go, I mean, which one is ecologic? Instead, you go and buy the fertilizer produced let’s say in America, carry it for 20 thousand kilometers on ships, do loads of carbon analysis tests on it and use that. By this, you break the interconnected cycle of plant and animal.”*

Parallel examples are most salient around the organic food production in greenhouses, monoculture practices and hybrid seeds and GMO debates. The common theme in these accounts is reference to Nature’s rules and models and how organic agriculture as codified in formal law violates it.

Similar to differences among idealists and moral certifiers around contested practices in Islamic banking, idealists and moral certifiers in organic agriculture differ in their views on contested practices. Similar to idealists’ accounts in Islamic banking, idealists accounts in organic agriculture put the blame to the industry for not adequately reflecting the models in Nature. Idealists accounts around legal codification similar to two quotes above refer to inadequacy of legal codification for enforcing practices that are deemed natural.

Moral certifiers in organic agriculture posit that contested practices such as monoculture production, production in green houses, and hybrid seeds cannot be banned in the formal law. Similar to moral certifiers in Islamic banking, moral certifiers in these accounts refer to external factors that deem contested practices necessary for the long-term survival and growth of industry. One respondent explains why formal law cannot prohibit practices such as monoculture and hybrid seed as follows:

*“Bütün dünyada aslında sertifikasyon olunca, büyük bir ölçekten bahsediyoruz ve o büyük ölçek içerisinde olabilecek şeyler var, olamayacak şeyler var...Mono kültürü yasaklayamaz mesela... Neden, çünkü diyelim ki üründen ürüne de değişir bu. Örneğin, sultani üzüm, yani hektarlarca bağ var ya da işte buğday, hektarlarca ekmek zorundasın ya da işte kayısı tarlaları,*



*kapalı kayısı bahçeleri. Yani şimdi bu ürünler mono kültür sınırında dolaşan ürünler zaten. Dolayısıyla, bunu yönetmelik kapsamından çıkaramayız ya da işte yerel olması ya da tohumun yerli tohum olması. Yerli tohuma o yönetmeliğe koyup, zorunlu kıldığın zaman, birçok üretim yaptıramayabilirsin. Yani hem yerli tohum bulamayabilirsin, hem ticari anlamda değeri olan ürünün içinde yerli tohum bulamayabilirsin...Mono kültür bir konuysa, sera başka bir konu olabilir. Serada organik domates yetiştirebilirsin. Ama onun için hibrit standart tohum kullanman gerekir. Bunları yönetmelik yasaklamaz, fakat felsefe kuruluşları ve yönetmelikte önerir; yerli tohum kullanmasını önerir. Yerli tohum kullanmasını yasaklamaz. Yani bir hayli üreticinin işini de kolaylaştırmak zorunda. Hani bu işin önünün açılması için ve belli bir noktadan daha ekolojik bir noktaya gelebilmesi için, mevcut durumdaki bütün araçlarını elinden almaması lazım. O nedenle, o anlamda gevşek koşulları olabilir, ama bunların hep sebepleri var.”*

*“Actually when there is certification all over the world, we are talking about a great scale here, within that great scale there are things that can be done and that cannot be done... For instance you cannot forbid monoculture... Why, because let's say this can vary from product to product also. For example, sultana, there are hectares of vineyards, or wheat, you have to plant hectares and hectares, or apricot fields, closed apricot gardens. I mean these are products bordering monoculture. Therefore, we cannot take it out of the scope of the regulation, or it being local, the seed being local seed. When you put local seed into that regulation and make it mandatory, you may not be able to grow many things. I mean, you might both not be able to find local seeds and you may not be able to find local seeds within products that have trade value... If monoculture is one topic, greenhouse might be another. You may grow organic tomatoes in a greenhouse. But for that you need to use hybrid standard seeds. The regulations do not forbid this, but recommend the use of local seeds. It will not forbid the use of local seeds. I mean, you also have to make it easy on the producers. Like, for this business to take flight and after a certain point come to a more ecological standpoint, you must not take away all the instruments in the farmers' hands. That's why there can be flexible conditions in that sense but all these have their reasons.”*

#### **4.1.3. Formal Codification for a Viable Industry**

People I refer to as certified producers and moral certifiers are more interested in the viable operation of the focal industry compared to people I refer to as idealists. The

accounts of certified producers and moral certifiers in reply to idealists' criticisms around legal definition of Islamic banking and organic culture above reveal that these people try to ensure a safe and viable operation through legal regulation albeit in different ways.

#### **4.1.3.1. Moral certifiers: leniency and legal spaces**

Moral certifiers in Islamic banking and organic agriculture try to ensure a safe and viable operation of the focal industry by being more lenient with 'loose' definitions in formal codification. They acknowledge the less than perfect status of formal codification and implementation of certain practices. However they tend to interpret this as reflecting the defects of external factors such as a strong incumbent system that obstructs certain practices, unstable macro conditions, moral defects of people in economic life, consumer demand, the characteristic of the product that necessitates a certain implementation etc. According to these arguments, Islamic banking and organic agriculture in their current status are 'trial' or 'transition phase' models and they will evolve to more ideal form once the external environment is more suitable. Moral certifiers believe that these industries fulfill an important function, providing better alternatives with respect to their conventional counterparts, thus they must be supported to survive. Thus, formal codification should provide that flexibility in implementation for these industries to survive and grow.

In organic agriculture moral certifiers explicitly refer to opening up legal spaces for organic agriculture to develop and address the concerns around contested practices. Usually the specific articles added to laws and regulations are elaborated as providing such legal spaces that allowed for practices that is favorable for the development of organic agriculture. For example the establishment of organic farmers' markets was possible because of the amendments to laws on municipalities and trading of fruit and vegetables. Seedling law prohibits the farmers to sell seeds but a provision makes the seed-exchange among farmers possible. There has been even a modification in the organic agriculture regulation about the ratio of organic animal feed in order to be certified organic meat so

that the large organic husbandry producers could survive until enough supplies of organic animal feed were secured.

#### **4.1.3.2. Certified producers: law as a shield**

Islamic bankers try to ensure a safe and viable operation by using the law and regulations as a shield against criticisms from moral certifiers, idealists and the state. Islamic bankers referred to law and regulations as constraining while interacting with moral certifiers and idealists and highlighted their formal status within the legal system while interacting with the state.

Islamic bankers' accounts around their legal bases and regulations while interacting with the moral certifiers and idealists are tied to the claims about being constrained by the law. Islamic banks try to reconcile the differences between the implementation and the definition of moral certifiers and idealists by referring to practical obstacles they encounter and usually with its link to the larger legal system. For example, as I explained in the case of murabaha contract above, Islamic bankers reply to the criticism regarding invoice obligation by referring to incumbent accounting and tax regulations. Larger legal regulations in tax and accounting laws coupled with bad intentions would make invoice system open to individual abuses and ideological or political hostility.

When questioned about the handling of deposits that are retrieved before their maturity date, Islamic bankers claim that they can not pay the profits those funds earned during the time they stayed in the bank because of legal regulations, even though they acknowledge that they should be paid according to Islamic law. When questioned about the similarities in calculations of and references to monthly profit rates on the grounds that it implies association between interest and profit, Islamic bankers point to formal financial accounting practices that require monthly calculations of 'internal rate of return'.

In all these accounts, Islamic bankers refer to formal legal framework as inhibiting Islamic banks in their reply to criticism by moral certifiers or idealists. By deferring to the

constraints of the legal system that is claimed to be designed for conventional interest-based financing, Islamic bankers transfer the responsibility for being less than 'Islamic' to the system. Here, in Islamic bankers's accounts in reply to moral certifiers and idealists, being within the system is regarded as a handicap that incapacitates these banks to be truly Islamic.

Islamic bankers' accounts around these banks' legal bases and regulations while interacting with the state are usually tied to being formal and regulated organizations rather than being constrained by formal law. In these accounts, the formal status and being within the system is articulated as a positive feature that proves these banks to be legally proper financial institutions. These accounts almost always include references to Islamic banks' role as supporting real economy and attracting unbanked funds.

Accounts of this type are especially salient before the early 2000s and usually are in response to the secular criticism. In these accounts, Islamic bankers emphasized their formal status as an evidence that they are completely legal, transparent and regulated and as such cannot be a threat to secular system. These accounts are geared towards depicting Islamic banks as financial institutions and almost never explicitly challenge secularism as an ideology.

Unlike Islamic bankers, certified organic producers rarely refer to organic law and regulations as obstacles to do 'proper' organic farming when interacting with moral certifiers and idealists. This may be due to the content of organic agriculture law. The law prohibits harmful chemicals and encourage biodiversity. It does not contain any provisions regarding the use of local seeds or hybrid seeds.

And unlike Islamic bankers, certified organic producers rarely needed to emphasize their formal status while interacting with the state. Large certified producers and moral certifiers refer to cooperative relations with the state regarding the legal regulations and organic agriculture. In these accounts, the state is usually understood to be genuinely interested in developing the scale of organic agriculture.

However, certified organic producers and moral certifiers do emphasize their products' formal and regulated character in their public statements in relation to

unregulated ‘natural’, ‘local’ or ‘traditional’ labels (NLT labels) that are ubiquitous. I explain how formal codification was used as separation from similar ventures below.

#### **4.1.4. Formal Codification as Separation from Similar Ventures**

Different priorities of industry insiders with respect to legal codification are also revealed in the issue of separation from similar ventures. Islamic banks were established at a time with Islamic holdings -businesses that acted as unregulated financial institutions, collecting funds primarily from Turkish workers in Germany and investing them with the promise of some return- were prominent in the news media. Organic agriculture, has co-existed with agricultural production that claims to be natural, local, and/or traditional but outside of regulation. These unregulated similar ventures have revealed conflicts among actors in both industries. Idealists have been supportive of some unregulated producers that they saw as conforming to moral ideals. Moral certifiers have seen them as threats to the spread and acceptance of the legal forms. Producers have seen them as rivals. Even moral certifiers and producers, however, have often been unable to speak against them when they saw them as actors with the same mission or in order not to compromise their relationships with them.

Unlike current literature on market categories, respondents’ accounts on the similar ventures in Islamic banking and organic agriculture suggest that industry insiders do not readily demarcate their industry from similar ventures even if those ventures are perceived to be causing a conceptual confusion or harming the industry. Some organic producers did not choose to opt for legal codification for NLT labels while some Islamic bankers could not choose to clearly differentiate Islamic banking from Islamic holdings in their public statements. Producers’ multi-layered relations with similar ventures in Islamic banking and the perceptions of those ventures as being within the same camp in organic agriculture influenced their ability and motivation to demarcate their industry from those ventures.

#### **4.1.4.1. Separation of Islamic banking from Islamic holdings**

All respondents acknowledged that Islamic holdings harmed Islamic banking and also acknowledged the silence of industry insiders around these ventures. Given the Islamic bankers' perceptions regarding the adverse effects of Islamic holdings on Islamic banking, why Islamic bankers did not activate sharp boundaries between themselves and Islamic holdings?

Participants' accounts point to two adverse effects of Islamic holdings that was particularly harmful for Islamic banking: First Islamic banking was generally lumped with Islamic holdings and bore the distrust held to these ventures. Second, Islamic holdings were also posing unfair competition by distributing profits at rates 25-30% while Islamic banks could only provide 7%.

Distrust spillover was most harmful in two instances; during the drafting of the 1999 law and opening branches in Germany. Military elites, in a memorandum in 28 February 1997, regarded Islamic holdings as involving pro-sharia activities and demanded that they should be controlled. In the process, Islamic banking was lumped with Islamic holdings and, in response to military elites' request, tried to be disestablished through the draft of 1999 banking law.

In the second instance, Islamic banks could not open branches in Germany where a substantial Turkish community exists and had an experience with Islamic holdings. One respondent referred to a feasibility study conducted in Germany to open a branch of an Islamic bank in 2001 and concluded that it was not feasible to open a branch due to high distrust to Islamic holdings. The first branch of a Turkish Islamic bank could be opened in Germany 14 years later in 2015.

However archival data do not include explicit criticisms or concerns of Islamic bankers regarding Islamic holdings. Islamic holdings were referred in a few instances as 'unregulated practices' or 'wrong examples' and usually only after 2000 when Islamic holdings started to bankrupt. Ahmet Ertürk, assistant general manager of Albaraka Türk, in

his speech in a symposium on the occasion of 15th year of the establishment of Islamic banking on May 31st, 2000 states that:

*“Bugün artık Bankalar Kanunu bünyesinde faaliyetlerine devam eden özel finans kurumlarının geçtiğimiz 15 yıllık süre zarfında zaman zaman yanlış bilgilenmekten kaynaklanan bazı tereddütlere ve sorunlara muhatap olduklarını biliyoruz. Daha çok piyasada özel finans kurumları dışındaki bazı yanlış örneklerden ve bazı ön yargılardan destek alan bu ithamların haksızlığını burada vurgulamak isteriz.” (Ertürk, 2000: 13)*

*“We are aware that during the last 15 years, special finance houses, which today are continuing their operations under the Banking Law, have from time to time experienced some uncertainties and problems rising from misinformation. We would like to stress here the unfairness of these accusations that stem from certain prejudices and wrong examples outside of special finance houses.” (Ertürk, 2000: 13)*

This is an example of how implicit references to secular ideology (*certain prejudices*) and Islamic holdings (*wrong examples outside of SFHs*) usually look like in Islamic bankers’ accounts in archival data.

Given Islamic holdings’ apparent harms, why Islamic bankers did not activate sharp boundaries between themselves and Islamic holdings? Respondents’ accounts point to multilayered relationships between Islamic banking and Islamic holdings as an explanation. First they were business partners, Islamic holdings were the customers of Islamic banks. Second, Islamic holdings were perceived as within the same camp, targeted by the same incumbent secular ideology, and a stance against Islamic holdings could harm them even more, given the ideological hostility of the period. And third, Islamic banks and Islamic holdings shared a similar and even overlapped customer base; an explicit stance against Islamic holdings could have eventually harmed Islamic holdings’ customers and alienated the customers of Islamic banks.

Similar to Islamic bankers, Islamic scholars I refer to as idealists and moral certifiers did not publicly talk about Islamic holdings. In the interviews, there were ambivalent attitudes to Islamic holdings. They were usually acknowledged for their success to mobilize huge amount of capital but criticized for being not professionals regarding how to use that

money. Some expressed sympathy and blamed the state's hostile attitude for bankruptcy of most Islamic holdings in early 2000s.

#### **4.1.4.2. Separation of organic agriculture from natural, local and traditional labels and good agricultural practices**

Labels such as 'natural', 'local' and 'traditional' (NLT labels) figure prominently in both archival and interview data as creating conceptual confusion. My respondents pointed that these labels created much more confusion in the early 2000s but now, they claim, there is a growing group of knowledgeable consumers who wouldn't be deceived so easily.

There are different views among certified producers, moral certifiers and idealists about what to do with these labels. My respondent from ORGÜDER saw NLT labels as a bigger problem for conventional rather than organic producers, as organic producers could differentiate themselves with formal certification. On the same vein, he did not view Good Agricultural Practices (GAP) as creating confusion for organic agriculture because they both were defined in the law. However he also mentioned NLT labels should be regulated by the law.

Moral certifiers have more complicated view of NLT labels and GAP. Some acknowledged the conceptual problem NLT labels created for organic farming but were reluctant to advocate legal regulation around these labels. They were very well aware of the genuine producers I explained in previous chapter in Section 3.3. who follow non-chemical farming practices but do not have organic label. They believed that any formal regulation of NLT labels would affect those genuine small farmers negatively whom they saw within the constituency of ecological agriculture. They believed small farmers are best left outside of legal regulation as much as possible so that they would have a little more freedom to operate and survive and that they are not burdened by the bureaucratic requirements of certification.

However some saw counterfeit NLT producers as creating unfair competition for those small genuine NLT producers and would prefer a legal regulation on those labels.



Moral certifiers usually have ambivalent attitudes to the certified Good Agricultural Practices (GAP) that I explained in previous chapter Section 3.3. They acknowledged that GAP is creating a conceptual confusion in relation to organic agriculture and highlighted its odd and unique character by stating that GAP was initiated by large supermarkets and existed only in a few countries. However, they also saw GAP as a ‘buffer zone’ between organic and conventional agriculture and potentially as an opportunity to reach out more producers and consumers for the two reasons. First, it could help raising consciousness about the abuse of conventional inputs among producers and consumers and second, providing more affordable choice compared to organic products.

#### **4.2. Alignment in the Legal Space**

I explained how different priorities and positions of industry insiders played out in the formal definition of Islamic banking and organic agriculture above. Beyond just creating the legal definition, data suggests a separate challenge in the legal creation of organizational forms: How to make the legal definition of organizational form compatible with other legal definitions and regulations so that the new form becomes operational? How to align the new terms and definitions introduced with the new form with related laws and regulations? And how this alignment process figure in the debates regarding the focal industry?

This challenge was especially true for Islamic banking because of two reasons. First, the operation of Islamic banking was directly or indirectly related to several other laws and regulations, such as income tax law, corporation tax law, procurement law, internal documents of state-owned economic enterprises, Savings Deposits Insurance Fund (SDIF) regulation, the regulation of Central Bank of Republic of Turkey (CBRT), and later to Banking Regulation and Supervision Agency (BRSA) regulation and capital markets law. Second, the new terms and definitions such as ‘Special Finance Houses’ (vs ‘banks’),

‘profit and loss accounts’ (vs ‘deposit accounts’) and ‘(expected) profit’ (vs ‘interest’) were introduced for the first time with Islamic banking and did not exist in the contents of these laws and regulations.

For example income tax law was including provisions for interest incomes from conventional banks but not the profit incomes from Islamic banks. What was going to be the status of profit incomes from Islamic banks and how to decide about tax ratios? Borrowers from conventional banks could enter the interest debts as expenses in their tax forms, would it be the same for customers of Islamic banks who were not borrowing money but participating to losses and profits? When the income tax ratios were lower in favor of Islamic banks in early 1990s, this was interpreted as an evidence of the government’s lack of commitment to secular principles in newspaper *Milliyet*.

Due to provisions in corporation tax law, the invoice obligation in murabaha contract created double taxation problem creating excessive tax burdens for Islamic banks. Coupled with operational problems I explained in Section 4.1.2.1., Islamic bankers lobbied for the invocation of invoice obligation and succeeded in it. This created heated debates among Islamic scholars and Islamic bankers about the legal definition and implementation of murabaha on the grounds that it violates Islamic law and still continues today.

Procurement law was referring to banks as the only eligible entities for providing letter of guarantees. How could Islamic banks formally named as Special Finance Houses and defined as non-bank financial institutions, provide letters of guarantee and raise their earnings? Islamic bankers frequently highlighted in their public statements as captured in newspaper data, that the fact that their letters of guarantee were not accepted is an example of state’s hostile attitude towards these banks. This problem was tried to be solved briefly in 1996, but continued until 1999 when Islamic banks were included in the banking law.

Internal regulations of all state-owned economic enterprises were referring to conventional banks but not to Special Finance Houses as the entities to be worked in their financial dealings. SHFs, defined as non-bank financial institutions could not work with state-owned economic enterprises that constituted a fair part of Turkish economy before the large scale privatizations started in early 2000s. This issue coupled with letters of guarantee

(state-owned economic enterprises were the main customers accepting letters of guarantee) reflected in the accounts of Islamic bankers as the hostility of the secular system to Islamic banking.

Another example is the insurance of the funds in Islamic banks. If the contract between the customer and the Islamic bank is a *participation to losses and profits* relation, then should the participation accounts in Islamic banks be insured? And if yes, which risks the insurance cover? Should the SDIF premium calculations be the same for funds in Islamic banks and conventional banks? Could the same entity insure the funds both in Islamic banks and conventional banks? As I explained in Section 4.1.2.1., insurance of funds in Islamic banks was one of the contested areas among Islamic bankers and Islamic scholars in terms of its status in Islamic law. Currently SDIF insures both banks and applies the same premium calculation ratios for both types of banking. According to a recent *Participation Banking Strategic Plan* published on May 2015, however, premium calculation ratios is going to be changed with an amendment to SDIF regulation (TKBB, 2015)

As the new products and definitions are introduced continuously so as the alignment to incorporate them within the legal space. The recent Strategic Plan announces around 50 legal changes to increase the effectiveness of the products currently in use and to diversify the product portfolio structure and introduce new products. These legal changes are comprehensive and effect several laws and regulations such as regulations of SDIF, BRSA, CBRT and capital markets law.

The alignment process is not unidirectional inflicting changes only in the larger legal space to accommodate Islamic banks' products and definitions. There is also an ongoing alignment among the legal definitions within the legal framework of Islamic banking to accommodate new products. For example one of the key definitions, the legal definition of *participation fund* will be changed to accommodate a new product called *wakala*. There are legal changes foreseen for the murabaha contract to accommodate *wakala*.

There are not explicit events and discussions in organic agriculture arising from the new legal definitions as it was the case in the income tax law, and procurement law in

Islamic banking above. However, there were a few examples of legal alignment process to accommodate organic agriculture within the conventional system. Respondents' accounts on how organic farmers' markets could be opened, and how seed-exchange festivals are possible provide evidence that there were legal adjustments in larger legal framework to develop organic agriculture and accommodate the concerns around local seed among industry insiders.

As I explained in Section 4.1.3.1. the establishment of organic farmers' markets was possible because of the amendments to laws on municipalities and trading of fruit and vegetables. Seedling law prohibits the farmers to sell seeds but a provision makes seed-exchange among farmers possible. These examples are usually provided by moral certifiers in the context of state-organic agriculture relations to elaborate state's interest in developing organic agriculture. Idealists usually do not refer to the exceptions made in the laws that are perceived to be helping organic agriculture by moral certifiers. The people I call idealists usually referred the laws and regulations in the larger legal framework to elaborate how the system and the state is designed for agribusiness and how specific laws were influencing agriculture to become an agribusiness. I will discuss the debates around contested practices such as monoculture production and hybrid seeds in the next chapter within the scope of moral authenticity.

### **4.3. Influence of Context on Legal Codification**

I explained how the industry participants' different priorities and the larger legal space played out in the legal creation of Islamic banking and organic agriculture in the previous two sections, Sections 4.1. and 4.2. respectively. In this section I explain how the larger socio-political and economic context influenced the legal creation of Islamic banking. Data suggest that if the legal change is perceived as a necessity caused by external

factors, it stirs less contestation among industry insiders compared to legal changes that happened in the absence of external forces.

The basis of this assertion comes from two instances. First, inclusion within the banking law of 1999 and second, the establishment of assurance fund in 2001 created less contestation among industry insiders compared to banking law of 2005 that I explained above.

In the draft of 1999 law, one of the proposals was to convert Islamic banking into conventional banking. All respondents agreed that the proposal was reflecting the hostility of secular ideology of the time fueled by military memorandum in 28 February 1997. With a successful lobbying, Islamic bankers were able to influence the process and the Islamic banks were included within the banking law for the first time.

The law of 1999 did not define Islamic banks as a ‘bank’ but put them under the same regulation body, BRSA as their conventional counterparts. With an amendment to banking law n. 4389 in 2001, Islamic banks were to establish their own Association as well as Assurance Fund similar to conventional banks’ Banking Association and SDIF respectively.

As suggested by my respondents and supported by archival data, the dominant view among Islamic bankers and Islamic scholars was to retain Islamic banks outside the banking law to keep them distinct from conventional banks. From Islamic bankers’ perspectives, this preference also reflected instrumental concerns; being outside of banking law provided more flexibility and financial advantages. The inclusion in the banking law and assurance funds would bring additional financial obligations.

Data suggests that, the political context in the events of military memorandum starting from mid 1990s raised concerns among Islamic bankers regarding the fragility of Islamic banking’s legal framework. Islamic banking was regulated with a government decree and left the ultimate power regarding the fate of Islamic banking to the council of ministers. Inclusion within the banking law would provide more a secure ground for Islamic banking as the law, being difficult to change in a whim, would provide more protection against external hostility. A few respondents explained what it meant to be included in banking law in 1999 as *“being equal to İşbank in terms of legal framework”*.

İşbank is the first bank established in Turkish Republic in 1924 with the order of Atatürk, who also provided one fourth of the bank's founding capital from his personal account.

Accounts regarding the establishment of assurance fund in 2001 provides another example how the external factors influenced industry insiders' attitudes towards the legal change. Parallel to perceptions regarding the inclusion within 1999 law as a necessity to protect Islamic banks from the ideological hostility of incumbent governments, assurance fund was deemed as necessary to repair confidence to the Islamic banks after one of them was bankrupted because of mismanagement in the midst of severe economic crises in 2001. One respondent who had been in favor of this development explains the establishment of Assurance Fund as '*a gift of crises conditions*', and points that discussions around the appropriateness of the Fund in terms of Islamic law were resolved quickly by referring to the urgency of the situation.

*"Güvence fonu o kriz şartlarının bize hediyesidir. Kriz şartlarında oluşturduğumuz bir mekanizmadır o. Özel finans kurumlarında esas kâr ve zarar hesabı olduğu için, bunun güvencesi olur mu tartışmaları da oldu. Ama bu birkaç ay sürdü, en az iki üç ay sürdü. Fakat kriz şartlarını başka türlü de aşma imkânımız yoktu... Bizim kendi aramızda oldu, danışmanlar, yani bu işe olur veren hocalar arasında, fetva heyetleri arasında tartışmalar da oldu. Güvence fonu olabilir mi, bu bankalara emanet edilen fonlar garanti edilebilir mi tartışması oldu ve süratli bir şekilde bunun olabileceği neticesine gittik... Arkadaşlardan da uygunluk aldık. Onlar dediler ki, bu güvence fonu olağanüstü şartlarda fonksiyonel olacak bir mekanizma. Bu neyi garanti ediyor? Allah göstermesin, bina yıkılırsa, banka batarsa, devreye girecek, tasarrufçuyu koruyacak bir mekanizma. Tasarrufçu tasfiyeyi bekleyecek, işte bana bir şey düşecek, düşmeyecek. O sıkıntıdan kurtulsun, bir an önce parasına ulaşsın, küçük tasarrufçunun tasarrufu korunsun, onun için bir güvence olsun."*

*"The assurance fund is a gift left to us from the time of the crisis. It is a mechanism that we formed under crisis conditions. Since the basis of special finance houses is profit and loss calculations, there was debate about whether there could be a warranty for this. It lasted for a few months, two or three at least. However, we had no other choice to overcome crisis conditions... We debated it among ourselves, with our advisors, I mean among the fatwa committees. It was debated whether or not a warranty fund could be established and if the funds deposited to these banks could be guaranteed and we quickly came to the conclusion that this was possible... We got approval from our*

*friends (fatwa committees) too. They said this assurance fund was a mechanism that will be functional only under extreme circumstances. What does this guarantee? God forbid, if the building collapses, if the bank bankrupts, it will be activated to protect the account holders. Normally, the account holder will have to wait for the liquidation; wonder if something will fall to his share. Let's save them from this trouble, get them the money as soon as possible, protect the savings of the small account holder, be a guarantee for them."*

The accounts around Islamic banks' inclusion in Banking Law in 1999 and the establishment of assurance fund in 2001 suggest that it was not always possible for industry insiders to establish clear boundaries between Islamic banking and its conventional counterpart. Although some Islamic bankers may have preferred to be included in the banking law anyway, the dominant view was to stay out of it. Similarly, some Islamic bankers and almost all Islamic scholars were against insuring the funds in Islamic banks on the grounds that it was contradictory to the participation principle that do not guarantee even the principal sum. Yet in both cases, the external contexts, political tension and economic crisis, left no choice for Islamic bankers and Islamic scholars who could have preferred the status quo.

The legal creation of organic agriculture was less prone to the influence of larger context compared to Islamic banking. Two explanations seem plausible for this. First, organic agriculture was much less politicized compared to Islamic banking. There was no ideological contestation around organic agriculture as it was the case of secularism criticism around Islamic banking. Second, Turkey from the very beginning exports most of her organic produces to EU which necessitated to follow EU legislation as a base for organic agriculture's legal framework. On the same vein, EU accession process requires Turkey to comply with EU's Common Agricultural Policies (CAP) within EU's *acquis* (Avrupa Birliği Müktesebatı) that ties Turkey's legal framework for organic agriculture closely to EU's law and regulations.

#### **4.4. Discussion and Contributions**

In this chapter, I examined the process of creation, definition and incorporation of Islamic banking and organic agriculture within the legal system. Based on the data, I showed how industry participants' different priorities (separation from conventional counterparts; alignment with the ideal form; ensuring a viable operation; and separation from similar ventures), the larger legal space and socio-political and economic context played out in the legal creation and evolution of Islamic banking and organic agriculture.

My findings in this chapter combined with the arguments in the previous chapter where I explained different sets of actors in each industry address the several limitations in research on new organizational forms that I identified in Section 1.1.

First, in terms of the actors that influence the formation of new organization forms and practices, researchers generally examine a few predetermined sets of actors: producers, state, rivals (generally dominant incumbent producers) and vanguards (generally critics, activists, enthusiasts and analysts). The inductive examination of influential people and key events in this study revealed five types of actors that I referred to as state, certified producers, non-certified producers, moral certifiers and idealists and explicated in detail in Chapter 3.

What is especially important in terms of theoretical contribution to the literature on industry formation and evolution is the existence and roles of two groups of actors; moral certifiers and idealists. Moral certifiers and idealists have no formal roles as defined in laws or regulations or any formal appointments within any of the producer organizations, but play a key part in shaping organizational practices and legal frameworks. Both groups advocate a banking system based on Islamic law or agricultural system based on rules and models in Nature. In the schema of the previous literature drawing from institutional logics, social movements or market categories perspectives these actors would be lumped together as vanguards, critics or gatekeepers (e.g. Koçak et al., 2013; Glynn and Lounsbury, 2005;



Hirsch, 1972). However, I find that moral certifiers and idealists differ strikingly in their understanding, evaluation of and effect on the development of the emerging industry.

Specifically, my findings in terms of vanguards highlight a particular role that I referred to as moral certifiers: Moral certifiers influence the focal industry through two mechanisms: their informal regulative role (they control whether industry practices are legitimately 'Islamic' or 'organic') and moral certification role (they endorse the industry as a moral enterprise). They are alliances of industry and they want the industry to survive and grow. Moral certifiers, not only help to common understanding to emerge as commonly described in relevant literature, but also control and endorse that the common understanding and practices conform to moral grounds.

What I want to highlight as the most important in terms of theoretical contribution to literature on new organizational forms is the actors that I referred to as idealists and has not been explicitly discussed in the previous literature on industry formation and evolution. Idealists are similar to the moral certifiers in that they are in search for morally informed alternatives. They have some sympathy for Islamic banking or organic agriculture but they want these industries to conform to the ideals. They are alliances of ideals. They work to materialize their ideals either through state by forcing for legal codifications, and standards on the industry and/or by creating alternative models.

Second, in terms of state and its role in relation to Islamic banking and organic agriculture, my findings highlight the political and societal factors that influence the state's treatment of these industries. Although state is generally conceived as a source of endorsement or material rewards in the studies of market creation (e.g. Schneiberg and Bartley, 2001; Wholey et al., 1992 ; Sine et al., 2005), Islamic banking case reveals the ideological hostility of the state towards these banks. This was also the case in organic agriculture, albeit to a much lesser extent. Specifically, I provided illustrative examples of ideological and political contestation around Islamic banking and how it was associated with political Islam and tried to be disestablished. In the similar vein, respondents in Islamic banking referred to more favorable treatment of the state after the government was transferred to the Islamist Justice and Development Party (AKP) in 2002. These findings

are in line with those few researchers that argue and show that societal level factors and ideological and political context are influential in state-organizational population or business relations (e.g. Simons and Ingram, 2003; Özen and Akkemik, 2012; Buğra and Savaşkan, 2014).

Third, in relation to conventional counterparts, similar ventures and legal separation from those, my findings highlight the industry specific and societal level conditions that limited the capacity and motivation of certified producers to invoke sharp distinctions from other producers. Specifically, in terms of conventional counterparts, unlike current research claims, certified producers did not automatically engage in activating sharp identities and devalue conventional counterparts. In terms of similar ventures, multi layered social and economic relations with and ideological affinity to similar ventures in Islamic banking and the perceptions of similar ventures as being within the same camp in organic agriculture limit producers' ability and motivation to separate their industry from similar ventures. This is different than the extant research on new organizational forms that implicitly or explicitly assume producers are capable and motivated to differentiate themselves from the incumbent or oppositional producers (e.g. Carroll and Swaminathan, 2000; Weber et al., 2008). My findings suggest that producers in new organizational forms have societal and relational concerns other than differentiation with respect to incumbent or similar producers.

Figure 4.1 depicts the main actors and themes as studied in literature on new organizational form creation from the institutional logics, social movements or market categories perspectives. Figure 4.2 depicts the main actors and themes as observed in this dissertation.

Figure 4.1

Main actors and themes in literature on organizational forms

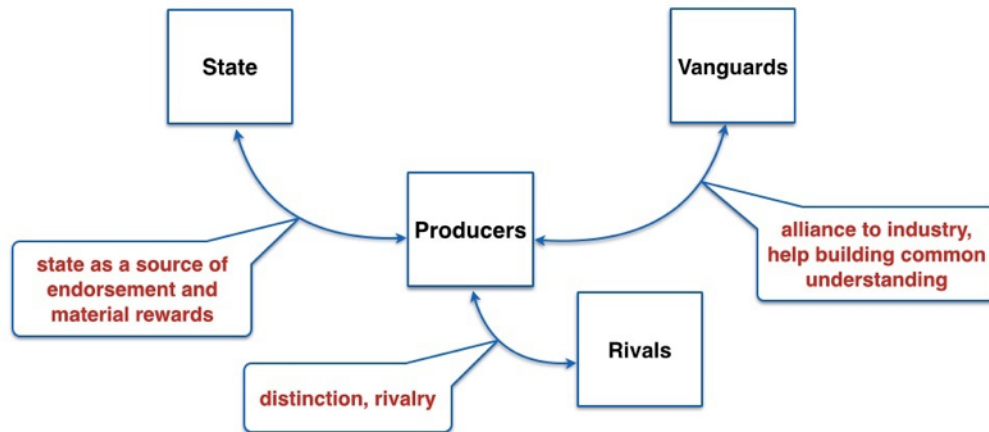
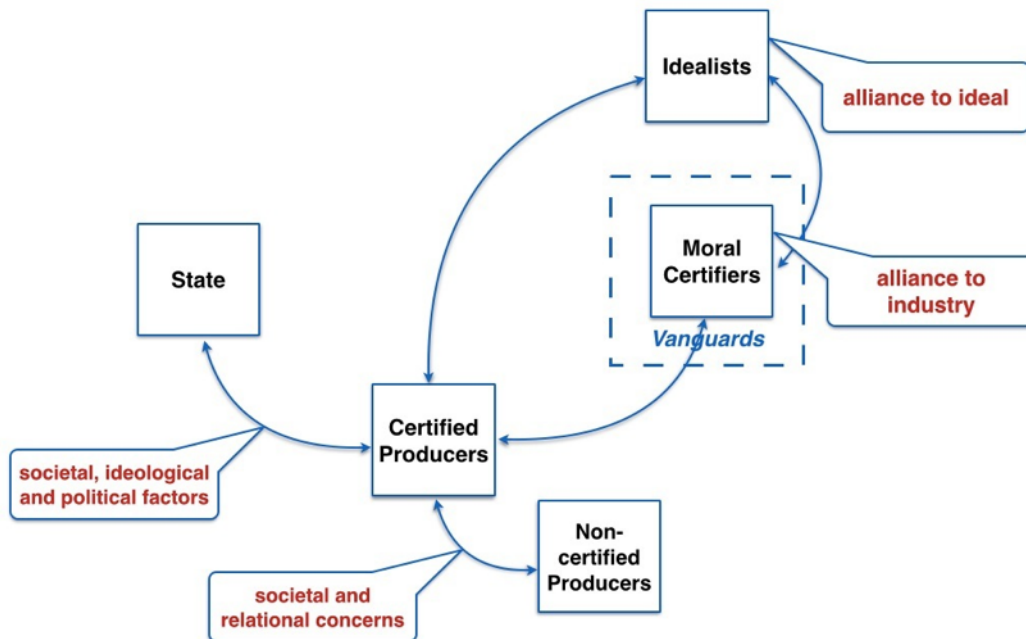


Figure 4.2

Main actors and themes observed in this dissertation



In the next chapter, I present the accounts where the idea of Islamic banking and organic agriculture is debated mainly, but not exclusively among the people I refer to as idealists and moral certifiers.

## CREATION OF AN ORGANIZATIONAL FORM AS A MORAL ENTERPRISE

The story of Islamic banking and organic agriculture, and of any new venture for that matter, could be said to be about aligning the ideal, the theory, with the practice. I discussed one aspect of that story, the formal codification of the idea of Islamic banking and the idea of organic agriculture in the previous chapter. I claimed and showed that divergent positions of the different sets of people I refer to as idealists, moral certifiers and certified producers regarding legal codification and implementation were the main sources of contestation about aligning the idea to the formal codification and the practice. I also highlighted the influence of larger legal space and the socio-economic context on the debates about idea-practice alignment as reflected in the legal codification of both industries.

In this chapter, I look at the alignment problem more closely by focusing on conversations mainly between idealists and moral certifiers with the aim of understanding the nature of that idea. Unlike previous chapter that focused on the alignment between the idea of the industry and its legal codification, alignment problem that I focus in this chapter is about alignment to the ideal, the ideal being informed by the alternative codes of, Islamic law in the case of Islamic banking, and Nature's rules and models in the case of organic agriculture.

A big part of my archival data consists of conversations around whether Islamic banking and organic agriculture are really what they are purported to be. This debate is fundamentally linked to an ontological question of '*how real is this thing*' and as such hinges on the concept of authenticity that is very much concerned with what is genuine and real. The criterion for assessing the realness of both industries is grounded on *the other law*,

Islamic law or Nature's rules and models as the sources of the moral foundations of these industries.

The concept of authenticity is generally attributed to Existentialist philosophers of 19th century such as Kierkegaard and Heidegger (Carroll and Wheaton, 2009; Gill, 2007; Milnes, 2011; Varga and Guignon, 2014; Warnock, 1970) and as such is part of a larger Existentialist arguments regarding man and his connection with the world. Authenticity in existentialist philosophy refers to “the necessity for each of us to realize his own uniqueness” (Warnock, 1970: 55-56) by separating ourselves from all the standards, the beliefs and prejudices of the society. In this conception, man has possibilities that he is free to choose and responsible to fulfill. In existentialist conception of authenticity, there is a strong criticism of rational, impersonal, and objective which is associated with industrial and modern society as it is understood to be as compromising authentic existence by promoting competitive relations and role playing (Grazian, 2010; Warnock, 1970). This conception of authenticity is strongly linked with other common themes in Existentialist philosophy such as individuality, freedom, subjectivity, autonomy, domination and the critique of modern with hostility to science, rational and objective and as such it is essentially political.

Existentialist conceptualization of authenticity has two main aspects that are also somewhat related: a revolt against industrial/commercial culture and the rise of individuality (Gill, 2007; Warnock, 1970). The former provides a full account of the destruction of modern and industrial on individual and local communities and celebrates features such as origin, essence and purity. The latter highlights features such as connection to self, intrinsic creativity and self expression and emphasizes individual freedom against social institutions such as religion.

Authenticity in organizational research is generally linked to the latter aspect. Organizational scholars usually studied the authenticity within the cultural production and consumption fields such as country music (Peterson, 1997), blues (Grazian, 2003), self-taught art (Fine, 2004) and food and restaurants (Carroll and Wheaton, 2009; Johnson and Baumann, 2007). These studies examine topics such as how authenticity claims are made,

and how it is linked to status distinctions among consumers. In these studies, it is generally assumed that authenticity provides some sort of benefit to either producer, consumer or both, such as recognition, social status and distinction.

The social benefit of authenticity is not something that is salient in its initial conception by Existentialists philosophers. Authenticity in existentialism is like a personal moral duty that a man needs to fulfill to truly exist and as such something that needs to be attained for its own sake (Warnock, 1970). The accounts regarding what I interpret as related to moral authenticity in Islamic banking and organic agriculture are more aligned with its existentialist formulation as a moral duty rather than attaining social status and stratification.

Carroll and Wheaton (2009) distinguishes between two general meanings of authenticity; type authenticity and moral authenticity. Type authenticity signifies that the object such as a piece of art or an organization is a genuine member of a category. The focus in evaluations of type authenticity of a particular object is on whether the object meets the criteria for inclusion in the type or category. There is an assumption of the existence of classification criteria that might be more or less consensual.

In the second meaning which is more aligned with the existentialist origins of the concept, moral authenticity conveys that the producer involved in the establishment of an object was driven by his own morals and values. In this conceptualization, to be perceived as morally authentic, values behind the choices should be understood as having primacy over material rewards in guiding the action.

Carroll and Wheaton (2009) regard these two basic types of authenticity as ideal types and note that an entity might hold the features of each ideal type. However they also state “simply conforming to an established type, however morally laden it might be, will probably eventually become suspect with respect to moral authenticity” (Carroll and Wheaton, 2009: 271), suggesting that type authenticity may inhibit the perception of moral authenticity. It is because an established type may attract pure profit-seekers and becomes questionable regarding the sincerity of morals.

According to Carroll and Wheaton's framework, a financial instrument in Islamic banking is considered to be assigned type authenticity, if the implementation of that financial instrument complies with Islamic contractual forms that the jurists throughout the centuries commonly regarded as valid according to Islamic law. In this sense, the criteria for inclusion in the type of 'Islamic financial instrument' stems from Islamic law. Moral authenticity of a financial instrument created by an Islamic bank, is evaluated on various grounds, but usually hinges on the contract's *maksat*, i.e. purposes, aims, intentions, and morals of the form and *fitrat* i.e. its true nature, and doing what it is supposed to do according to Islamic law.

I show below in Section 5.1.1. that type authenticity and moral authenticity evaluations in Islamic banking almost always figure together in data. Contrary to Carroll and Wheaton's (2009) suggestion, type authenticity is generally understood as implicitly ascribing moral authenticity among Islamic scholars. Evaluations of type authenticity of financial instruments in Islamic banking is highly contested among the Islamic law scholars and involve discussions of morals and the purposes beyond the features of the form. I explain below that this is mainly due to different views among Islamic law scholars on sources and styles of reasoning in Islamic law.

I explain how authenticity discussions figure in the accounts of the people I refer to as idealists, moral certifiers and Islamic bankers in Section 5.1.2. below. Based on the data I claim, in Islamic banking two parallel questions regarding authenticity go hand in hand: what is considered authentic? (i.e. authenticity evaluations of specific financial instruments) and what is authentic? (i.e. the establishment of authenticity criterion).

In organic agriculture these two questions have more clear answers. Type authenticity is ascribed by formal organic label. If a product is produced according to organic production methods defined by law and labeled as organic, then it is considered to be a member of a category of products called 'certified organic products'. Thus, in organic agriculture, the formal law provides the criteria for inclusion in the type of certified organic products. Since the formal law provides clear criterion to be assigned as organic, type authenticity evaluations in organic agriculture are much more straightforward compared to

Islamic banking. And, unlike Islamic banking type authenticity conversations are usually detached from moral authenticity conversations in organic agriculture.

In contrast to Islamic banking, organic agriculture provides a case where type authenticity does not necessarily suggest moral authenticity. There are idealists who create alternative networks of trade outside of the certified organic production and exchange system supported by moral certifiers. These idealists' challenges to moral authenticity of organic agriculture focus on standardization, intermediaries, the infrastructure of distributional channels and the role of firms in agriculture that are usually discussed in relation to agribusiness model relying on standardized hybrid seeds and monoculture production.

Conversations around the morals, values and the principals of organic agriculture is about alignment to the Nature's rules and models and being in accord with Nature. This is similar to Islamic banking, where moral authenticity is generally understood to be as being accord with *fitrat*, i.e. conveying ones true nature, and doing what it is supposed to do according to Islamic law. Thus, I claim, in both industries, the moral evaluations are grounded on the values and beliefs that stem from *the other law*, i.e Islamic law, and Nature's rules and models that is generally summed up when the phrases '*being accord with fitrat*' and '*being accord with Nature*' that I introduced in Chapter 3, are invoked respectively.

Below I explicate these ideas further by mainly focusing on the accounts of the people I refer to as idealists and moral certifiers on Islamic banking and organic agriculture.



## **5.1. Islamic Banking as a Moral Enterprise**

### **5.1.1. The Sources of Contestation among Islamic Scholars regarding Islamic Law**

As I explained in the previous chapter, techniques and properties of Islamic banking instruments feature prominently in the data. Debates around legal codification and implementation of contractual forms, whether they exclude interest or not and how they differ from conventional instruments are persistent in Islamic bankers', moral certifiers' and idealists' accounts. These discussions are usually carried out in a rather technical manner, comparing the current application with both its conventional counterpart and its status in Islamic law and reflect different positions of different sets of actors.

In relation to but separate from the debates regarding formal codification, conversations of the people I refer to as moral certifiers and idealists include debates around how to decide a contractual form's status in Islamic law. Deciding on whether specific products and services are permissible according to Islamic law is a very complicated matter. The difficulty arises because of two reasons. First, some concepts such as *interest/usury* are highly contested in Islamic law. Although everyone accepts its illegitimacy according to Islam, there is no consensus on the content and the boundaries of interest. For example, do returns from state bonds count as interest even though the state is not an institution established for lending or borrowing money? Or could an interest gain at the rate of inflation be considered as real interest as it protects the value of money? And second, most of the modern financial instruments are difficult to be understood from the perspective of Islamic law, such as credit default swaps, commodity future markets and foreign exchange options. This complication partly arises due to changing concept of money; when the core of Islamic law was formed around 8th and 9th centuries, gold or silver was the unit of value and physically used as money instead of current fiduciary monetary system where paper currency has no intrinsic value.

In relation to the sources of the first difficulty, the contestation among Islamic scholars on concepts such as interest/usury, a brief explanation is necessary regarding Islamic law. The explanation will also provide a basis to understand the divergent views on several Islamic banking related topics.

The sources of contestation are grounded in differences among Islamic law scholars on matters of sources and styles of reasoning in Islamic law. In terms of sources of Islamic law, some sharia experts insist Quran should be the main source, while others assign similar weight to *sunna* (prophet's words and deeds) and *hadith* (prophet's sayings). Moreover those who accept the *sunna* and *hadith* as authoritative sources have to deal with discrepancies among and within the different collections of *hadiths*.

Collection of *hadiths* started in the 8th century, long after Prophet Muhammed died. Each *hadith* refers to verbatim quote of the prophet with its *isnad*, the chain of narrators which documents the route the narrative has been transmitted. *Hadiths* are categorized depending on their authenticity as *sahih* (sound), *hasan* (good), *daif* (weak) as well as their discontinuity, however there is no general agreement on these categorizations among sharia scholars. More complication arises from the four main branches of Islam relying on different *hadith* collections as references. Moreover, even commentaries (*tesfir*) on the Quran sometimes include references to *hadiths*.

Some Islamic scholars see the high reliance on *hadith* in Islamic law problematic, as one can never be sure of its authenticity. I attended an Islamic law seminar examining the status of war captives in Islam, and the Islamic Law professor referred to eight main *hadith* collections of four branches of Islam during two-hour long seminar and concluded that they were all wrong according to the Quran. He emphasized the need for '*explaining Quran with Quran*' frequently and warned also against the contradictory explanations in some commentaries of Quran. For him, the authenticity of *hadith* collections, thus the *sunna*, was not to be taken for granted as he thought some of them were clearly against the Quran.

In addition to the different sources, different methods of reasoning are available in Islamic law to decide on matters where fundamental sources did not provide clear direction. *Ijtihad* and *Qiyas* are just two examples of such methods and sharia experts tend to differ

on the weight they give to those methods. *Ijtihad* refers to individual interpretation based on acceptable hermeneutic techniques and *Qiyas* refers to reasoning by analogy where a new injunction is created based on a known injunction about a case similar to the new problem at hand. The choice between different reasoning methods comes down to the issue of limits of interpretation: How much freedom does an Islamic scholar have while interpreting a new case to reach a decision? ; What is the legitimate balance between relying on previous rulings and relying on individual reasoning? and How to use classical *fiqh* knowledge that emerged within a specific historical context in relation to current problems?

The debates around reasoning methods reveal themselves in data around the discussions of *Akil/Nakil (Reason/Transfer)* dichotomy, and almost always extends to *Şekil/Maksat (Form/Spirit)* dichotomy. Sharia scholars who refer to contextual differences between the present times and the times of Prophet usually invoke these dichotomies simultaneously as a criticism for applying a previous ruling as a stencil/template to current issue at hand without examining the reasoning behind that ruling. Those Sharia scholars posit that the individual reasoning and interpretation is essential when assessing the status of current needs and problems according to Islamic law as well as relying on previous rulings. They criticize the strict application of rulings to current issues as they hold that not only the form of contracts but *maksat*, the underlying purposes and realities they serve are legislated in Islamic law, and as such ‘the spirit’ as well as the form needs to be taken into account in the decision making process.

Identifying the underlying purposes and realities of an original ruling, *maksat*, is usually linked to the concept of *maslaha*, that refers to doing justice and preserving public interest. However, for some scholars, the principle of *maslaha* is too worldly, based on the assumption that benefits and harms in society can be determined objectively and rationally. Besides, Divine is not necessarily about public interest. Moreover, preserving public interest is prone to the political influences and as such it is arbitrary and should be invoked cautiously.

To be sure, discussions of *Akıl/Nakil* (*Reason/Transfer*) and *Şekil/Maksat* (*Form/Spirit*) dichotomies are not specific to Islamic banking in Sharia (Islamic law). The concern with form is persistent in Sharia and there is even a concept called *hile-i şeriyye* (*hiyal*) that refers to making deeds conform to Sharia in form. *Hile-i şeriyye* as a term means ‘legitimate solution’ but usually refers to legalistic stratagems and is highly controversial in Islam. Traditionally it is used on the realms of alms, preemption, gifts and marriage to reach an unapproved aim without violating sharia. While some scholars refute the concept as outright deception, others refer to its role as providing flexibility and helping Muslims deal with daily problems without outright violation of Sharia. These latter scholars differentiate among *hile-i şeriyye* depending on its violation of *maksat*. However, the question of at what point do legal stratagems become illegitimate remains. Concepts of *şekil* (*form*), *maksat* (*spirit*), *hile-i şeriyye* (*legalistic stratagems*) and *maslaha* (*public interest*) usually figure simultaneously in the debates regarding the contested practices in Islamic law.

This brief information on sources and forms of reasoning in Islamic law is to provide an insight about the divergent views on the several Islamic banking related topics. There are different sources and methods to assess Islamic banks’ contracts in terms of their conformity to Sharia and this leads to differing opinions. In fact, the controversy around ‘interest’ itself is closely linked to *Akıl/Nakil* and *Şekil/Maksat* dichotomies explained above. The questions of ‘what constitutes interest’ and ‘how is interest to be avoided’ figure persistently in archival data from the very beginning of Islamic banks’ establishment to the present. Prof. Mehmet Görmez, President of Presidency of Religious Affairs of Turkey (PoRA), in his opening speech in consultation meeting in 2010, explicitly refers to *Akıl/Nakil* and *Şekil/Maksat* dichotomies and calls for a need to redefine *riba* (interest). He states:

“Burada, toplantımızın adında da geçen “güncel” ifadesine özellikle dikkat çekmek istiyorum. Aslında riba bildiğimiz ribayken, alışveriş bildiğimiz alışveriş iken, üzerinde tartıştığımız bütün bu konuları güncel yapan şey nedir? Bu konu üzerinde biraz durmalıyız. Güncellik kavramı değişimle ilişkilidir. Yani, problemler eski problemler olmakla birlikte yeni mahiyetler yeni formlar yeni yönler kazanmaktadır. Bugün yapmamız gereken şey işte bu değişimi iyi

*takip etmek ve bu değişme “yokmuş gibi” yaklaşmamaktır. Hükümlerin belirli bir formu ve ruhu olduğunu nazarı itibara alarak, formu taşıdığımız gibi ruhu da günümüze taşımamızdır. Hükümlerin ruhu ise hikmet-i teşriin anlaşılmasıyla mümkündür. Başka bir deyişle hüküm vermek, hükümlerin birer şablon gibi ele alınıp bir furû-ı müteferrika’ya mekanik bir tarzda tatbikinden ibaret değildir. Hikmete istinat etmeyen bir şekli bir hüküm, ruhsuz bir bedene benzer. Aynı ruhu taşıyan bir insanın, zaman içerisinde fiziki açıdan değişmesi ne kadar tabii hatta zaruri ise hükümlerin -“kendi” kalabilmek için- değişebilmesi de o kadar tabiidir. Sadece şekle itibar edilip maksadın, mananın, gayenin, mağzânın ihmal edilmesi şeklinde gerçekleşen bir faaliyet, “fıkh” kelimesinin etimolojisi ile de çelişmektedir... Zira hepimizin bildiği gibi fıkh, dikkatü’l-fehm olarak ifade edilmiştir. Fıkh, zahir ötesinde, lafızların derununda yatan dakik manaya ermehtir. Öyleyse, madem ki karşımızda “güncel” konular var; bizim de bilgi ve bakışımızı “güncel” hale getirmemiz son derece önemlidir... Sabit hüküm ile değişken vakıa ilişkisini dikkate almaktan bahsederken, Riba’nın hükmü nedir?” sorusunu yeniden sormayı teklif etmiyorum. Zira bu İslam’ın en açık sabitlerinden biridir. Fakat “riba nedir ve hangi muameleler ribevidir?” sorusunu, üzerinde durduğumuz zeminin daha da sağlamlaştırılması bakımından yanıtlamamız gereken bir soru olarak görüyorum.” (Görmez, 2010: 23-24)*

*“Here, I would especially like to stress the expression “contemporary,” which is also in the title of our meeting. While interest is the interest we know, while commerce is the commerce we know, what is it that makes these topics contemporary? We should ponder upon this. The concept of contemporariness is about change. That is to say, while the problems are the old problems, they take on new qualities, new forms and new trajectories. What we need to do today is to follow this change well and not approach this change ‘as if it were not there’. Keeping in mind that judgments have a certain form and soul, we should carry the soul to the present day just as we carry the form. The soul of judgments may only be understood by hikmet-i teşrî (the reasons of the laws Allah and the Prophet made). In other words, making a judgment is not solely about handling them in templates and applying them to furû-ı müteferrika in a mechanical way. A judgment only attesting to form without reason is like a body without a soul. Just as it is natural and even mandatory for a human carrying a soul to change physically in time, it is also natural for judgments to change – in order to stay as “themselves”. An activity that only gives importance to form and neglects purpose, meaning, intention, objective is also contradictory to the etymology of the word ‘fiqh’... For as we all know, fiqh is stated as dikkatü’l-fehm (a deep and full understanding). Fiqh is reaching the accurate meaning lying beneath what is said, beyond what is apparent. So, since we are dealing with ‘contemporary’ topics, it is vital that we make our information and perspective ‘contemporary’... As we talk about taking up the relationship*

*between fixed judgment and variable cases, I propose not we ask the question, 'What is the judgment on interest?', for this is one of Islam's most clear constants. But I see the question of 'what is interest and which transactions constitute interest' as one that should be answered as to further strengthen the grounds that we stand on." (Görmez, 2010: 23-24)*

### **5.1.2. Debates over Authenticity**

#### **5.1.2.1. Authenticity debates among Islamic law scholars**

Without a clear criterion to even judge what is 'interest', discussions about the conformity of Islamic banks' services and products to Sharia is a persistent theme in the conversations among Islamic scholars I refer to as moral certifiers and idealists. The debates are mostly carried through 'form conformity' but usually extend to involve the distinct but related *Akıl/Nakil (Reason/Transfer)* and *Şekil/Maksat (Form/Spirit)* dichotomies. Almost all of Islamic banks' services, products, and practices such as product promotions, commissions and filing charges, fees for banking services, warranties and proxies such as letters of guarantee and letter of credit (*akreditif*), gold and foreign exchange accounts, credit cards, late payment charges, insurance, and stock market instruments were all discussed in terms of both their conformity to specific contractual forms in Islamic law and also their similarities and differences from their conventional counterparts. Moreover, these debates usually extend to issues of *maksat*, the underlying purposes that the products serve.

I interpret these discussions around the conformity of Islamic banks' processes, products and contracts to specific contractual forms, in Islamic law as discussions of assessing type authenticity of the products. These discussions are almost always carried out with the discussions regarding not only the contents and the properties of the form but also *maksat*, i.e. purposes, aims, intentions, and morals of the form. I interpret these discussion around the morals of the contract in Islamic law as discussions of assessing moral

authenticity of the products. The discussions of the form and the moral of the contracts are entangled: *Şekil (Form)* and *Maksat (Spirit)* are understood to be distinct but at the same serving to the one and the same.

Conversations among people I refer to as moral certifiers and idealists are fundamentally about assessing the type and moral authenticity of products and services of Islamic banks. Moreover, data suggests there are no consensual criterions to make those evaluations and the discussions about authenticity are simultaneously about establishing the authenticity criterions. The following quotes are evidence for tensional entanglements among type authenticity, moral authenticity and criteria for assessing these figuring in Sharia scholars' accounts.

For example, Prof. Ahmet Yaman, the Dean of the Faculty of Theology at Akdeniz University, proposes a five-step assessment on deciding the conformity of a product to Islamic law and advises an independent interpretation from the decisions of classical jurists such as İmam Malik, one of the prominent Sharia scholars of 8th century, as they are known to be limited in their economic knowledge. He emphasizes that checking whether the issue contradicts a known and clear injunction in Islamic law should be the last step in the decision process.

*“Ticari iktisadi konularda hüküm istinbatının beş adımda sonuçlanabileceği düşüncesindeyim...Birinci adım, işlemin mahiyetinin belirlenmesidir. İkinci adım, maksadın tespiti. Üçüncü adım, bu işlem ve muamele acaba gerçek bir ihtiyaca mı bağlı olarak yapılmaktadır. Dördüncü adım, acaba bu işlemde haksız kazanç, sömürü var mıdır, taraflardan birisinin zayıflığından istifade var mıdır yok mudur; bunun tespit edilmesi gerekiyor ve en son adım, beşinci adım da, bilinçli olarak bu beşinci adımdır, son adımdır, acaba konuyla ilgili sarih, kati bir nass var mıdır, bir nasa aykırılık söz konusu mudur? Öncelikle mahiyetin tespiti önem arz ediyor, işlemin ne olduğu ve hangi hukuki terimin, fıkhi terimin altında ele alınacağı, eğer yeni bir işlemse bu hangi hukuki kavramlarla izah edilebileceğinin tespiti önem arz ediyor...Adını koyarken acaba klasik fukahamızın tespitlerinden mi hareket etmeliyiz, yoksa onlardan da istifadeyle bağımsız bir tespit mi bulunmalıyız sorusuna acizane bendenizin cevabı ikincisidir. Yani fukahamızın tespitlerini göz önüne alalım, onlardan istifade edelim, varlık sebebimiz onlardır, tamam fakat biz onlardan bağımsız olarak bir tasavvur tespitine, bir mahiyet tespitine çalışalım, zira klasik fukahamızın içerisinde mezhepleşmiş olanlar da dahil olmak üzere piyasayı ne*

kadar tanıdıklarından, pazarı ne kadar bildiklerinden emin olmadığımız isimler vardır.” (Yaman, 2010: 297)

*“I believe that reaching a judgment call on commercial and financial subjects can be completed in five steps... The first step is the determination of the scope of the transaction. The second is designating its purpose. Third, is this transaction and treatment based on a real need? Fourth step; is there undeserved gain, exploitation, in it? Is one of the sides benefiting from the other’s weakness, this needs to be determined, and the last step, the fifth one, which is consciously the last step, is there an clear, a fixed judgment concerning the subject, is there conflict with such a judgment? First of all, the determination of the scope is very important. What is this transaction and under which legal term, term of fiqh is it going to be handled, if it is a new type of transaction, which legal concepts can it be explained under?... While giving it a name, should we move on the evaluations of our classical fiqh scholars or should we make an independent one using their guidance? My humble answer to this question would be the second way. I mean, we should bear in mind the evaluations of our fiqh masters, make use of them for they are the reason of our existence, but we should attempt a contemplation, an evaluation independent of them, for there are names among the classical fiqh scholars that we are not quite sure know the market, the marketplace enough, including the ones who have sectarianized.” (Yaman, 2010: 297)*

Prof. Servet Bayındır, and Islamic law professor at İstanbul University and a member of Advisory Board of an Islamic bank highlights the role of formal law on deciding the appropriateness of product in Islamic law. He states:

*“Finansal ürünlerin hukuki-fikhi vasfının belirlenmesinde benim teklifim 4 kriterin esas alınmasıdır. Bir, bu işlem bugünkü hukukta gerçekten nedir? İki, fikhi hükmü nedir, meşru mudur değil midir? Üç, bu muhasebede ne diye kaydediliyor? Muhasebe kriteri de dikkate alınmalıdır. Dördüncü olarak da makasıt konusudur. Çünkü finansal ürün diye bir paket oluşturuluyor. Bunlar on tane yirmi tane ayrı sözleşmeden ibaret olabiliyor. Sözleşmelere teker teker baktığınızda her biri meşru görünüyor ama bir bakıyorsunuz sonuç fikhin hiç de arzu etmediği, meşru görmediği bir şey. Bolayısıyla bu kriterlerin dikkate alınarak finansal ürünlerin geliştirilmesi gerektiği kanaatindeyim.” (Bayındır, 2010: 317)*

*“I propose that 4 criteria be taken into consideration in the determination of the legal-fiqh functions of financial products. First, what is this transaction in terms of today’s law? Secondly, what is its judgment in fiqh, is it licit or not?*



*Third, what is it recorded into accounting as? And fourth, what is the purpose? Because they form a package called financial product. These can be made up of separate ten, twenty contracts. When you look at each contract separately, they seem licit but when you look at the outcome, you see that it is something fiqh does not wish, does not find licit. Therefore, my opinion is that financial products be developed taking these criteria into consideration.” (Bayındır, 2010: 317)*

He insists on a proper formal codification for Islamic banking products to be authentic. In another context, he states that proper formal codification of Islamic banking contracts is prerequisite to prevent the improper implementations that are against the Sharia. His concerns with proper formal codification is about aligning the implementation with the discourse of the product; since the formal law is legally binding, a proper formal codification based on the contractual forms in Islamic law would align the implementation with the discourse of the product. In another context he states:

*“Her iktisadi eylemin, üretiminden, pazarlamasına, tüketimine, alım satım, riba, selem, icare, müdaraba, müşareke, sözleşmeler, bin bir türlü sözleşme var. Bu her birinin de kendince bir fitratı, bir doğası, bir kanunu var. Yani H2O’su var hepsinin. Her biri işte, İslam şu caizdir dediği zaman, onun doğasına bakmıştır; ... ondan sonra hükmünü vermiştir. Şimdi, alım satım caizdir, niye çünkü o işin doğasına bakıyor. Doğa, toplum, insanlık alemi içerisinde oynadığı iktisadi role bakıyor, birincisi bu iktisadi rol. İkincisi; fakat iki insan bunu yaptığı an bir de hukuki bir eylem gerçekleştirmiş oluyor. Bunun bir doğası var, iktisadi doğası var, bir de hukuki tarafı var bunun. Hukuk karşısındaki durumu var. Üçüncüsü; sadece iktisadi yapısı, doğası ve hukuku yetmiyor, üçüncü olarak bir de bunun artık insanoğlu bunu kaydediyor. Kaydederken, doğasına bakarak kaydediyor zaten, muhasebe kaydı. Bu doğasına bakarak. Dördüncü olarak da; tamam doğası, hukuki yapısı, kaydı ama bir de dışarıdan, biz niçin giriştik, amaçları neydi, maksatları neydi, nihai anlamdaki maksatları neydi, orada dikkate alınıyor. Şimdi, ben diyorum ki,... İslami veya neyse finansal ürün, bir finansal ürün nedir, burası caiz midir, değil midir?, hakkında karar verebilmek için bir fitratına bir bakılım. Fitratı iktisadi tarafını yansıtır. İktisaden bu hangi rolü oynuyor, insanlık aleminde? İkincisi; peki hukuk yarın iktisadi eylemi yaptılar, ama sağ olsun ihtilaf çıktı arada, hukukun önüne gittiler....Yani fıkıh, dışarıdan baktığınız zaman, fıkıh bir olayın caizdir veya değildir derken, genel anlamda baktığınız zaman, dediğim gibi hukukun karşısına bu adam gittiği zaman, buna ne der hukuk? Muhasebede ne der,*

*şunda ne der ve en nihayetinde de kalbi olarak ne der, ona bakar, caizdir veya değildir der.”*

*“Every economic action, from production to marketing, consumption, interest, selem, ijarah, mudarabah, musharakah, contracts, there are thousands of contracts. And each of these has a fitrat, a nature, a law of its own. I mean each has a H2O. With each of these, when Islam declared them licit, it looked at their nature, ... and then gave its judgment. Now, buying and selling is licit. Why? Because it looks at its nature. It looks at the economic role it plays within nature, community, humanity; the foremost is this economic role. Secondly, when two people involve in buying and selling between them, they enact a legal action. There is a nature, an economic nature and then there is this legal side; its situation in the scope of the law. Thirdly, not only the economic structure, its nature, and legality are not enough, humankind also records it. When he does, he does it according to its nature, accounting records. Looking at that nature. And fourthly; its nature, legal structure, records are all okay but why we got into this, what was their intention, what was their final intention, that is also considered. Now, I say, ... Islamic or whatever the financial product, when we decide whether it is licit or not: Let us look at its fitrat to give judgment on it. Its fitrat reflects the economic side. What role does it play for humanity economically? Secondly; okay, they went into economical relations, but they had a conflict, they went to the law... I mean fiqh, when you look at it from the outside, when fiqh says something is licit or illicit, when you look at it generally, like I said, when this man goes in front of the law, what does the law say? What does it say in accounting and, what does it say from the hearth, that is what it looks at, it says licit or illicit.”*

He invokes, the specific natural character, *fitrat*, of economic transactions and states that the formal law and the accounting practices should be reflection of that *fitrat*. His argument is about being true to natural character and that’s why I interpret his discussion on formal law and reaching an Islamic ruling as related to type and moral authenticity.

Prof Dr. Rahmi Yaran, Islamic law professor at Marmara University who is currently serving as *mufti of İstanbul*, posits a two-step process for deciding on a ruling about a financial instrument in Islamic law. First step is based on its *fitrat* that is derived from Quran and *sunna*. If it is not permissible in Quran and *sunna* then the action is prohibited. But if permissible, then several other contextual and subjective criteria such as macro stability and necessity are considered and the final ruling is reached. He separates permissibility of an action based on its *fitrat* from its context. If an action is prohibited by

*fitrat*, then it is always prohibited. But if its permissible by its *fitrat*, it may still become prohibited depending on several contextual conditions such as market stability. In this conceptualization, Islamic law and ruling is dynamic, subjective and flexible, as are the criteria used to evaluate an action.

*“Önce işlemin mahiyetini tespit ederiz. Bu işleme karşı naslarda aykırı bir durum var mı, bunu tespit ederiz. Eğer aykırı bir durum yoksa bu işlemle ilgili genel hükmü veririz. Bu işlem mubahtır deriz. Bir nevi liaynihi bir aykırılık yok demektir burada. Sonra diğer maddeler tabi ki önemli, onları da bundan sonra devreye sokarız. Kredi talebinde bulunanın maksadı nedir, ihtiyaç var mı, sömürü var mı, istismar var mı bakarız (buna başka şeyler de ilave edilebilir) sorularına bakarız. Bunlardan dolayı (ligayrihi, yani bir başka harici sebepten dolayı) onları uygun görmeyebiliriz veya bu şekilde uygun görmemeler o devirde olur, geçici olabilir, daha sonra bunlar geçer. Farz edelim piyasa istikrarı açısından, önemli bir dönemden geçiliyordur, bunlar yasaklanabilir ama daha sonra da tekrar serbest bırakılabilir.” (Yaran, 2010: 328)*

*“First we identify the scope of the transaction. We specify if there is a conflict in the judgments against this transaction. If there is none, we give a general judgment for the transaction. We declare the transaction acceptable. In a way it means that there is no liaynihi (haram in its nature) conflict. Then the other articles are also important, we put them into action after this. What is the purpose of the person who is requesting the debt, does he need it, will he exploit it, is there abuse and such? Because of these (ligayrihi, i.e. owing to an external factor) we might not find it suitable or this kind of an inappropriateness might be for that period, it might be temporary, it might pass in time. Let's say we are going through an important period in terms of economic instability, it might be forbidden but in time it may be permissible again.” (Yaran, 2010: 328)*

Prof. Beşir Gözübenli, Islamic law professor at Gazi University, highlights the necessity of identifying specific criteria for each financial product. He points to contradictions that the practice of *Nakil (Transfer)* creates. For example conventional credit is usually mapped to *karz* relation in Islamic law but the contractual form of *karz* in Islamic law is not appropriate proxy for conventional credit in terms of either form or spirit. First there is no possibility to set a certain payment date in *karz* relation and second originally *karz* refers to providing credit for the purposes of helping someone without expectation that the payment will be done eventually. It is basically a grant on goodwill, not a financial

instrument. Gözübenli criticizes the prevailing practice of finding Islamic analogies to conventional products and presenting those as transfers (such as from *karz* to credit) rather than creating new financial instruments from scratch, basing them entirely and from the beginning on Islamic sources.

*Bir kere ilahiyatçıların kendi içinde ya da fıkıhçıların kendi içinde çözemedikleri pek çok problem olduğunu ifade etmek istiyorum öncelikle... Bunu ifade ederken, katılım bankalarıyla ilgili olsun diğer konularla ilgili olsun bizim bazı kriterleri netleştirmemiz gerektiğini belirtmeyi hedefliyorum öncelikle ... Bunlarla (katılım bankaları) ilgili bir kere, kredi midir, bunların verdiği işlemlerde, yaptığı işlemlerde kredi kullanılıyor mu veya biz faizle ilgili tahlillerimizde kredi konusunu fıkhıta nereye oturtacağız? Hemen ilk başta tabi ki 'karz var ya' denilecektir, ama karzın krediyle aynı olup olmadığı ve bugünkü anlamda ticari kredileri karşılayıp karşılamadığı hükümleri bakımından arizamik (enine boyuna) konunun uzmanları tarafından tartışılması gerektiğini düşünüyorum. Karz bizde tamamiyle teberru (karşılıksız yardım, bağış) maksatlı ilk başlangıçta, yani bugünkü hukuk literatürü ifadesiyle adi karzı, mücamele duygusu, yani yardım duygusuyla yapılan güzellik, güzel davranma duygusuyla yapılan işlemleri kapsıyor. Karzda fikhen, özellikle Hanefiler açısından söylüyorum, bir vade belirleme şansımız var mı? Fıkıh kitaplarında birçok fetva kitabında karzda vade belirlerseniz fazla ödememiş olsanız bile baştan faize girersiniz diye bir kural var... Bir kere bizim faizle ilgili tahlillerimizin temellendirilebilmesi için karz başta olmak üzere, birtakım akitlerle ilgili temel esasları ortaya koymamız gerekiyor... Peki bu konuda hangi yöntem takip edilecektir... Şimdi doğrudan doğruya ayet ve hadislerden yeni finansman yöntemleri veya işlemler mi geliştirilecektir, bütünüyle yeni, yoksa mevcut yapılabilen işlemlerin şu anda mevcut işlemlerin, bankacılık ve finansal işlemlerin fetva kitaplarında veya fıkıh kitaplarında verilen fetvalara uyarlanması mı yapılacaktır? Takdir edersiniz ki bu geçiş süreci içerisinde bu ağırlıklı olarak uyarlama işi yapılıyor." (Gözübenli, 2010: 311-312)*

*First of all, I would like to state that there are a lot of problems that theologians or fiqh scholars cannot solve among themselves. In saying this, I am primarily aiming to state that we need to clarify some criteria concerning participation banks as well as other subjects... About these, first of all, are they credit loans, is credit being used in the transactions they give, in the transactions they make or where are we to put the subject of credit in our assessments of interest within fiqh? Without hesitation they will say, 'Well, there is karz', but I believe that experts of the topic should argue in scientific depth whether karz is the same as credit and whether it consolidates commercial credit loans of our day. Karz was at first used completely for donation*

*purposes, that is to say in today's legal terms adi karzı, and encompasses feelings of solidarity, a deed done with the feeling of aid, actions done with the feeling of good deeds. According to fiqh, and especially from the perspective of the Hanafi, do we have the chance to set a due date in karz? In fiqh books and in many fatwa books, there is a rule that says that if you set a due date, even if you do not pay more, you will have entered into interest from the start... First of all, in order for our assessments to be grounded, we need to lay down the basic principles of some contracts, mainly that of karz... But which method should we follow?... Now, are we to develop new, completely new financing methods or transactions directly from Quran verses and hadiths, or are we to adapt currently available transactions, banking and financial transactions to the fatwas given in the fatwa books or fiqh books? As you might have thought, in this period of transition, mainly the adaptation method is adopted.”(Gözübenli, 2010: 311-312)*

And some scholars highlight the importance of Islamic customs and traditions while finding solutions to problems that are not explicitly discussed in Quran and *sunna*. According to Prof. Yunus Apaydın, Islamic law professor at Erciyes University, cultural heritage of Islamic civilization should be guiding in dealing with current problems as it is this cultural heritage that connects Muslims to their roots. As such his statement represents the ideas that put more weight on the role of customs and traditions than independent interpretation of current problems and the imagination of solutions.

*“Bir de problemlerin ele alınış tarzıyla ilgili bir -iki şey söylemek istiyorum. Şimdi 14 asırlık bir medeniyetin bir halkasıyız. Bunu hiçbir zaman unutmamamız gerekiyor. Hatta İslam medeniyetini belki fıkıh medeniyeti olarak nitelendirsek çok abartmış olmayız. Dolayısıyla karşılaştığımız meselelere çözüm üretirken, bu medeniyetin bir halkası olduğumuzu asla gözden ırak tutmamamız gerekiyor. Bunun şöyle bir anlamı var: Sadece üzerinden 14 asırlık medeniyeti ve birikimi bir kenara bırakarak herhangi bir sorunu çözdüğümüz zaman, bu medeniyet ile olan bağlantılarımızın biraz zayıf kalacağını düşünüyorum. Dolayısıyla, oradaki birikimden hakikatten gerektiği şekilde istifade etmek lazım” (Apaydın, 2010: 698)*

*“I would also like to say a few words on how we handle problems. Now, we are a link in a civilization that has been around for 14 centuries. We should never forget that. And we would not be exaggerating if we called the Islam civilization, the fiqh civilization. Therefore, when we are solving the problems before us, we should not lose sight of the fact that we are a link of that*

*civilization. What this means is: when you solve a problem by putting aside 14 centuries of civilization and accumulation of knowledge, you weaken your bonds to that civilization. Therefore, we should truly make use of this accumulated knowledge.” (Apaydin, 2010: 698)*

In similar accounts to those above form and spirit of various financial instruments figure simultaneously as distinct but entangled issues. In all of these, it is argued that form of a contract needs to reflect and enable the true spirit of the contract. Without serving the underlying purpose, form conformity is deemed useless, yet it is also implicitly assumed that through correct form, the underlying purpose can be served. In a way, type and moral authenticity is conceived as one and the same yet they are understood to be distinct. It is like human body and spirit, the metaphor above that Prof. Mehmet Görmez, President of PoRA, used regarding the *Şekil/Maksat (Form/Spirit)* debate in his opening speech. The spirit is understood to be constant and related to *fitrat* thus it is substantial to keep the *spirit*, but *form*, like human body changes. The question is how much a *form* can legitimately change to keep its original *spirit*? I interpret the discussions around Islamic banks' products and services to be fundamentally linked to this question. The discussions around contested practices are generally in the form of; How to implement murabaha so it is indeed a commerce?; How to deal with late payment fees so it is still not interest?; How to implement insurance, so it is indeed about solidarity? that are all related to the *Form/Spirit* entanglement that I interpret as reflecting type authenticity and moral authenticity dynamics.

The discussions of *Form/Spirit* are further complicated because, continuing with Prof. Görmez's human metaphor, the 'body', unlike human body, has no clear, consensual features and the 'spirit' is too distant. Thus assessments of products and services in terms of *şekil (form)*, *maksat (spirit)*, and their compatibility to 'body' and 'spirit' are usually carried out with discussions of features and qualities of 'body' and 'spirit'. That's why I claim authenticity assessments in Islamic bank are simultaneously about establishing authenticity criterions.

To be sure, I do not claim that the example quotes above on the discussions regarding criteria to be used while evaluating financial instruments of Islamic banking reflects the complete and comprehensive views of all Islamic scholars. I provide these examples to provide evidence on my arguments about first, concurrent criterion discussions along the evaluations of Islamic banking and second, the references to *fiṭrat*.

#### **5.1.2.2. Authenticity debates between Islamic bankers and Islamic law scholars**

The discussions of authenticity assessment and authenticity criterion are prominently figure in the accounts of people I refer to as moral certifiers and idealist as I explained above. Lacking *fiqh* knowledge, Islamic bankers' involvement in the discussions of specific forms and their injunctions in Islamic law are rather limited. However, Islamic bankers are actively involved in authenticity discussions. In replying to authenticity criticisms of Islamic scholars, i.e. the challenges regarding compatibility to Islamic law both in form and spirit, Islamic bankers draw attention to: the current realities and what is workable within it; juridical plurality in Islamic law and the transitional nature of Islamic banking; and symbolic meaning of Islamic banking that resonates with larger social and political concerns of moral certifiers and idealists.

##### **5.1.2.2.1. Workability/feasibility**

Islamic bankers are very well aware of the disputes among Islamic scholars over *Akıl/Nakil* (*Reason/Transfer*) and *Şekil/Maksat* (*Form/Spirit*) dichotomies and usually refer to legal framework and the present conditions as obstacles for strict adherence to form. The constraints due to legal framework and the present conditions are usually referred as a matter of fact manner in response to Islamic scholars' criticisms regarding improper implementations without directly challenging the validity of such criticisms. I already

explained how Islamic bankers use legal framework as a shield while interacting with moral certifiers and idealists in response to the their challenges in previous chapter in Section 4.1.3.2.

Islamic bankers sometimes do challenge the validity of type and moral authenticity criticisms and when they do they usually highlight ‘unworkability’ of those views because they ignore the current realities. For example, the criticism about high reliance on murabaha is not valid because it ignores all the realities regarding larger legal framework, economic institutions, macro economic conditions, institutional capabilities of both Islamic banks and private firms and the preferences and attitudes of modern Muslims.

In these accounts type and moral authenticity challenges of Islamic scholars are sometimes fired back with the same authenticity challenge to the larger Muslim community. Muslims are blamed for insisting on strict forms in Sharia while mentally and morally following the norms of modernity. Even the very preference of form over spirit is regarded as the reflection of modern mentality that values appearance over spirit.

To be sure, direct challenges to Muslims’ preferences and behaviors are rare in the accounts of Islamic bankers’ and moral certifiers. And such criticisms are usually incorporated in the larger criticisms of modernity and its influence on human mind and behavior. According to these accounts, a judgment based solely on Sharia knowledge disregarding current conditions creates unworkable suggestions. Instead Sharia experts should explore other ‘technically applicable’ and ‘ethically appropriate’ options in Islamic law while taking social, psychological and cultural realities into account. Ahmet Ertürk, then assistant general manager of Albaraka Türk puts these arguments succinctly in his article published in a symposium book on the occasion of 15th year of the establishment of Islamic banking on May 31st, 2000:

*“Faizsiz bir iktisadi hayatın en temel müessesesinin “mudaraba ortaklığı” olduğu kabulünden hareketle Türkiye’deki faizsiz finansman tecrübesine eleştiri yöneltenler, tasarruf sahiplerinden fonları yine mudaraba esasında toplayan Türkiye uygulamasının bu fonları kullandırırken mudaraba’yı fazla tercih etmemesini tartışma gündeminin en başına oturtmuşlardır. Bu eleştiride iki unsurun ne kadar dikkate alındığı şüphelidir: birincisi, mudaraba’nın*



*geleneksel yorumunun modern ekonomi şartlarındaki tatbik kabiliyeti; diğeri, objektif (ekonomik şartlar) ve sübjektif (müteşebbislerin tercihleri) unsurların “ortaklık”tan çok “finansman”ı hakim fonksiyon haline getirmesinin kurumsal ve fonksiyonel etkisi. Bu unsurları dikkate almanın, sadece geleneksel ticari formların fikhî dayanaklarını bilmekle sınırlı olmayıp içinde faaliyet gösterilen modern ekonominin şartlarını, tabi olunan pozitif hukuk normlarını ve iktisadi aktörlerin tercih ve davranış kalıpları ile bunların ardındaki motifleri de iyi analiz etmeyi gerektirdiği açıktır. Faizsiz finans kurumlarının bu verili şartları değiştirme gücü yoksa ne yapması gerektiği sorusu, son tahlilde varılacak olan sorudur. Bu soruya cevap ararken bulunabilecek çok sayıdaki tarihsel örneğin hem “teknik olabilirlik”, hem de “etik uygunluk” açısından gündemin başına oturtulması, tartışmanın daha verimli yönere kaymasına katkıda bulunacaktır.” (Ertürk, 2000: 146)*

*“Acting on the recognition that the fundamental principal of an interest-free economic life would be “mudarabah partnership”, people who have criticized the interest-free financing experience in Turkey have put the fact that implementation in Turkey, that gathers funds from savings owners based on mudarabah principals, does not prefer mudarabah when placing funds, to the top of the agenda. It is doubtful whether two factors are taken into consideration in these criticisms: first, the applicability of the traditional interpretation of mudarabah in modern economic circumstances; and two, the corporate and functional effect of the fact that objective (economic circumstances) and subjective (the choices of the entrepreneurs) factors make “financing” rather than “partnership” the leading function. It is clear that in order to take these functions into consideration, one needs not only to know the fiqh foundations of traditional commercial forms but also analyze well the modern economic conditions where business is transacted, the positive legal norms that are relied on and the behavioral patterns and preferences of economical actors and the motives behind these. The question concerning what interest-free finance houses should do if they do not have the power to change these given conditions is one to be reached at the final phase. While searching for an answer to this question, putting many of the historical examples to the top of the agenda in perspective of both “technical applicability” and “ethical appropriateness” will aid in taking the debate to a more productive flank.” (Ertürk, 2000: 146)*

#### **5.1.2.2.2. Juridical plurality regarding Islamic law**

Some Islamic bankers refer to differing judgements of Islamic scholars on certain applications in response to authenticity criticisms. According to these accounts, it is not possible to reach full consensus in every aspect of Islamic banking anyway because even the fundamental principles regarding interest is not fully determined. Islamic banking is usually referred as a ‘trial’ or ‘transition phase model’ in these accounts with a note that Islamic scholars should base their judgements on this realization. According to these accounts, what is important is trying to learn and improve the model along the way and authenticity discussions should serve to this purpose and be welcomed to encourage this evolution. In these accounts, authenticity challenges and criterion discussions should and would guide the development of Islamic banking instead of hamper its development.

#### **5.1.2.2.3. Symbolic meaning of Islamic banking**

Another common reply of Islamic bankers to authenticity challenges that may occasionally figure in the accounts of moral certifiers as well, is the ‘symbolic’ importance of Islamic banking. According to these accounts, judgements based solely on technical functions and appropriateness of Islamic banking to Sharia is not adequate; Islamic banking represents more than financial institutions. First, Islamic banking is a reply to modernity and secularism and puts the sacred fundamentals instead of secular principles on the foundations of economic relations. Second, it is one of the rare contributions of Muslims to civilization in a long time. Third, Islamic banking has a pioneering role that enables and inspires Muslims to find creative ways to live in modern and secular systems without contradicting their beliefs. This argument is sometimes elaborated in terms of freedom, social justice and equality. Islamic banking is framed as a right for Muslims to participate in economic activities without a need to choose between their religion and their social and economic well-being. All of these arguments refer to social recognition and welfare of

Muslims that resonate highly with the concerns of all the people I refer to as moral certifiers and idealists. Ertürk encourages emphasizing and analyzing this aspect of Islamic banking for its adequate judgement and thorough appreciation and understanding.

*“Vurgulanması gereken husus faizsiz finans yöntem ve araçlarının yukarıda değindiğimiz geleneksel fıkıh literatürü içinde ne ölçüde meşru olarak görüldüklerinden çok, modernitenin ‘secular’ meşruiyet anlayışına karşı ilahi kaynaklı bir etik öğretiyi meşruiyetin temeli yapma niyet ve arayışının ürünü olmalarıdır...Türkiye’deki faizsiz finansman tecrübesini sadece tarihsel şemalara uygunluk açısından değerlendiren eleştirilerin çokluğuna mukabil bu tecrübenin, modernitenin meydan okumasına verilen bir ahlâkî cevap olarak değeri ve anlamı konusunda yeterli analizlerin bulunmaması, ciddi bir eksiklik olarak görülmelidir. Çerçevesini modern şartların belirlediği bir faaliyet alanında gelenek’ten medet ummanın kıymet-i harbiyesi konusunda yapılacak sosyo-ekonomik ve tarihsel analizlerin meseleye daha fazla ışık tutacağı açıktır.”(Ertürk, 2000: 140,146)*

*“The point that needs to be emphasized is not the level of legitimacy of interest-free financial methods and tools within the traditional fiqh literature mentioned above but more the intention and search for replacing the modernity’s ‘secular’ understanding of legitimacy with an ethic doctrine stemming from divine source... The absence of analysis of Turkey’s interest-free financing experience from the perspective of its value and meaning as a moral answer to modernity’s challenge against the multitude of criticism that evaluates it only based on historical schemes should be seen as a major drawback. It is clear that socio-economic and historical analysis on the importance of appealing to tradition (tradition is vaguely referring to practices of Prophet) in an area of activity defined by modern circumstances will shed more light on the matter.” (Ertürk, 2000: 140,146)*

Prof. Sabri Orman, one of the leading Islamic economics scholars states that Islamic banking represents the normalization of economic and political systems in Turkish context that strayed from its historical course dramatically with her modernity project that disregarded the realities and sensitivities of her people. He claims Islamic banking is a step for Turkey to make finally a peace with its Islamic roots.

*“Bu kurumlar, bir yandan İslam Medeniyetinin uzun zamandan beri çağdaş medeniyete yapabildiği nadir katkılardan birini temsil ederken, diğer yandan tarihe nasıl yaklaşılabileceği ve ondan yapıcı ve yaratıcı bir şekilde nasıl*

*yararlanılabileceği konusunda öğretici bir örnek teşkil eder... ÖFK, ideolojik, doktriner veya epistemolojik bir görme bozukluğunun ürünü olan vahim bir politik iktisat hatasından kısmi bir dönüşü ifade eder...Türkiye bağlamında bu kurumlar, hem iktisadi sistemin ve politikanın normalleşmeye olan ihtiyacını, hem de normalleşmeye doğru atılmış küçük, ürkek ve belki arızı, ama yine de önemli bir adımı temsil eder.”(Orman, 2000: 131)*

*“These establishments, while on the one side come up as one of the rare contributions of the civilization of Islam to modern civilization, on the other side constitute a didactic example on how to approach history and make use of it in a constructive and creative manner... SFHs represent a partial comeback from a political economic fault stemming from an ideological, doctrinal or epistemological visual impairment... In the context of Turkey, these establishments represent the need of normalization for both the political and economic systems and a small, hasty and maybe accidental, but still a very important step towards normalization.” (Orman, 2000: 131)*

I interpret accounts similar to two quotes above that highlight social and political importance of Islamic banking as raising the ‘symbolic importance’ of Islamic banking in reply to authenticity criticisms.

All these accounts raising workability/feasibility, juridical plurality, and symbolic importance arguments were in reply to challenges regarding the appropriateness of Islamic banks’ products and services in terms of Islamic law. And, these accounts usually directly or indirectly criticize the arguments that emphasize strict adherence to contractual forms. Islamic banking in these accounts, is a search away from modernity and all that it brings like capitalism and secularism. In these accounts, focusing on technical details of contractual forms in Islamic law misses the bigger picture about what Islamic banking represents thus, Islamic banking should not be taken solely as a religious or financial phenomenon while judging its authenticity.

## **5.2. Organic Agriculture as a Moral Enterprise**

### **5.2.1. Type Authenticity and Formal Certification**

Organic law and regulations define a clear set of rules for a production method and the product to be labeled as organic. Organic-certified food is considered to be a member of category of foods that are produced and labeled according to those rules. Thus, formal certification in organic agriculture ascribes products with type authenticity. As I explained in previous chapter in Section 4.1.1.2, industry insiders understand the organic production method as clearly defined and distinct from conventional methods. Thus unlike type authenticity of the products in Islamic banking, type authenticity of organic products are conferred with formal certification and is not contested.

As I explained in the previous section, establishing type authenticity of a product or service in Islamic banking is much more complicated compared to organic agriculture. Formal banking law and regulations do not explicate what an interest-free product looks like and as such formal codification does not confer type authenticity as in the case of organic agriculture. Advisory Boards (Sharia Boards) of Islamic banks endorse products or services as interest-free or ‘Islamic’, however the lack of consensus among Islamic scholars on form weakens those endorsements’ power to assign type authenticity on Islamic products as distinct and conforming to Islamic law.

To be sure, chemical-free nature of organic products are questioned too. Almost all my respondents acknowledged that the most frequent questions they get from consumers is “are these really organic?” referring whether the control and regulation can really make sure no chemicals were used during the process. However this question prompts the question of trust that whether the rules are followed rather than the question of distinct production method usually in relation to conventional farming.

### **5.2.2. Moral Authenticity and Revolt to Hegemony**

Although organic agriculture as a production method is understood to be clear and distinct from conventional agriculture, it is generally perceived to be similar or getting similar to conventional agriculture, especially among the people I call as idealists. The main theme in idealists' criticism of organic agriculture is the criticism of organic agriculture becoming increasingly industrialized and as such becoming a part of the hegemonic system taking its place on the side of conventional agriculture in dominating small farmers, society and the Nature in general.

Idealist accounts hold almost always similar arguments around the contested practice in organic agriculture such as seed, biodiversity, small farmers and voluntary certification and carried out through system critique and hegemony. System is usually referred as industrialization, capitalism and/or urbanization. Discussions are always linked to cultural, societal or political concerns invoking the common good of small farmers, communities and human civilization in general. As such, I interpret these conversations as discussions of moral authenticity. Due to common patterns in idealists' accounts around these topics, I claim that the moral authenticity criterion in organic agriculture is consensual and fundamentally linked to the system critique. This is different than the ambiguous and contested moral authenticity criterion in Islamic banking that I discussed in Section 5.1.2.1. above.

Idealists certainly acknowledge the difference between organic and conventional agriculture in terms of the production method. The people I refer to as idealists are not questioning whether the chemicals are really excluded in the production process; they know that they are. However idealists do not see the chemicals or hormones as the main and the only feature of conventional agriculture and as such a distinction based on exclusion of chemicals or hormones is never complete.

According to idealists' accounts, a defining character of conventional agriculture is its industrial character as linked to agribusiness model based on commodification of seed and agricultural products and firms doing monoculture production in vast fields. In this respect,

idealists perceive organic agriculture as becoming increasingly industrialized and getting similar to conventional agriculture. Certified organic farming in these accounts are irreconcilable with idealists' conception of ecological farming. In a workshop called 'Is Another Organic Agriculture Possible' on May 16th, 2011, Prof. Tayfun Özkaya, Agricultural Economics professor at Ege University explains:

*“2–3 sene önce organik tarımda arama toplantısına katılmışım. Yerel tohumu destekleyerek, organik tarımda yerel tohumun kullanılmasının şart olduğunu ve tohum kanununun yerel tohumu şiddetle baskıladığını ve satışına yasak getirdiğini söyledim. Katılımcılardan bir bürokrat “tohum kanunu ben çıkardım bu iyi bir kanun” dedi. Beni bu toplantıda açıktan destekleyen çıkmadı. Çay arasında kutlayanlar oldu. Ayrıca organik tarımda üretici pazarlarını önerdim, fakat gerek tarım bakanlığından gelenler, gerekse organik tarım ürünleri pazarlayıcı şirket yetkilileri üretici pazarlarına karşı çıktılar, sakıncaları olduğunu söylediler. Gerçekten ekolojik bir tarım istenmiyor. İstenilen “endüstriyel organik tarım” dediğimiz şirket girdilerine dayalı, monokültür tarım yapan ve biyoçeşitliliğe dayanmayan, hibrit şirket tohumlarını bile kullanan, pazarlamada şirketlerin hâkim olduğu bir tarım sistemi. Bu da işte “endüstriyel organik tarım” dediğimiz bir sistem. Toplantıda endüstriyel tarıma karşı olunmalı dediğimde gelen cevap “o ayrı organik tarım ayrıdır. İkisi birbirine karıştırılmamalıdır” diyor. “Biz endüstriyel tarıma da karşı değiliz” diyorlar. Bu kişiler ve çevreler organik tarıma sadece bir iş gözüyle bakıyorlar. Onlar için sadece kâr önemlidir.....Kısacası bu sistem bir hegemonya. Bürokratlar bu kadar insan nasıl doyar, endüstriyel tarım olmalı diyor. Onların ufkunda sadece azınlık bir grubun organik tarım ürünlerini talep etmesi ve Avrupa Birliğine organik ürünlerin ihraç edilmesi var. Bu bizi tatmin eden bir vizyon değil. Onlara göre bu sadece bir iş.” (Özkaya, 2012: 73)*

*“2–3 years ago I joined a conference on organic agriculture. I stated that local seeds needed to be supported and should be used in organic farming and that the seed act puts substantial pressure on local seeds and forbids them from being sold. A bureaucrat among the participants said, “I introduced the seed act and it is a good one”. Nobody supported me outright in the conference. Some congratulated me at tea break. I also recommended farmers' markets in organic agriculture, but both the people from the ministry of agriculture and companies marketing organic agriculture products were against this, they said it had drawbacks. A real ecological agriculture is not what is wanted. What is wanted is an agriculture system based on company input, doing monoculture farming and not based on bio-diversity, even using hybrid company seeds and with companies ruling the marketing. This is the system we call “industrial*

*organic agriculture". When I stated that we should be against industrial agriculture, the response was, "The two are different things. They should not be mixed up." They also say, "We are not against industrial agriculture either." These people and circles see organic agriculture just as business. For them, it is profit that matters... In short, this system is hegemony. Bureaucrats say, how will all the population be fed, there should be industrial agriculture. All they see is only a small group of people demanding organic agriculture products and the export of organic products to the European Union. This is not a vision that satisfies us. For them, this is just business." (Özkaya, 2012: 73)*

Idealists in organic agriculture are mainly opposed to the larger structure of organic agriculture that they perceive as similar to industrial character of conventional agriculture such as standardization, intermediaries, the infrastructure of distributional channels and the role of firms in agriculture. This similarity is criticized because it is perceived to be serving to the same ends: the hegemony of the system over nature and people. These accounts are almost always elaborated how formal law ignores the rules and models in Nature. One respondent puts succinctly:

*"Organik tarım, yani ilk çıktığında endüstriyel tarıma karşı bir hareket olarak çıktı. Yani biz endüstriyel tarımın o yeşil devrimin, vesaire getirdiği mekanizmanın ve sistemin içinde olmak istemiyoruz, bu sistemden rahatsızız, bu sistemin dayattığı gıda biçiminden de rahatsızız diyen bir hareketti. Ama bugün gelinen nokta organik tarımda artık endüstriyel tarımdan bir ayrışma noktası kalmadı. Yani yapmadığı sadece pestisit kullanmamak. Onun dışında, şöyle bir resim kabaca, farkı da yaratan o esasında. Organik mi organik, eyvallah. Peki, siz bu organik tarımı neyle, sudan da aldığı bir milyon hektar arazi üzerinde arazi gaspı yaptığı, 50 yıllığına bir diktatörden kiraladığı bir milyon hektar üzerine, tamamen monokültür olarak üretim yaptığı ürünleri bu organiktir diye piyasaya sürse, organik olarak bunu yapsa ne çıkar, yapmasa ne çıkar? Bu fark artık organik tarım konseptinin ayırtılabildiği bir fark değil.*

*"When organic agriculture first came out, it was a movement against industrial farming. That is, we were a movement that said we were not content with the green revolution etc. of industrial agriculture, we do not want to be in the system and mechanisms it brings and the food style this system imposes on us. But at the point we have reached today, there is no distinction anymore among organic and industrial agriculture. I mean the only thing they don't do is use pesticide. Apart from that, when we look at the general picture, that is actually what makes the difference. Is it organic, all right it is. Okay, what are*



*you doing it on? On one million hectares of land that includes water sources, obtained by seizing land, leased for 50 years from a dictator, producing completely based on monoculture and putting them on the market as organic products. What difference does it make if it is organic or not? This difference is no longer one that the organic agriculture concept can distinguish.”*

The debates around the hybrid seed provides a revealing example to explicate the themes of hegemony and the domination over nature and fellow humans in idealists' accounts. Hybrid seeds refers to seeds that are produced by controlled pollination to improve the characteristics of the resulting offspring in terms of yield uniformity, predictability and disease resistance. First, pure lines with desired characteristics are produced by repeated self-pollination in isolation. Then the established pure lines are cross-pollinated to achieve the characteristics of all pure lines in the breed. Once those desired features are reached in the breed they are called first generations of hybrid seeds, generally referred as F1 hybrid seed. This process makes seed production highly technical and producing desired traits takes years and technology and money as opposed to seed produced by open pollination by insects, birds, wind, or other natural mechanisms. Moreover saving seed from the crop for next year is undesirable as the offspring seed from F1 crop do not carry the superior qualities of the F1 hybrid.

Although hybrid seeds have indeed superior qualities over open pollinated seeds in terms of yield efficiency, they are criticized by idealists based on various grounds. First, the achieved qualities of uniformity and predictability precludes biodiversity that is believed to be threatening the human and natural survival. Biodiversity argument is usually elaborated how technological intervention in seed production is interfering with the way the Nature works in its own way to ensure variability and diversity. Biodiversity is believed to be crucial in cases where a natural disasters threatens food supplies. If all the produces have the same features as it is the case when the hybrid seeds are used then there is less possibility that some produces will survive the disaster. The argument goes, if there is biodiversity both between and within crops, then it is more probable that some crops will have the necessary traits to survive the disasters like drought or epidemics.

Second, the technically complex character of the process had left seed production to the seed companies. This prevents the farmers from saving and replanting their own seeds as they have been doing for thousands of years, making it necessary to purchase seeds every season. This argument about commodification of seed is usually elaborated how the agribusiness controls and dominates not only food production at the expense of small farmers, but also human life and the Nature, by controlling the most fundamental part of the life, the seed.

Apart from the most articulated criticisms around biodiversity and the commodification of seed, hybrid seeds also criticized for its adverse effects on culture. The people I refer to as idealists usually emphasize how hybrid seeds result in the loss of local knowledge and culture that the mankind developed throughout centuries. This argument is usually depicted with the traditional ways of collecting seed. The knowledge of collecting the best seed is transferred from father to son by generations. Moreover, the seed was saved by the oldest and the wisest women in the family and that the seed was the first to be saved in a disaster. It was also a tool for solidarity in that the farmers exchanged their seeds when needed. With hybrid seed, it is argued, all this knowledge and culture is being lost.

The debates around local seeds versus hybrid seeds and GMOs; mono-culture production versus biodiversity; small farmers versus agribusiness; formal certification versus voluntary certification are all discussed from the perspective of hegemony and domination that is similar to in hybrid seed example above.

As such authenticity discussions in organic agriculture differ from the authenticity discussions in Islamic banking in two aspects. First, the authenticity discussions in organic agriculture revolve around how organic agriculture is becoming a part of the system that is associated with agribusiness dominating farmers, people and the nature. In Islamic banking, system critique usually do not figure prominently in the accounts of idealists' evaluations of Islamic banking. Idealists in Islamic banking usually focus on whether the products are indeed interest-free and whether the Islamic banking fully conforms to Sharia both in form and spirit. It seems to be implicitly assumed as if the conformity to Sharia in form and spirit

will resolve those ills of the society that idealists in Islamic banking address forcefully in different contexts.

To be sure, the people I refer to as idealists and to a certain extent moral certifiers do have a strong criticism regarding secular, modern, capitalist system and the issues of exploitation and injustice usually come up in the discussions of why interest was prohibited in Sharia. But these discussions in the context of conformity to Islamic law are generally briefly touched upon and assumed to be well known and accepted and then quickly evolve to the discussions of what is interest and how to avoid it. As such, I claim, the system critique is a salient part of moral authenticity judgements in organic agriculture whereas its link to moral authenticity is not explicit in the discussions of moral authenticity in Islamic banking. This may be also due to the disagreements over criterion on how to evaluate contemporary financial products in relation to Islamic law that I explained in Section 5.1.2.1. above.

Second, authenticity discussions in organic agriculture and Islamic banking differ in the relation between type authenticity and moral authenticity. Moral authenticity usually hinges on the exclusion of interest in Islamic banking, while its link with the exclusion of chemicals is not salient in organic agriculture. Discussions around the technicalities of interest-free nature of products are usually, implicitly or explicitly, linked to the discussions about the purposes, aims, intentions, and morals of the products which I interpreted as related to moral authenticity. Unlike this entanglement of type and moral authenticity judgements in Islamic banking, type and moral authenticity discussions in organic agriculture are separate.

The prevalence of ‘interest-free’ in both type and moral authenticity discussions in Islamic banking may be due to the understanding of the ‘interest-free’ as a less of technical matter than the moral whereas ‘chemical-free’ is easier to be understood as a technical issue. The Quranic prohibition of interest may account for such a value charged meaning of interest-free; it is not about preference but belief. Chemical-free, however, seems to be less value laden in organic agriculture compared to interest-free in Islamic banking. Indeed, organic agriculture, in its inception in the world, was never about chemicals per se, it

challenged more wider issues of industrialization and modern production and consumption systems.

### 5.2.3. Authentic Organic Agriculture as Being Accord with Nature

In idealists' accounts, organic agriculture is perceived as a 'resented ally within the system'. Idealists celebrate the initial aims and the philosophy of organic agriculture in its inception in the world as representing the true spirit of organic agriculture. Moreover, they acknowledge its health and environmental benefits through the exclusion of chemicals and raising consciousness among public. But in its current status, organic agriculture is understood to be far from the ideal and mostly lost to the system. One respondent explained organic agriculture in its current form as the solution of the urbanization and as such inadequate for the real problems. She states:

*“Bu (organik tarım) bizim eğri düzenimizin dikiş tutmaz çözümü. Tamamen şehir düzeninin bir çözümü. Yoksa idealimiz değil, yani organik tarım bizim kültürümüzü korumaz. Organik tarım bizim tohumumuzu korumaz; organik tarım bizim üreticimizin daha fazla kazanmasını sağlamaz. Organik tarım bir ihtimal üreticinin tüketiciye ulaştırabilmesi için gıdasını araçtır.”*

*“This (organic agriculture) is the solution of our crooked order that won't hold. It is the solution of the metropolis order. It is not our ideal; I mean organic agriculture will not protect our culture. Organic agriculture will not protect our seed; organic agriculture will not help our producers earn more. Organic agriculture is perchance a tool for the producer to get its food to the consumer.”*

Idealists' conception of organic agriculture is related to not only ecological but also to social, cultural and political concerns and informed by the Nature's rules and models as being accord with Nature explained in Section 3.5.1.

In idealists' conception, being accord with Nature is about being able to read, understand and respect the Nature. The knowledge regarding the Nature is taught to be embedded in indigenous knowledge that is rooted in a specific geographical and cultural

setting. Indigenous knowledge regarding the soil, weather, and the seed are understood to be dynamic, tacit, and embedded within the agricultural and social practices that stood the test of time. As such, indigenous knowledge refers to a comprehensive way of life, not confined to food production but the culinary, art, housing and social practices.

Similar to comments on Islamic law as linked to the cultural heritage of Muslim civilization, idealists in organic agriculture links the indigenous knowledge to the cultural heritage of communities. The people I refer to as idealists in organic agriculture and Islamic banking usually hold that the knowledge regarding human existence and its relation with Nature or Divine is encoded in cultural heritage grounded on indigenous/local knowledge and Islamic law respectively. According to idealists, industrial agriculture and to a certain extent organic agriculture disregard the local knowledge regarding ‘how to live and exists in relation to Nature’, because of practices such as reliance on standard, human made hybrid seeds and mono culture production stripped from the Nature’s knowledge.

The loss of indigenous knowledge regarding Nature is usually linked to alienation and the rise of consumption culture. In these accounts, small farmers who cannot survive on agriculture have to sell their land and go to big cities to work on low wage jobs. Consumers are bounded to buy their foods from supermarkets without knowing anything regarding how, where and by whom they are produced. In these accounts, what is at stake here is a meaningful and sustainable existence.

Another salient theme in the accounts of idealists’ is related to technology and mechanization. Idealists’ seem to have an ambivalent attitude to technology. On the one hand, they are aware of rejecting technology is too romantic and on the other hand, they resent the way it interferes with local and traditional practices in agriculture.

*“Mekanizasyon traktörden tutun, biçerdöver bile mesela, biçerdöverin sisteme girişı sizin ürettiğiniz gıdanın biçimini ya da ürünün biçimini deęiştiren bir şey...Makine hiçbir zaman tek başına girmiyor. Pamuk bundan on sene öncesine kadar elle toplanırdı, şimdi artık pamuk toplama makineleri kullanılıyor. Ama onu kullandığınız zaman, belli tür pamuk tohumları ekmeye başlıyorsunuz. Çünkü başka türler makine için mümkün olmuyor. Onu kullandığınızda, aynı zamanda işte ilaç kullanmanız gerekiyor ki, bütün pamuklar aynı anda bloom etsin, tek seferde toplayasın. Normalde çünkü*

*pamukta üç el toplanır. Birinci el, ikinci el, üçüncü el vardır. Parça parça, ilk elde atıyorum yüzde 50'sini toplarsın mahsulün, ikinci el yüzde 30'u, sonra üçüncü el de yüzde 20'si o daha kabadır, bilmem nedir az açmıştır vesaire... Makine bütün bir o tarımı yapma pratiğini kökten değiştiriyor. Karbon inanılmaz artırıyor, çok daha fazla petrol giderlerini, dolayısıyla yüksek girdili, yüksek outputlu bir tarım sistemine geçiyorsunuz. Böyle bir sistemde de küçük çiftçi mesela yaşayamıyor. Ama mesela küçük çiftçi böyle çeşitliliğin, tarımsal, bitkisel üretimdeki çeşitliliğin de koruyucusu diye düşünürseniz eğer, o perspektiften bakıyor olursanız, yani ben gıdanın korunması için, o gıdayı üretenlerin de korunmasına inanıyorum; korunması gerektiğine, var olması gerektiğine inanıyorum ve onu üretenler de temelde küçük çiftçilerdir diye bir siyasi, politik ekonomik bir duruşum varsa, o zaman onları bertaraf eden mekanizmaları da karşı oluyoruz. O mekanizmaları hem makinenin girdiği, hem işte diğer monokültür pratiklerinin girdiği bir mekanizma.”*

*“Mechanization is from tractors to harvesters, even a harvester for instance, when it enters your system, it changes the form of the food or product you produce... Machines never come alone. Cotton used to be picked by hand up until ten years ago. Now cotton-picking machines are used. But when you use that machine, you start planting a certain kind of cottonseed, because other types do not fit the machine. Again, when you use the machine, you also need to use agricultural inputs in order to make all the cotton bloom at the same time and be picked at the same time. Normally, cotton is picked in three rounds. First round, second round, third round. Part by part, in the first round let's say 50 percent of the cotton is picked, in the second 30 percent and in the third the remaining 20 percent which is more rough, I don't know, less bloomed, etc.... The machine changes the application of farming from its roots. Carbon increases heavily, the petrol costs, so you turn to an agriculture system with high input and high output. And in such a system the small farmer, for instance, cannot survive. When you think that the small farmer is the protector of this kind of variety, agricultural, plant diversity, when you look at it from this perspective, I mean, I believe in protecting the producers for the protection of food; I believe they should be protected and they should exist and if I have a political, economic stance because the ones who produce these are basically small farmers, then we are against the mechanisms that try to eliminate them. These mechanisms are the ones where machinery is introduced and the other monoculture applications are involved.”*

Another contested topic in the accounts of idealists is standardization and formal certification. It is deemed problematic because of two reasons. First formal certification is too complicated, expensive and time consuming for small farmers, and second it creates

new intermediaries that contradicts the imagined conceptualization of agriculture based on direct producer-consumer relations.

*“Regülasyonları, düzenlemeleri, sertifikasyon sistemi, onun işte kontrol mekanizmaları vesaire. Çok ciddi bir bürokrasi yaratıyor. Teknik bilgi manzumesi yaratıyor. Onun da altından kalkmak hem özellikle küçük üreticileri için kolay olmuyor. İkincisi de, araya yeni ara mekanizmalar, ara kurumlar ekliyor. Bu da belli bir grup ekolojisi, ekolojik tarım yapmak isteyen kesimin rahatsız olduğu, tercih etmediği bir şey.”*

*“Its regulations, arrangements, certification system, control mechanisms etc. This creates a serious bureaucracy. It creates a mountain of technical information. Tackling these is especially hard for small producers. Secondly, new intermediary mechanisms, intermediary establishments are added. This is something that makes a certain group of people who would like to do ecologic agriculture uneasy, something they don't prefer.”*

The political stance in these accounts seems to directly linked to exclusion of small farmers from the system. From highly bureaucratic and standardized process of organic agriculture to technology and mechanization in agriculture all threaten the very existence of small farmers. When small farmers are eliminated, large commercial firms will lead the agriculture that is deemed detrimental for environment, culture and society.

#### **5.2.4. Authenticity Debates among Idealists, Moral Certifiers and Certified Producers**

Idealists' criticisms of organic agriculture is well known among moral certifiers and large certified producers. Although idealists' some criticisms related to agribusiness model, and mono-culture production are shared among moral certifiers, moral certifiers and large certified organic producers usually deem idealists' criticisms either irrelevant or unrealistic for organic agriculture.

The main difference between the idealists' accounts and moral certifiers accounts' comes down to how they approach to system. Although both sets of actors imagine an alternative to conventional agriculture and that imagined alternatives are usually similar in

most aspects, idealists and moral certifiers differ in their understanding about how to reach that alternative. Moral certifiers emphasize the necessity of understanding and accommodating the concerns of larger stakeholders and collaborating with those stakeholders to raise consciousness for a better system. Basically moral certifiers believe that they need the system to change the system, while idealists think that the system is too rough to be worked with.

Moral certifiers sometimes suggest that their approach to system is about who they are. Some moral certifiers claim that non-confrontational and inclusionary approach to the system is the reflection of how they view life and Nature. A confrontational approach would be contradictory to their understanding of harmonious and holistic existence. One respondent says:

*“Biz karşıtlıktan beslenmeyiz, biz karşı durmayız. Biz bayrak açmayız, biz yumurta atmayız, biz savaşmayız. Biz barış, uzlaşma ve alternatifini koymaktan yanayız. Sonuna kadar ikna, sonuna kadar uzlaşma ve alternatifini koyarak gösterme....Yani karşıtlıktan bu sefer varlığını bazı insanlar varlığı ona (karşıtlığa) dayanıyor. Varoluşu bir şeye karşı olmak, yani karşısını yok edersen, sen nesin? ... Ben akort etmeye çalışıyorum; kavga etmeye çalışmıyorum.”*

*“We do not feed off of rivalry, we do not stand off. We do not unfurl flags, we do not throw eggs, we do not fight. We are for peace, reconciliation and putting down an alternative. Convincing to the end, reconciliation to the end, demonstrating by putting down an alternative... I mean, there are some people who base their existence on rivalry. Their existence depends on being against something. What if I disperse with that thing, what are you then? ... I try to accord; I do not try to fight.”*

Another respondent who is opposed to certified organic agriculture explained the difference between certified organic agriculture and his vision of agriculture based on local seed and social certification as the difference between Non-Governmental Organizations (*Sivil Toplum Kuruluşu*) and Democratic Mass Organizations (*Demokratik Kitle Örgütü*). He claims the first is interested in the problems in the system and suggests solutions for those problems whereas the second imagines an alternative system. He states:



*“Ben Karaot Tohum Derneğinin demokratik kitle örgütü olduğunu düşünüyorum. Yani var olan sistemi kabul etmeyerek, yeni bir sistemi tarif etmesi gerekiyor. Yani bir şeyden bağımsız olmak. Hani dedik ya, eskiden yerli tohum üretimi vardı, şimdi yok. Demokratik kitle örgütleri der ki, bu sistemde problem var, şöyle bir sistem denemek gerekir, demokratik kitle örgütü bu. Sivil toplum kuruluşları ise, bu sistem böyle işliyor, ama içinde şunlarda problemler var, bunları düzeltmek gerekir der.”*

*“I believe that Karaot Tohum Association is a Democratic Mass Organization. That is to say, not accepting the existing system, it needs to describe a new system. I mean, independent of anything. Like we said, there used to be local seed production, now there is not. Democratic Mass Organizations say, there is a problem with this system, we need to try this other system, this is what a Democratic Mass Organization does. On the other hand, non-governmental organizations say, this system works like this, but it has these problems, they need to be fixed.”*

The difference among the idealists, moral certifiers, and large certified producers regarding the system usually figure out in the discussions of contested practices. For example, moral certifiers generally regard idealists' criticisms on greenhouse production as irrelevant to organic agriculture. Greenhouse production in organic agriculture is interpreted from the perspective of supply and demand among moral certifiers and certainly by large organic producers. Moral certifiers usually acknowledge that greenhouse production is not ideal but if the consumers demand to access foods at all seasons then it is not only organic agriculture to blame. When talking about organic agriculture and greenhouses one respondents says:

*“Mesela bize şunu diyorlar, canım organik pazara da gittik, kışın sera domatesi vardı, bu nasıl organik? Yani şimdi orada o zaman ben ona şunu diyorum. Siz istediğiniz sürece o olacak. Organik pazarda serada organik domates var ve evet serada organik olarak domates üretilabiliyor. Ama sağlıklı mı, hayır değil. Neden, çünkü mevsiminde yetişmiş bir şey değil, bu nedenle değil. Dolayısıyla, ama alıcısı da var, alıyorlar yani, adam da üretiyor. Dolayısıyla, belli bir noktadan sonra iş tamamen ekonomik döngü meselesi aslında. Yani bir şeyin alıcısı varsa, o işin üreticisi muhakkak var. O kısmını kontrol edemeyiz. O kısmını kontrol etmeye hakkımız da yok. Çünkü o adamın da ekmek parası neticede. O da onu üretiyor ve sertifikasını da alıyor, kontrollerden de geçiyor, onun gereğini de yerine getiriyor. Organik Sertifika*

*Yönetmeliğinin gereklerini yerine getirmiş. Yani kimyasal kullanmıyor, sonra ilaçlı tohum kullanmıyor, şunu kullanmıyor, bunu kullanmıyor. Ama sonuçta o domatesi tüketecek olan kişinin kışın domates yemesinin doğru bir şey olmadığını biliyor olması gerekir. O artık o noktadan sonra organik tarımın derdi değil, beslenme biliminin derdi. Biz mesela bunu her zaman söyleriz. Mevsiminde beslenin, mevsiminde yiyin, hatta işte sebzeleri meyveleri mevsim tabloları, çünkü bu bilgi de unutuldu. Artık hangi mevsimde hangi meyve, hangi sebze yetişiyor bilmiyoruz, bilmiyorlar. Bu bilgiyi her zaman yayarız ve pazarda da söyleriz. Pazardaki, ekolojik pazardaki standlarda bunlar söyleniyor tabii ki.”*

*“For example they say to us, we went to the organic marketplace, there were greenhouse tomatoes in the winter, what kind of an organic is this? In response I say to them, as long as you demand it, it will be there. There are organic greenhouse tomatoes in the organic market and yes it is possible to grow tomatoes in greenhouses organically. But is it healthy? No, it is not. Why? Because it was not grown in its season, that’s why. However, people buy it, they do, so others grow it. Therefore, after a certain point, it is only a matter of economic cycle. I mean, if somebody is buying, somebody will be making it. We cannot control that part and we don’t have a right to control it. Because, in the end, it is that person’s source of income. So he grows it and certifies it, gets it through controls and meets all the requirements. He meets the requirements of the Organic Certificate Regulations. That is, he doesn’t use chemicals, pesticides, this, that... But in the end, the consumer needs to know that it is not right to consume tomatoes in winter. From that point on, it is not the problem of organic farming but of nutrition. This is what we always say. Eat according to season, know in charts when to eat what fruits and vegetables, for this has also been forgotten. We no longer know which fruits and vegetables grow in which season, nobody does. We always try to spread this information and in the marketplace too. We tell it at the marketplace, the stands at the ecological marketplace all the time.”*

Her account in greenhouses is the example of how questionable practices such as hybrid seeds and monoculture production are understood by moral certifiers in organic agriculture. Moral certifiers’ accounts on the questionable practices usually explain why the current practice is at it is and why it cannot accommodate more idealistic views. Moral certifiers acknowledge the questionable aspects of these practices, usually raised most vocally by idealists. Moreover their accounts on why these practices are considered to be problematic is very similar to those of idealists’. Basically both moral certifiers and

idealists regard those practices as not reflecting the true spirit of the industry. And both resent this. But moral certifiers tend to see these problems as not necessarily could or should be tackled within the scope of the industry. Part of the responsibility is put outside the industry; the people, the system, the state all share some of the blame regarding the prevalence of questionable practices and before they all change these practices are there to exist.

Idealists, however, treat those questionable practices as in the heart of the industry. They may acknowledge the problems with the outside world; the people, the system, the state, they may all figure in their accounts as flawed. However they see these questionable practices within the responsibility, ability and impact area of the industry. Only through proper application of these practices that conforms to the spirit and the aim of the industry, the people, the system and the state can be transformed. They tend to refuse to believe in the claims that social, political or economic conditions are holding these industries back from reaching their true self. Instead, certified producers and moral certifiers are understood to be as not committed enough to realizing the true image of these industries. They are especially critical of moral certifiers' endorsement of these industries. According to idealists, moral certifiers should have known better and they are believed to know better but sell out those ideals for the sake of viability of the industry and even sometimes for personal social and economic gains.

For some large certified producers, organic agriculture is strictly understood to be related to exclusion of chemicals as defined in law and regulations and it must be communicated and evaluated based on that concrete criterion. The idealist criticisms on seed, biodiversity, small farmers and voluntary certification are deemed irrelevant outright in these accounts. One large organic producer refer to references to small family farmers; romanticized references to taste and smell of organically produced food and community supported agriculture as 'adornments' of the business. To be sure, he acknowledges the principles of fair production but his references are about child labour and under-wage schemes that he states should be avoided by every business anyway. He does not carry the cultural, social and political concerns of idealists' on hybrid seeds, technology, and

greenhouse production and as such he does not see any contradiction between those practices and organic agriculture. While talking about greenhouse production and hybrid seeds he states:

*“Yani iklim koşulları el vermiyorsa, biz domates yetiştirmeyelim mi? ...ben üreteyim de sen yeme. Ben bir şey yapmıyorum ki, ben onun içine kimyasal, sentetik, bilmem ne falan bir şey koymuyorum ki, ben sadece yani klimatolojik etkiyi aklımla daha verimli hale getiriyorum, ayıp mı ediyoruz yani? Haziranda değil de, aralıkta domates yediriyorsak organik ayıp mı ediyoruz? ...Osmanlı çileği vardır, koku verir. Böyle küçücük reçel yapılır, şimdi bitti o. Çok az çıkıyor, şimdi ondan Portekiz'deki bir cins çileğin tohumundan tamamıyla GDO falan değil yani, tamamıyla aşılama yöntemiyle hani hibrit denilmiş, yani melezlendirilmiş bir tohum cinsi. Fevkalade güzel bir çilek çıkıyor mesela bu konuyla ilgili, hem dayanıklı, hem lezzetli. Şimdi bunun ne yanlış var? Bunda yanlış olan bir şey yok ki. Yani ben baştan da söyledim. Ben diyorum ki, bunlar yönetmeliklere uygun olmak kayıt ve şartıyla biz teknolojiyi inkâr etmiyoruz yani, biz çarık giymiyoruz, illa çarık giyelim diye bir şey yok yani.”*

*“I mean, if the climate conditions are not right, are we not to grow tomatoes? ... Let me grow them, don't eat it if you don't want to. I do not do anything, I don't put chemicals, synthetics, any of that sort into it, I am being smart and only make climatology effect more efficient, where is the shame in that? ... We have the Ottoman strawberry, it gives out a scent. Jam is made out of it, now its gone. There is very little grown. Now we grow strawberry cross-pollinated with this type and a type from Portugal, there is no GMO involved, completely with the hybrid method, that's what they call it. I mean an exceptional strawberry comes out of this; it is both enduring and tasty. Now, where's the wrong in that? There is nothing wrong with it. I have told this before, I say we don't deny technology as long as it abides by the regulations, we don't wear çarık (rawhide sandals, mainly used by traditional villagers) anymore, there's nothing to say that we should wear çarık.”*

Some idealists' criticisms are deemed unrealistic. For example, insisting on local seed is not workable for every situation as it may not be possible to find the required volume. Unlike, idealists, moral certifiers and large certified producers celebrate the technology too. Technology is deemed necessary to help tired and worn-out earth.

However idealists' understanding of organic agriculture is much more encompassing including social, cultural and political concerns. Following quote is a typical Idealists' view comparing organic agriculture with their imagined agricultural model.

*“Organik tarım kuralları, Kibele'nin amaç edindiği ilkeler açısından yeterli değildir. Bu kurallar; biyolojik çeşitliliğin korunması, adil ticaret, hayvan refahı gibi konuları içermemektedir. Doğal, doğa dostu tarım yöntemleri tanımlanmadığı gibi, yer yer organik tarımın kurallarına uygun bulunmamaktadır. Özellikle hayvancılıkta bunun örneklerini görmekteyiz. Dünyada ve Türkiye'de organik tarım giderek endüstriyelleşmekte, piyasa kurallarına göre üretim yapan, para kazanmaktan başka düşüncesi olmayan şirketler organik tarımı karlı bir yatırım alanı olarak görerek sertifika almaktadırlar. Amaç bu olunca, hedef “müşteriler” de üst gelir grupları olarak belirlenmekte, organik ürünler “lüks tüketim malları” haline getirilmektedir. Organik tarım bir görüş açısı, bir yaşam biçimi olmaktan uzaklaşmış, bir “sektör” haline getirilmiştir. Tüm bu olumsuz gelişmeler nedeniyle “organik” kelimesini kullanmaktan kaçınıyor, kendimizi “ekolojik üretim yapan çiftçiler” olarak tanımlıyoruz.” (Ertürk, 2012: 66-67)*

*“The rules of organic agriculture are not sufficient in view of the principles adopted by Kibele. These rules comprise topics like the conservation of biological diversity, fair trade, the well being of animals. Natural, nature friendly farming methods are not defined and not only that, from time to time the rules of organic agriculture are not found appropriate. We see examples of this especially in stockbreeding. Organic agriculture is starting to industrialize more and more in Turkey and the world. Companies, which produce according to the rules of the market and who think nothing but profits, see a profitable field of investment and get certificates. When the goal is to make profit, targeted “clientele” are specified as high-income groups, organic products are turned into “luxury consumer products”. Organic agriculture has been distanced from being a perspective, a way of life and has been turned into a “sector”. In the face of all these negative developments, we avoid using the word “organic” and define ourselves as “farmers who produce ecologically”. (Ertürk, 2012: 66-67)*

### **5.3. Discussion and Contributions**

In this chapter, based on data, I argued that conversations among moral certifiers and idealists are mainly about authenticity in both Islamic banking and organic agriculture. These discussions had two aspects and were carried out in relation to Islamic law or rules and models in nature: authenticity evaluations of specific practices and discussions and the

criteria to be used on those evaluations. Certified producers were also involved in these discussions around authenticity evaluations mostly to defend themselves against idealists' criticisms. Based on archival data and my informants' accounts, I argue that the authenticity debates in both industries are about alignment to an ideal that is informed by Islamic law in case of Islamic banking and rules and models in Nature in case of organic agriculture.

Authenticity discussions in relation to sacralized forms and purposes that I observe in this study is different than the recent studies in ecological research and social movements perspective that link authenticity claims of nascent producers to the signals of distinction and separation from inauthentic other, usually the incumbent producers (e.g. Baron, 2004; Carroll and Swaminathan, 2000; Weber et al., 2008; Carroll and Wheaton, 2009; Negro et al., 2011; Kovács, et al., 2013; McKendrick and Hannan, 2014).

My findings on authenticity bring a fresh look at to the concept of authenticity in the studies of new organizational forms and categorizations. Authenticity may have a larger role than a mere strategic tool used for separation as generally assumed in categorization studies. It may be at the center of form/categorization emergence as part of collective construction of meaning discussed in relation to not only the inauthentic 'other' but maybe more so in relation to an 'ideal'.

Figure 5.1 and 5.2 depict authenticity as studied in literature on new organizational forms and authenticity as observed in this dissertation respectively.

Figure 5.1  
Authenticity in literature on new organizational forms

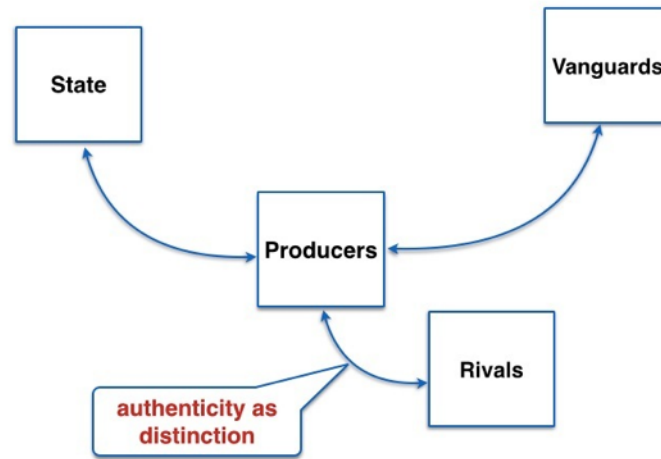
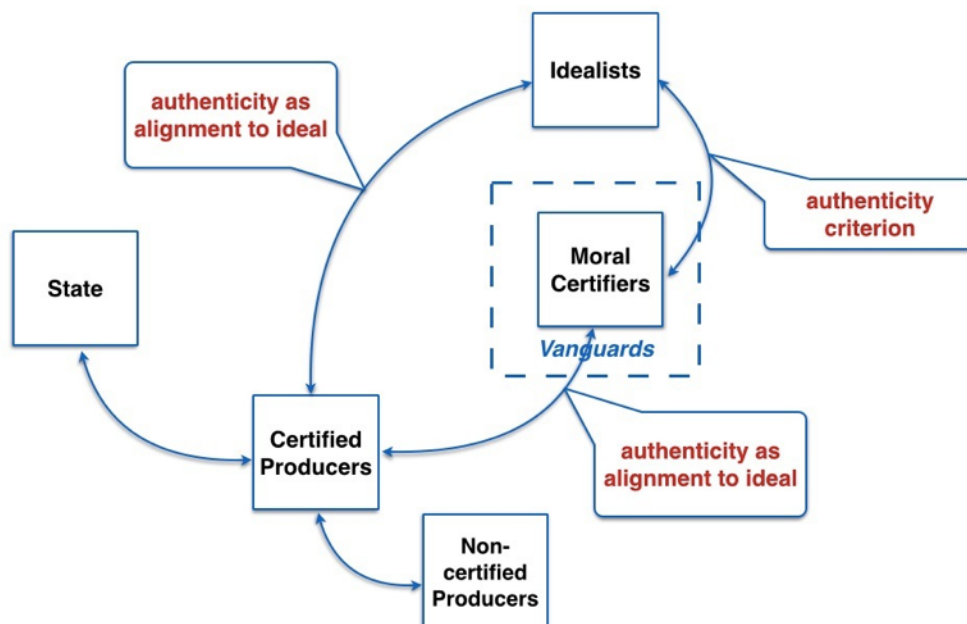


Figure 5.2  
Authenticity observed in this dissertation



## 6.

### CONCLUSION

In this dissertation, I set out to examine events and debates within and around Islamic banking and organic agriculture in Turkey throughout their history spanning three decades to understand how the concepts of Islamic banking and organic agriculture were conceptualized, codified and discussed.

I have shown that in both industries the question of '*alignment*' to an '*ideal*', the ideal being informed by the alternative codes of, Islamic law in the case of Islamic banking, and nature's rules and models in the case of organic agriculture was persistent in the main debates. In these industries, alignment to an ideal was discussed in terms of both '*form*' - implementation as informed by '*the other law*' and as codified in formal law - and '*spirit*' - conforming to purposes and morals behind the '*form*' informed by '*the other law*'. As such, in these industries, form definition was not only about identifying the technical features, processes and product specifications but explicitly bringing the moral into the realm of concrete organizational practices.

I have shown and argued that debates around alignment in form and spirit in both industries reflect divergent positions of different sets of actors as well as concerns over authenticity. Even though the actors were drawing values, norms and beliefs from the same source, '*the other law*' as the foundation of the focal industry, they differed in their understanding of the '*the other law*' and how to make it alive through formal law and practices. As such, this study highlights the importance of deeper historical examinations focusing on communications and agency in the studies of form creation and development to better understand the diversity among and within sets of actors involved in these ventures.



Examining the discussions around ‘realness or genuineness’ of two industries with specific moral foundations and claims, this study highlights the utility of studying the concept of authenticity beyond cultural fields. In both industries with explicit moral foundations and claims, authenticity contestation is in tandem with discussions of legal codifications and stays a persistent concern with each new product or service that is introduced. As such, the signals and outcomes of perception of authenticity are notable not only in the symbolic domain as generally suggested with social status and identity claims or in the material domain as generally suggested in organizational features such as ownership and process but also in legal domain as in the formal codification of the features of each product and service.

One counter argument against these findings regarding the plurality in meaning in Islamic banking and organic agriculture may be that their lifespan of three decades is not long enough to converge on a common understanding as expected by extant literature. In Islamic banking, sectoral strategic plans involving the state foresee an industry-wide standardization process which may indeed encourage to settle on common meanings and practices. However, in both industries there are also initiatives which may widen the gap between the two accounts of Islamic banking and also of organic agriculture. Idealists in organic agriculture are organizing meetings to discuss whether another organic agriculture is possible. They are experimenting with voluntary certification systems instead of formal organic certification, developing models of community supported agriculture, and opening up new types of farmers’ markets emphasizing locality and traditional farming different than organic farmers’ markets that are exclusively for certified organic produces. Idealists in Islamic banking establish research centers on Islamic economics, and provide Islamic economics and banking seminars to convey their understanding of Islamic banking. So, in both industries, segregating and blending processes are coexisting which may sustain the dual understandings of each industry.

By explicating key actors and their divergent arguments around the legal codification and moral assessment of the focal industry, I have provided a foundation for more extensive investigations of heterogeneity among actors. I find that authenticity assessments of the

claims and practices as conforming to a conceived ideal were the main concern in many debates from formal codification to legal framework and from names to the scope and the content of products and services. This points to the value of giving more attention to the ideals, moral claims and their assessments in the studies of organizational forms or practices. Based on my data, I believe the nature of the ideal for the venture may be important in spurring authenticity discussions. The sources of ideal and its historical and conceptual relation to the venture could influence the saliency and content of authenticity discussions. Based on my findings I would propose that the more law-like the ideal for the venture, the more likely it is that authenticity related discussions may emerge among actors. Similarly, my findings lead me to propose ventures with moral claims -such as social impact entrepreneurship and social responsibility projects- may foster roles parallel to those roles of idealists and moral certifiers.

One direction to go further would be to assess whether these propositions hold in other morally grounded industries. Assuming an explicit moral claim eventually may require a substantiation of that claim, it is probable to observe actors playing similar roles to the moral certifiers described in this study. A close examination of actors playing moral certifier roles would also shed light on the heterogeneity among them. An attention to these actors would clarify whether similar roles to those of idealists exist or whether they emerge under specific conditions. I expect when the moral claim is based on an explicit ideal model, this may eventually create fragmentation among moral certifiers or other actors regarding the nature, source, and the relation of that model to the phenomenon at hand.

Another direction could be conducting specific case studies to have a deeper understanding of ideas put forward in this dissertation. For example, assuming authenticity is also a concern in '*halal sector*' including halal food, travel, fashion and health, how do authenticity dynamics play out in those sectors compared to Islamic banking? Given ventures in food, travel and fashion have more observable and less contested qualities compared to Islamic banking, the type authenticity assessments in these sectors may be easier to agree on. The health sector, however may be more contested when considering the new practices technology brings in to this domain. The practices of artificial fertilization,

plastic surgery either for health reasons or for aesthetic concerns, organ transplantation and pharmaceuticals may require their status to be assessed in Islamic law both in terms of form and spirit which may lead similar conversations to those I observe in Islamic banking. This kind of case studies would help further elaborate the content of authenticity and its influence in shaping organizational forms and practices.

Another direction would be conducting additional comparative case studies between other ‘ecological’ and ‘Islamic’ ventures to see if the similarities and differences that I find between organic agriculture and Islamic banking in this study are also found there. For example do ecotourism, eco friendly textile or cosmetics in relation to halal tourism, halal fashion or cosmetics carry similar dynamics described in this dissertation? To what extent, the oppositional stance against incumbent practices and system is salient in these industries? Assuming there is a salient stance against conventional systems which is very likely, how the system criticism is elaborated? Are there similar references to ‘being accord with Nature’ and ‘being accord with Creation, *fitrat*’ in relation to the system? How are their contents similar to or different from those described in this dissertation? This kind of studies would help further our understanding of ‘anti-system’ industries in relation to incumbent models; ‘How are alternative anti-system/anti-capitalist models are conceptualized and enacted within capitalist order?’”

Studies at the organizational level in Islamic sector could reveal more varied accounts of authenticity and the sources of contestation among the audience. For example, what does it mean if a company is producing halal food or fashion but not qualifying for Islamic financial market index (meaning that its debt levels, and interest income and expenses did not meet Sharia compliance) so its stocks cannot be invested in Islamic financial markets? What does it mean to be qualified as Islamic in one dimension (e.g. product) and not in other dimension (e.g. its financial dealings) in terms of authenticity assessments? How sharia compliance in respect to different aspects of a company (its production, finances etc.) are related or separated?

And lastly, investigating cases where there are two sources of ‘ideal’ blended and inform practices could reveal new insights regarding ideal-practice relation. For example

how is Islamic environmentalism similar to or different from mainstream environmentalism? How does religion play out in the accounts of environmentalism? In his book examining environmental trends in Turkey Ignatow (2007) suggests that Islamic environmentalism view Islam as the authentic source of environmental consciousness and discredit science, secularism and modernism. How is this reflected in the practices of firms and/or NGOs associated with Islamic environmentalism? How are they similar to or different from environmental practices of secular firms or NGOs? All these suggestions would further our understanding of morality, authenticity and their relation to organizational forms and practices.

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## APPENDIX 1 Guiding Interview Questions

SORULAR/ KONULAR	KATILIM BANKACILIĞI İLE İLGİLİ AÇIK UÇLU ÖRNEK SORULAR	ORGANİK TARIM İLE İLGİLİ AÇIK UÇLU ÖRNEK SORULAR
<b>ENDÜSTRİ İÇİN KULLANILAN İSİM VE İFADELER</b>	Özel finans kurumu ismiyle kurulan bu kurumlar sonradan katılım bankası ismini aldılar. Medyada ise faizsiz finans kurumu, faizsiz banka, İslami banka gibi ifadelerle anılıyorlar. Siz bu isim ve ifadeler için ne düşünüyorsunuz? (ek sorular: farklı isimler konusunda sektör içinde ve dışında farklı görüşler ve sebepleri nelerdi? Görüş farklılıklarının temeli neye dayanıyor?)	Endüstri için ekolojik tarım ve organik tarım ifadeleri kullanılıyor. Siz bu isim ve ifadeler için ne düşünüyorsunuz? (ek sorular: farklı isimler konusunda sektör içinde ve dışında farklı görüşler ve sebepleri neler? Bu iki ifade hangi yönlerden benzer hangi yönlerden farklı?)
<b>KANUNİ SÜREÇ</b>	Özel finans kurumlarının 1999 yılında bankacılık kanuna dahil ediliş sürecini anlatır mısınız? Bankacılık kanununa dahil olmak sektör için neleri değiştirdi? (ek sorular: karşı çıkanlar oldu mu, kimlerdi, neden karşı çıkıyorlardı, nasıl ikna oldular, destekleyenler kimlerdi, argümanları nelerdi?, Görüş farklılıklarının temeli neye dayanıyordu?) Özel finans kurumlarının isimleri 2005 yılında Bankacılık kanunuyla Katılım bankası olarak değiştirilmiş. Bu süreci anlatır mısınız? Neden değişiklik yapıldı, bu konuda farklı görüşler oldu mu, nelerdi, sebepleri neydi? Hala farklı görüşler devam ediyor mu? Bu kanun sektör için neleri değiştirdi?	Organik tarım yönetmeliği ve kanunu nasıl hazırlandı biliyor musunuz? İlk yönetmelikte ekolojik tarım ifadesi kullanılırken, sonraki yönetmeliklerde ve kanunda organik tarım ifadesi kullanılmış, bu tercihin sebepleri nelerdi? Bu konuda farklı görüşler oldu mu?
<b>TARTIŞMALI UYGULAMALAR</b>	Sektörde ilk başlarda olmayan, sonradan sunulan ürün ve pratiklerle ilgili süreci anlatabilir misiniz? Hangi ürünlerin sunulacağına nasıl karar veriliyor? Bu ürünler nasıl geliştiriliyor? (ek sorular: murabaha uygulamalarındaki değişiklikler ve geciken alacaklar için ceza uygulaması: neden böyle değişiklikler oldu, karşı çıkanlar oldu mu, kimlerdi, neden karşı çıkıyorlardı, nasıl ikna oldular, destekleyenler kimlerdi, argümanları nelerdi? Hala farklı görüşler var mı? Görüş farklılıklarının temeli neye dayanıyor?)	Organik tarımın hibrit tohum kullanılması, mono kültür uygulamaları ve seracılık gibi konularda eleştirildiğini öğrendim. Siz bu kanunlar hakkında ne düşünüyorsunuz? (ek sorular: bu konularda sektördeki farklı görüşler ve sebepler neler? Kimler karşı çıkıyor, kimler destekliyor, argümanları neler? Başka hangi konular tartışmalı? Görüş farklılıklarının temeli neye dayanıyor?)
<b>BENZER ÇAĞRIŞIM YAPAN İFADELER VE OLUŞUMLAR</b>	Medya haberlerinden katılım bankalarıyla aynı prensipte ticari veya ekonomik faaliyet gösteren çok ortaklı şirketlerin varlığını öğrendim. Bu şirketler hakkında ne düşünüyorsunuz? Hangi yönlerden faizsiz bankacılığa benziyorlardı, hangi yönlerden farklılardı? Faizsiz bankacılık için ne ifade ediyorlardı? (ek sorular: sektör içinde İslami holdingler ile ilgili farklı görüşler, kaygılar ve sebepleri?; medyada İslami bankacıların bu konudaki sessizliğinin sebepleri?)	Pazar ve marketlerde 'doğal', 'köylü', 'geleneksel', 'arılı' gibi ifadeler taşıyan ürünler var. Bu ifadeler hakkında ne düşünüyorsunuz, sektöre etkileri oluyor mu? İyi tarım uygulamalarını organik tarım açısından nasıl değerlendiriyorsunuz? Organik sertifikalı olmayıp kimyasalsız üretim yapan üreticiler var. Bu üreticiler organik tarım için ne ifade ediyor? Bu üreticiler hangi yönlerden organik tarım yapan üreticilere benziyorlar, hangi yönlerden farklılar? Farklılıkların temelleri neye dayanıyor?

## APPENDIX 2 Summary of Newspaper Articles related to Islamic Banking in 1989

**1989 YILI OLAY:** Kuveyt Türk 31.03.1989'da faaliyete geçti.(21.09.1988'de faaliyet izni aldı)

**HÜKÜMET:** 46. Hükümet: 21 Aralık 1987 - 9 Kasım 1989; ANAP, Başbakan Turgut Özal ; 47. Hükümet: 19 Kasım 1989 - 23 Haziran 1991; ANAP, Başbakan Yıldırım Akbulut

### 1989 ZAMAN (1988;19 haber -> 1989; 36 haber)

Zaman gazetesinde 1989 yılı haberleri iki başlık altında toplanabilir: (1) varolan 3 ÖFK ile ilgili şube açılışı, kar miktarları vb vesilerle çıkan haberler ve , (2) İslami bankacılığın çeşitli yönlerden tartışıldığı haberler.

İlk gruptaki haberlerde öne çıkan kişiler ÖFK temsilcileri. ÖFK yetkilileri kurumlarını teknik/ekonomik odaklı anlatmış, faizsiz işlem yaptıklarını belirtmekle birlikte İslami özelliği vurgulamamışlar. Spesifik olarak bu haberlerde yetkililer; ne kadar tasarruf toplanmış, ne kadar kar payı dağıtılmış belirtmiş, kurumlarının faaliyet alanlarını (kar-zarar ortaklığı; satış işlemleri; leasing), hedef kitlelerini (faizden kaçan müslümanlar), ve amaçlarını (ticari ilişkiler ve ekonomik gelişme) açıklamış. Bankalara ve kanuna referans var (bankalar kadar kazandırıyoruz; bankaların verdiği hizmetleri veriyoruz; ve Türkiye İslam Bankacılığının kanunlastığı ender ülkelerden biri) ve yeni ÖFK'ların kurulmasının olumlu olduğu düşünülüyor. Sadece bir kere, Al Baraka Türk Genel Müdürü Yalçın Öner'in (Niçin yatırım yapmıyorsunuz sorusu üzerine) "Biz yatırım yapmaktan bir nevi çekiniyoruz. Basın bizi doğru şekilde lanse etmiyor. Üzerimizde baskı var. Al Baraka değil, Al Amerika olsaydık bu baskı olmazdı" ifadesine benzer ifade var. Formun ve ilk örneklerinin Arap/Körfez menşeei olmasının problemlerini ÖFK'lardan çok sık duymuyoruz, ama 1999'da ÖFK'ları kapatma girişimi sırasında 'origin' meselesine daha farklı şekilde vurgu var. Örneğin: Ekrem Pakdemirli'nin modelin Araplardan değil İngiltere'den alındığına dair demeci. Özal'ın bu işi Amerika'da iken öğrendiği gibi.

İkinci grupta akademisyenlerin ve fıkıh uzmanlarının İslami bankacılık nedir, İslam'da bankacılık olabilir mi, bu bankalar gerçekten İslami mi/faizsiz mi, amaçları nedir/ ne olmalı konularındaki görüşlerinin yer aldığı haberler var. İlk gruptaki haberlerin aksine bu bankaların tarifleri ve amaçları sadece ekonomik değil toplumsal ve İslami yönüyle de ele alınmış. Bu bankaların tariflerinde ve amaçlarında spesifik olarak Batı'ya, kapitalizme karşı duruş ve İslamileşme ve müslümanların varlığını gösterme vurguları var. İlk gruptaki haberlere benzer biçimde hedef kitle müslümanlar ve İslam alemi. Amaç sadece ekonomik gelişme değil, faizin iktisadi ilişkilerden silinmesi ve buna bağlı olarak İslam toplumlarının refahı gibi daha geniş tanımlanmış. İslami bankaların teknik olarak kar-emek ortaklığı olup Batıdaki risk sermayesinden (venture capital) farklı olmadığı söylenmiş. Fıkıh köşesindeki okuyucu mektuplarına cevaben yazılan görüşlerden bu bankaların İslami karakterlerinin okuyucular tarafından farklı yönlerden sorgulandığını anlıyoruz. İslami yönden sorgulamanın dayanakları: kar payı ve faiz oranlarının benzer olması; murabaha (vadeli satış) işlemlerinin ağırlıklı olup kredi kullanıcısı açısından bankalarla benzer sonuçlar doğurması; bu kurumlara para yatıranların aslında hep kar beklentisi içinde olması; fakirliğin olduğu bir ülkede bu kuruluşlarda para biriktirmenin caizliği. Cevaplarda

ÖFK'lar savunulmuş, müslümanların kullanacağı başka alternatif olmadığından desteklenmeleri gerektiği söylenmiş, ve bu kurumların içinde bulunduğu ikili durumlardan bahsedilmiş. Spesifik olarak: hem İslami kurallara hem de devletin kanunlarına uygunluk; hem İslami yönden hem iktisadi yönden müşterilerini tatmin; iktisadi düzenle, insanların dünya görüşlerinin uyumsuzluğu.

İki haberde Korkut Özal'ın ÖFK'ların kuruluşundaki rolü ve ilişkisi üzerine konuşulmuş; Korkut Özal bu kuruluşların Türkiye'de kurulması için tabiki çaba gösterdiğini söylemiş, Faisal'a ortak olduğunu reddetmiş. Faisal'a ortak olması neden sorun ediliyor Zaman gazetesinde açık açık söylenmiyor, zaten Zaman gazetesinde böyle bir suçlama yapılmıyor. Milliyet'teki diğer yıllardaki haberlerde Korkut Özal'ın Faisal'a ortaklığı irtica üzerinden ve Korkut Özal'ın iş bağlantıları ile ilgili olarak eleştirilmiş.

Milliyet gazetesinde 1989 yılındaki nerdeyse tüm haberlerin konu ettiği yeni vergi tasarısının ÖFKlari kayırmak için olduğuna dair görüşlerse, iki haberde, iki köşe yazarı tarafından bankaların ve TÜSİAD'ın hedef sapıtılarak İslam'a saldırması olarak nitelenmiş.

Sadece 1 haberde köşe yazarı, bu kurumların gelişmesi için devletin çeşitli destekleri olabileceğini vurgulamış (Devlet finans kurumlarına ortak olabilir; resmi dairelerin mevduatları bu kurumlarda tutulabilir; ssk ve emekli sandığı paraları buralarda değerlendirilebilir; finans kurumları halka arz edilebilir; devlet İslami karakterde banka yani finans kurumu kurabilir.) ÖFK yetkililerinin demeçlerinde devlet desteği/devletten talepleri yok. Bu durum Zaman gazetesindeki 1996 yılındaki haberlerde tüm ÖFK yetkililerinin devlet desteği beklentilerini ifade etmelerinden ve hangi konularda destek beklediklerinden farklı.

Zaman gazetesinde hemen her yıl dünyadaki (hem batıda, hem İslam aleminde) İslami bankacılık uygulamalarından haberler var. 1989'da Malezya'da 'para ile para satın almayan, para karşılığı para satmayan' İslami bankaların üstüne bir de Hacı Fonu kurduğu ve müslümanları hacca gönderdiği yazıyor.

### **1989 MİLLİYET (1988; 9 haber -> 1989; 9 haber)**

Milliyet'te 1989 yılında çıkan haberlerin çoğu yeni vergi tasarısının devlet tarafından ÖFK'ları desteklemek için çıkarıldığına dair tartışmaların olduğu haberler. Yeni vergi tasarısında, kredi faizlerinin gider olarak gösterilmesini engelleyen madde, TÜSİAD tarafından ÖFK'ların lehine haksız rekabet yaratacağı gerekçesiyle eleştiriliyor. Vergi tasarısındaki bu maddenin duyurulduğu haberlerde, bu vesileyle; ÖFKlar vergi ödemiyor; ÖFKlardan kar payı alanlar vergi ödemiyor (Not: 1989 yılında bankalardan faiz alanlar da vergi ödemiyor) ve spesifik olarak Albaraka Türk sermayesine oranla %40 kar etmesine rağmen vergi ödemiyor türünden eleştiriler var. TÜSİAD'ın, bu tasarının haksız rekabete yol açacağına dair görüşüne, Hazine müsteşarlığı 'zaten ÖFK'ları bankacılık kanununa alıp banka-ÖFK ayırımını kaldırmalı' diye cevap vermiş. Bu konuda çalışma başlattıklarını ve yıl sonuna tamamlanacağını da eklemiş (ÖFK'ların kanuna girmeleri ise tam 10 yıl sonra, 1999'da olacak). Yine bir haberde Dünya Bankası ve IMF'nin ÖFK'ların yasal çerçevesinin çizilmesini istediği yönünde haber var. Bu isteğin Müsteşarlığın 'ÖFKları bankacılık kanununa almalı' ifadesinde etkisi var mı bilemiyoruz. Zaman'daki yazarlar ve Milliyet'te

bir akademisyenin görüşüne göre ise vergi tasarısının ÖFK'lara rekabet avantajı sağladığı yönündeki tartışmalar 'işin politik tarafı', çünkü 'ÖFK'ların payı sistemde sadece %3'.

Milliyet'te 3. ÖFK Kuveyt Türk'ün açılışına dair çıkan tek haberde, Zaman gazetesindeki haberlere benzer şekilde, Kuveyt Türk yetkilisi kurumun ekonomik faydalarını vurgulamış (işsizlere iş; devlete döviz sağlayacak; enflasyonu düşürecek).

Yine bir haberde bir akademisyen tarafından günümüzde İslami bankacılığın olamayacağı ifade edilmiş (Gerekçe: Herşeyde faiz var. 'Kapitalist sistemde İslamı yaşamak mümkün olmadığı gibi faizsiz bankacılık da mümkün değildir'. Ayrıca 'İslam'da bankaları devlet kurar, kişilere verilmez'). Zaman'da daha ziyade fıkıhçıların ifade ettiği gibi, İslami bankaların sadece paranın toplandığı yerler olmadığı, düzenin, İslam'ın öngördüğü biçimde işlemlerini sağlayan en önemli araçlar olduğu vurgulanmış, 'duality'den bahsedilmiş ve fakat Zaman gazetesinden farklı olarak kapitalist sistemde İslami bankacılık olamayacağı, ÖFK'ların İslam ekonomisini kapitalistleştirme işlevi gördüğünü söylemiş. Yine bir haberde Vakıflar Bankasının Kuveyt Türk'ün ortakları arasında olmasından hareketle 'faizsiz çalıştığını öne süren bir banka, faizle çalışan bir bankayla ortak olursa ne olur?, faiz bulaşır mı' sorgusu yapılmış ve ÖFK'ların hep kar etmesi şüpheli bulunmuş.

### APPENDIX 3 Topics in Islamic Banking and Organics Agriculture in Newspaper Data

İSLAMİ BANKACILIK	ORGANİK TARIM
Cemaat - Bank Asya ilişkisi	-
İhlas Finans olayı	-
BATI'da da var argümanı (venture capital benzetmesi; İslami pencere uygulaması. Bu argüman hep olumlu bir tonda 'Onlar da bile var şeklinde')	-
İslami bankacılığa benzer çağrışımlar: İslami Holdinglerin para toplama faaliyetleri (Yimpaş, Kombassan, Jet-Pa)	Organik tarıma benzer çağrışımlar: 'geleneksel', 'doğal', 'naturel', 'köylü,' vb diyen gruplar; iyi tarım uygulamaları ve sertifikası
Faizsiz ekonomi ile ilişkili olarak: Akevler kooperatifi ile ilgili haberler	Çevreci hareketle ilişkili olarak (organik tarımdan da bahseden): 'eco-villages', 'urban gardens', 'seed-networks' uygulamaları
ORIGIN: Arap ülkelerinden ithal konusu, özellikle 1999'da modelin Araplardan değil Batı'dan alındığı söylemi	ORIGIN: Pınar Kaftancıoğlu'nun da dillendirdiği Anadolu tarımı, Anadolu tohumu söylemleri, tohum meselesinde İsrail ve Amerika şüpheleri
ROOT, öncesindeki akımlar: 'İslamileşme' akımları? Gazete haberlerinde bu ilişki genelde kurulmuyor	ROOT, öncesindeki akımlar: Endüstriyel tarıma karşı tepki, çevreci hareketler. Gazete haberlerinde bu ilişki genelde kuruluyor
İslami bankacılıkta farklı fetva meselesi	-
Yabancı konvansiyonel bankaların 'Islamic windows' uygulamaları (Türkiye'de bu uygulama yok)	Endüstriyel tarım şirketlerinin organik tarım da yapmaları
İslami bankacılıktan daha 'İslami' olduğunu iddia eden gruplar: çok net değil.	Organik tarımdan daha 'organik' olduğunu iddia eden gruplar: 'yerel akım' ; 'bio dynamic'
Müşareke, mudaraba, murabaha, sukuk gibi pratikler etrafındaki tartışmalar	Yerel tohum vs hibrid tohum, mono kültür, küçük çiftçi, sertifikasyon konuları etrafındaki tartışmalar
Sektöre giriş zor (gazete haberlerinde en az 5 farklı ÖFK kurma girişimine dair haberler var, fakat Hazine'den izin alamamışlar)	Sektöre giriş kolay (sertifikasyon şirketi ile anlaşma imzalayıp belirli şartları sağlayan herkes organik tarım yapıyor)
Mevzuat ve kanuni zemin ile ilgili haberler	-
İslami ekonomi camiasının kapitalist ve laik düzenle problemi, laik düşüncenin İslami bankacılıkla problemi	Bir kısım organikçilerin ve çevrecilerin kapitalist düzenle problemi
İsim: özel finans kurumu, faizsiz banka, islami banka, katılım bankası	İsim: organik tarım, ekolojik tarım, biyolojik tarım, Anadolu tarımı, köylü tarımı
İslami bankacılıkta sorgulama en baştan beri var	Organik tarımda gazete haberlerine yansıdığı kadarıyla ilk başlarda sorgulama yok. Sadece hormonsuz, kimyasalsız denip güzelliklerinden bahsedilmiş. Sorgulama daha sonra geliyor.
-	Organik tarımda önce sadece hormonsuz, kimyasalsız gibi tanımlamalar kullanılırken, sonradan kullanılan ifadeler artmış, denetimden, toprağın ve tohumun özelliklerinden bahsedilmeye başlanmış (Rosa and Spanjol, 2005'deki argumandan farklı)



## APPENDIX 4 An Example of Interpretation Process

Veri	Özet	Kod	Yorum
(Mülakat) "Dünyada öyle, mesela Kazakistan'da bundan birkaç sene önce kanun çıktı, İslamic Banking Low diye kanunun ismi bu. Bu şekilde İngiltere'de hakeza öyle, vesaire. Türkiye'de tabii ideolojik sebeplerden dolayı İslamic ifadesi kullanılmadı, açık söylemek gerekirse. Faizsiz kullanıldı, faizsiz bankacılık tabii biraz böyle yavaş kaçıyordu sanki, o nedenle, Bankacılık Kanununa geçerken, isminin de değişmesi gündeme geldi. Denedik, yani biz nedir kâr ve zarara katılma olduğu için, zaten bizdeki vadeliyle hesaplara katılma hesabı deniliyor bizde, adı da katılım bankacılığı olsun denildi. Faizsiz bankacılıktan daha iyi gibi duruyor. İslami bankacılık olmasını istemeyenler var, onların da görüşleri var. İslami kelinesini bankacılık sisteminde kullanmayalım. Diyelim banka iflas etti, o zaman iflas eden İslami mi oluyor, banka mı oluyor, bu karşılığı bazılarının kafasında, yani İslami ekonomi sistemi bak çöküyor gibi bir algı oluşmasın diye... Yani İslami bankacılığı, İslam kelimesini kullanmayalım da, nihayetinde bu sadece Müslümanlara da hitap eden bir şey değildir. İsteyen herkes buna inanır, zaten öyle bir ayrım söz konusu olamaz. İsteyen herkes bu bankalardan hizmet alabiliyor, hesap açtırabiliyor vesaire o nedenle, yani katılım bankacılığı böyle devam edecek gibi duruyor."	"İdeolojik sebepler ve İslam dinini koruma hassasiyeti sebebiyle İslami banka ismi tercih edilmemiştir. Ayrıca s a d e c e müslümanlar değil, herkes bizim müşterimiz."	social concerns, sacredness of Islam	Islamic bankers avoid the name Islamic bank and Islamic references because of i. social concerns (such references could be interpreted as a threat to secular system and also implies social exclusion); ii. positioning implies exclusivity to conservative consumers that may alienate potential customers: it is restrictive for Islamic banks' growth aspirations); iii. sacredness of Islam (any unforeseen problem or failure related to these banks would open the questioning of validity and applicability of Islam to modern day issues)
(Mülakat) "Türkiye'de bir meşruiyet problemi yaşadık. Kabul edilip edilmeme problemi yaşadık. Arka planda bize yaklaşımın ideolojik olduğunu bildiğimiz için, biz dedik ki: Bize o bupattan bakmayın, bizim neye karşılık geldiğimize bakın, ne yaptığımıza, ne yapıyoruz, ne alıyoruz, ne satıyoruz ona bakın. (Ben: Ama 2002'den sonra İslami referansları kullanabiliyoruz?) Biz onları bilinçli olarak kullanmadık ve bilinçli olarak da hâlâ kullanmıyoruz. İslami referans bu işin lehine değil biliyor musunuz. Yani bu işin çok lehine değil. Yani burada ben mesela İslami bankası sözcüğüne de çok müspet bakmıyorum. Yani o daha bir ayrıştırıcı oluyor. Mesela şimdi katılım bankası, mevduat bankası, tamam orada katılım bankası dediğinde herkes anlıyor yani. Bunu artık detaya indirip de, böyle kör dövüşe sokmanın anlamı yok. Netice itibarıyla, bizim yaptığımız iş bir finansal hizmet, finansal aracılık işi. Biz burada dini propaganda yapmıyoruz, tebliğ işi de yapmıyoruz. Ne yapıyoruz, burada şunu yapıyoruz. Müslümanların, faize duyarlı insanların finansal hizmetine aracılık ediyoruz... Kandırmayacağım, ihtikar yapmayacağım... adıl olacaksınız, bunlar sadece katılım bankaları için değil, diğer bankalar için de gereklilik. Biz şimdi, bir gayretimiz var. Faizsiz esasta, finansal hizmet sunmak, bankacılık işi yapmak, vatandaşın bu konudaki ihtiyacını karşılamak. Yani burada tabii bunu yaparken de veya bu sistemi tanıtırken de, oluştururken de belli şeyleri böyle kamuoyunda açık konuşmadık, bilinçli olarak yaptık bunu."	"İdeolojik sebepler ve ayrıştırıcı ol d u ğ u gerekçesiyle İslami banka ismini bilinçli olarak tercih etmedik."	social concerns	
(Mahmut Esfâ Emek, Güncel Meseleler İstişare Toplantısı, 2010) "Birincisi, müşteri seçme konusunda, katılım bankalarının gereken hassasiyeti göstermeleri gereği vurgulandı. Şimdi faizli bankayla faizsiz bankayı mukayese ettiğimiz zaman faizsiz bankanın faizli bankaya göre mukayese üstünde sahip olduğu iddiasını savunuyoruz. Dolayısıyla faizsiz banka faizli bankanın tamamlayıcısı olmasının ötesinde, bizzatlı alternatifini tezimiz doğrusu o zaman biz bu ayrımı sadece faiz konusunda hassasiyet kesmeden gerçek tüzel kişiler gelsin bizimle çalışsın, biz bu müşteri profiliyle, segmentasyonuyla çalışalım tezi baştan sakat bir tezdur... Eğer gerçekten bizim bir iddiamız, bir tezimiz, bir felsefemiz varsa, daha baştan kendimizi küçültten, yok eden bu felsefeyle işe başlıyoruz olamaz. Artı bir ölçek problemimiz var. Bakın Türkiye'deki bankaların aktif büyüklüğü sadece %4,27. Biraz önce sorulan sorulardan birisi de dünyadaki İslam ülkelerinde faizsiz bankaların yüzdesi nedir. En yüksek oran %22'dir, ikinci sıradaki oran sadece %17'dir... Dolayısıyla bizim bu ayrımı yapmamız söz konusu değil."	"Sadece İslami hassasiyeti olan müşterilere hizmet vermek ekonomik olarak kısıtlayıcı. Bu bizim faizli bankaların alternatifiyiz iddiamızla da çelişkili."	instrumental concerns	