

# **FLEXIBILITY** **ESNEKLİK**

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# Flexibility

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# Preface

## Flexibility

This book consists of the selected papers presented at the International Conference of Political Economy, the fourth in a series of political economy conferences. As the previous three, the fourth conference was held in Kocaeli, on September 27-29, 2012 and organized by Kocaeli University in collaboration with the University of Westminster, UK, Silesian University in Opava, Czech Republic, Technical University of Ostrava, Czech Republic, and IRES Piemonte, Italy. The conference has been supported by a range of institutions including Social Research Foundation (SAV), Turkish Social Sciences Association (TSBD), Journal of İş Güç, Akademia Sosyal Bilimler Indeksi (ASOS), Journal of Çalışma ve Toplum, Ijopec Publication, and financially assisted by Central Bank of the Republic of Turkey (TCMB), Petroleum, Chemical and Rubber Industry Workers' Union of Turkey (Petrol-İş), Kocaeli Chamber of Industry (KSO), and Türkiye İş Bankası (İşbank).

We would like to thank all supporters and contributors to the conference, including the invited speakers and the scientific committee, as well as other participants.



## Introduction

Since 1970s the adaptation of flexible policies and practices to the almost all areas of life has been so prevalent in many countries around the world. Mostly, the spreading of these policies was explored with neoliberal ideology and globalization that emerged as a solution to the crisis of capitalism in the 1970s. In other words, the concept of flexibility which is put forward in order to accommodate the changes in the neoliberal globalization age, appears in various venues ranging from the ingredients of economic activities to the geographical space, from the process of production to the labour regime, from the nation state to various political institutions and ways of doing politics, from the basic social institutions such as family to ethnic and religious identities. On the other hand, flexibility bears the potential for social contradictions and struggles; it includes new forms of dependency and risk along with possibilities of progress and freedom. Because of its broad coverage, the different forms and meanings of flexibility can be discussed within various interdisciplinary frameworks. Therefore, the papers in this book cover a range of topics related to main theme of the conference, titled “flexibility”, from social movements to subcontracting and reforms in public administration, urban labour to flexibility and alienation in employment and labour relations, place-branding to transporting and traffic infrastructure. In addition the studies explore different aspects of flexibility covering various parts of the world and thus address the issue at the global level. The authors attempt to discuss conceptual and actual appearances of the flexibility as a whole, reaching beyond the limits of economics, politics and labour relations.

The first study of the book deals with social movements. In his paper, titled “Contemporary Social Movements in Historical Context: Is a Progressive Alliance Possible?”, Mike O'Donnell compares the radicalism of the nineteen sixties with contemporary social movement radicalism mainly in Britain and the United States. He draws attention similarities between these movements that are an activist orientation to issues; a tentative, even sceptical approach to ideology; development of a life-style radicalism sometimes expressed as a convergence of the personal and the political; a commitment to democratic participation beyond representative democracy; and the development of independent means of communication. Focusing on the major factors involved in systemic change and addressed in both periods, he concludes with an as-



assessment of the potential for a progressive alliance of several contemporary groupings.

The second and third papers of this book deal with flexibility in public administration and public policies. Onur Ender Aslan's paper, titled "Subcontracting in the Public Sector as the Capital Accumulation Process", examines the subcontracting as one of the major constitutive elements of flexibility in public personnel regime in the post-1980 period by focusing on Turkish case. This article argues that subcontracting in the state has created a new capital accumulation area for the capital, because the services that carried out by public employees have been subcontracted, allowing the capital to determine surplus value by primary distribution channel. Thus, Aslan draws attention subcontracting in the public sector as the capital accumulation process through the case of Turkey from 1980s to present-day.

The paper titled "Thoughts on Public Administration Reform in Turkey" looks into the whole process of public administration reform through the conceptual framework of new public management and post-new public management. Focusing on the Turkish administrative reforms undertaken since 1980s, Selime Güzelsarı and Hülya Kendir argue that the study of public administration reform in the era of neoliberal globalization requires analysis of state restructuring in that public administration reform trends have been promoted by privatization, deregulation, commercialization, and marketization of public services together with a number of legal and institutional changes in Turkey.

The three papers of this book deal with flexibility in employment and labour relations. Firstly, focusing on İzmit Gypsies, Örgen Uğurlu looks into the impacts of urban transformation projects operate as a conversion of urban areas into new areas of rent by removing their former inhabitants and transferring those areas to the middle and upper income groups. In her study, titled "The Others in the Production of Urban Labor: The Case of İzmit Gypsies", she argues that declassed people of the system of capitalist accumulation, with no regular and secure work and subsequently income, drop out of the well structured urban areas. In the study, the Gypsy population in the province of Kocaeli is discussed with regard to both their displacement process and their re-settlement conditions depending on economic income levels and their identity, in the light of the findings of the search carried out in İzmit town.

Secondly, Mehmet Rauf Kesici's study, titled "Alternative Suggestions to Flexibility and Deregulation Policies on Enhancement of Interactive Relation between Growth and Employment in Turkey" deals with possible alternative measures to flexibility and deregulation, which could have a positive impact on the relationship between growth and employment. In other words, in contrast to the labour market approaches suggested by mainstream neoliberalism, he adopts an approach that emphasizes the role of public policy and changing economic mentality, as well as the importance of democratic participation. Finally, Kesici discuss how macroeconomic labour force planning, activating vocational education, extending active labour market policies and adjusting working hours affects employment generation in Turkey.

Thirdly, in the paper titled "Critical Analysis Of New Work Relations And Flexible Specialization: Are You Among Those Whom We Could Not Alienate?", Orkun Saip Durmaz attempts to explain the approaches of new labor relations and flexibility concerning with organization and management of work, assume an assertive claim as overcoming alienation in capitalist labour process. He is discussing that it is really possible that the flexible specialization re-skill the worker and enable worker to join indecision-making process in the axis of alienation debates. Therefore, this study argue that the characteristics of new labour relations do not certainly transform the essential features of capitalist labour process and the alienation of worker from his/her own product, his/her self-being and his/her social environment, is still fundamental characteristic of the new labour relations.

Gülçin Tunç's paper, titled "Place-Branding As a Strategic Tool For Market-Oriented Urban Planning" deals with the "branding discourse" is to a large extent utilized for the legitimization of the rapid and intensive urban transformation process that the Turkish cities are currently going through. Focusing on the recent tourism development in Bursa, this study argues that neo-liberal urbanization requires the re-organization of the urban planning regime and its main objective is to elaborate on the nature of this re-organization. In addition, Tunç draws attention that this re-organization indicates a critical diversion of urban planning from its ontological roots since the balance that urban planning is supposed to find between public and private interests over land is shifting in favor of the latter by the very intervention of the neo-liberal state.

Josef Botlík, in his paper titled “Precedence Analysis of the Relation between the Evolution of the European Population and the Transport Infrastructure” develops a method to examine the changes in population and the transport infrastructure of the European countries. By using precedence matrixes, he compares the population flows between the bordering countries and the changes in traffic infrastructure. Therefore, this study argues that precedence analysis allows us to compare dimensions, which are normally hardly to compare by using classical analytical methods.

The paper titled “The Impact of the State Interventions on the Traffic Infrastructure Financing”, by Milena Botlíková argues that development of the traffic infrastructure is being combined with the economic growth, raising employment and investors’ interest. Focusing on declining income levels of State Fund for Traffic Infrastructure in Czech Republic, she tries to analyze the reasons of this change by using regression analysis. She argues that if there are nonsystematic interventions in tax items and the road tolls, it is not possible to make financial sources for subsequent growth on traffic infrastructure.

Despite the wide range they come from, many of the papers in this book emphasize the radical changes concerning flexible practices and policies spreading worldwide and point to neo-liberal globalization, emerged as a solution to the crisis of capitalism in the 1970s, as one of the most important sources of these processes. We think that it is possible to display the dynamics of this transformation concerning flexibility and to develop alternative policies and practices across the world, as the papers in this collection attempt to do. So, we hope that, this would provide significant contribution to solving the problems caused by flexible practices and policies.

# Contemporary Social Movements in Historical Context: Is a Progressive Alliance Possible?

Mike O'Donnell <sup>1</sup>

## Abstract

This article compares the radicalism of the nineteen sixties with contemporary social movement radicalism mainly in Britain and the United States. Similarities include: an activist orientation to issues; a tentative, even sceptical approach to ideology; development of a life-style radicalism sometimes expressed as a convergence of the personal and the political; a commitment to democratic participation beyond representative democracy; and the development of independent means of communication. The final section discusses how the major factors involved in systemic change were addressed in both periods and concludes with an assessment of the potential for a progressive alliance of several contemporary groupings.

**Keywords:** *alliance democratic progressive radical social movement system*

## Introduction: Terminology and Perspective

This article compares the radicalism of the 1960s with contemporary social movement radicalism mainly in Britain and the United States. Some reference is also made to social movements in the global context although this is necessarily limited. The article begins with a discussion of terminology and a brief reference to a number of recent publications highly critical of the sixties 'boomer generation'. The second section compares the movements in the two periods: a number of differences are acknowledged prior to a fuller discussion of similarities although this dichotomous framework requires frequent qualification. The final section discusses how the

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major factors involved in systemic change were addressed in both periods and concludes with analysis of the potential for a progressive alliance of several contemporary groupings. It is argued that an integration of elements of the social movements and institutional politics of the left is necessary to achieve substantial and sustained radical change.

The fluidity and complexity of contemporary politics presents difficulties in relation to ideological and strategic coherence. This is illustrated by the collapse of a clear terminology to describe the major political ideologies, particularly of the left. The left/right dichotomy now provides only a very general indication of ideological position. A graphic illustration of the tendency of political labels to become detached from established meanings is the title of zPhilip Blond's book, *Red Tory* (2006). While usage of the term 'radical' has remained relatively stable it indicates little more than a commitment to major change, the direction being context specific. The term 'new social movements' refers to extra-parliamentary networks of activists that have emerged in the post-second world war period seeking radical change usually focusing on a particular issue but often associated with broader agenda. Like 'radical', this term can apply to the left or right. Here the use of both terms is confined to social movements of the left. Accordingly, the terms 'new social movement' and 'new radicalism' are used interchangeably. The collapse of clearly identifiable political labels is perhaps most spectacular in relation to the term 'liberal', the ideological spectrum of which ranges from radical reformism to free market economics that, confusingly, tend to complement neo-Conservative politics. Matters are further complicated by the rise of an international group of intellectuals referring to themselves as 'cosmopolitan liberals'. This term is discussed below where it is argued that certain ideas of this group can be seen as complementary to those of social movement activists. The term 'progressive' is adopted here as sufficiently broad to cover both groups and reflects Gregor McLennan's similar usage to indicate a wide spectrum of interests and opinion in Britain that could form a new reform-minded majority (McLennan in Pugh, 2010).

Public dialogues between generations are notoriously difficult – perhaps particularly so in an era when older people are often less versed than the young in many techniques of the present. Recently several publications have argued that the post-war generation in developed societies has selfishly accumulated and monopolised wealth at the expense of today's younger people (see, for instance, Willetts, 2010; Beckett, 2010; Howker and Malik, 2010). The fundamental theoretical problem with this approach is that it seriously overstretches the concept of generation. There is undoubtedly a generational element in much contemporary protest but the current emphasis on generational conflict distracts from the main inequality, which continues to be social class that cuts across generations and cannot be effectively addressed by a single generation. A wider constellation of forces is required. However, while the financial crash of 2008 and subsequent economic downturn has highlighted the spectacular inequalities of capitalism this has not yet generated a major revival of the left. This may be partly because the workings of capital have become so complex and obscure as to frustrate clear and authoritative critique. There is a sense of powerlessness including among some radical activists and even national governments that global business and financial elites, operate in a zone beyond effective democratic reach. A contributory factor to this uncertainty is that many key economic and financial communications are encrypted in a semi-regulated virtual world.

The impact of generation may well be more decisive in less developed societies where youth is a substantially larger proportion of the population. However, demographics are rarely politically determining and radical change depends on gaining and maintaining institutional power. Thus while young people were prominent in triggering 'the Arab spring' various formations of more established political and military forces have so far proved to be the main beneficiaries. Similarly the prominence of cadres of young people in the Maoist Cultural Revolution belied the fact that older politicians were the initiators and ultimately the controlling agents.

There is a more specific reason why in particular contemporary radical youth should not dismiss the activities of nineteen sixties

radicals: they have a great deal in common. Further, in so far as the efforts of the nineteen sixties activists fell short of their aspirations there may be some useful historical lessons for current young radicals to learn. Here the relevant reference group is not the whole post-war generation but the minority who were engaged in radical politics and whose vision and influence exceeded their numbers and power. Notwithstanding criticism, the sixties has become an iconic decade for the extra-parliamentary left producing the first new social movements and helping to inspire several more, including second wave feminism and the gay rights movements. Much can be learnt from them, including from their mistakes, that remains relevant to contemporary social movements.

### **Similarities and Differences between Nineteen Sixties/Seventies Radicalism and Contemporary Social Movements**

The word ‘new’ is routinely used in relation to 1960s radicalism as is illustrated by terms such as ‘New Left’ or ‘new social movements’: implying that a fundamental shift had occurred in the politics of the left rather than merely piece-meal or incremental change. This perception is substantially correct but the new radicalism was also a project in the making and to some extent remains so and it is unsurprising that the new social movements are not characterised by a clear ideological consensus. Further, many social movement participants are uncomfortable with or reject certain established forms of ideological belief and organisational constraints. The issue here is not simply a matter of replacing ‘old’ ideologies and political structures but of striving to integrate values and practice more convincingly than was achieved by the Old Left.

The following quotation from Kevin McDonald illustrates some aspects of the ‘newness’ of post-war social movements:

*Once we start to look, however, certain themes begin to reoccur: the shift from hierarchy to network; the personalisation of commitment; the move from the long term to the short term; the shift from organization*

*to project; the critical importance of the media, above all television, for the mediatization of action; the shift from organization to event (McDonald, 2006, p. 70).*

McDonald's list describes several key characteristics of the new social movements while also reflecting in its rather *ad hoc* nature their diversity and diffuseness. This section attempts to analyse more systematically underlying continuities between nineteen sixties radicalism and contemporary social movements. However to avoid giving an exaggerated picture of similarity certain differences are first briefly presented.

Firstly, the historical contexts are substantially different. Despite the concrete nature of the main issues, sixties radicalism evolved into a movement of political idealism and cultural expression that reflected the wider economic and social easing of the post-war years. Today, in the aftermath of 9/11 and related events and a parlous global economic climate, the *zeitgeist* is more sombre. Secondly, reflecting these differences, sixties radicals contributed substantially to a reshaping of race, sexual and belatedly gender relations that eventually diffused into the socio-politics of identity in turn now past its zenith at least in its progressive form. In the current period protest has cohered particularly around issues of risk including climate, ecological, and environmental issues. Other prominent issues are global inequality and the uncertainty generated by the conflict between the United States and its allies and various state and non-state actors mainly located in the Mid-East. However, the major wars that occurred in each period, the Vietnam War and the Iraq War had a similar effect in greatly increasing the intensity and extent of protest. Thirdly, no doubt reflecting the hard challenges facing their generation, contemporary social movement activists appear less utopian than some of their sixties predecessors. The reality principle, particularly the issue of scarcity, rather than the pleasure principle appears to hold sway – which may be a better basis for attainable change. Fourthly, despite the enduring influence of sixties radicalism on mainstream culture, contemporary radicalism appears to have a

potentially broader and more durable basis of semi-latent support – a proposition examined at the conclusion of this paper. Evidently the above summary is not comprehensive and further differences between the social movements are referred to as appropriate.

## **Issue Orientation and Direct Action**

The origins of the new radicalism in the United States and Britain lay in issue-oriented action more than ideological rethinking and for many activists ‘getting involved’ remains a definitive test of commitment. A main tactic of issue-oriented protest is direct action and this differentiates it from mainstream institutional politics. In the United States the civil rights movement attracted students from Northern and Western states and preceded by several years the publication in 1962 of the Port Huron Statement the founding document of Students for a Democratic Society (SDS). In Britain protests by the Campaign for Nuclear Disarmament (CND) and in the United States by the Student Peace Union (SPU) preceded ideological initiatives including, respectively, the founding of *The New Left Review* and *Studies on the Left*. The civil rights movement adopted the non-violent tactic of the ‘sit-in’ at racially segregated facilities and this was later frequently used in university protests. CND also employed non-violent direct action tactics most prominently in the form of marches against Britain’s policy of independent nuclear deterrence. Direct action was regarded not only as a tactic but also as embodying personal commitment.

There was a substantial revival in the use of direct action from the 1990s into the first decade of the new millennium although the philosophical and tactical association with non-violence was generally weaker. A minority do use violence, some in an apparently unplanned and random way. Mass direct action was employed in a series of protests around the turn of the millennium, notably in Seattle in 1999 where hundreds of groups used a meeting of the World Trade Organisation (WTO) as an opportunity to highlight the unequal and environmentally damaging system of world trade. The diversity and inventiveness of these groups was reminiscent of the

mass protests of the nineteen sixties two of which were memorably described by Norman Mailer in *Miami and the Siege of Chicago* (1968). Notwithstanding the seriousness of their intent certain groups in both periods used theatre and comedy in an attempt to humanise and make more accessible their protest. In Seattle the electro hippies, in the spirit of their sixties predecessors but with current technology, used a so-called 'pinging programme' to try to close down the Web-Server computers of the WTO.

Since the Seattle protests, the internet has played an increasing role in protest. In 2010 'cyber radicals' temporarily blocked the communications of PayPal, MasterCard and other companies in retaliation against the latter's closure of the accounts of WikiLeaks following its publication of classified government documents. As is discussed below, the internet has substantially changed the 'space' in which activists and their target organisations conduct their struggles.

Whereas in the 1960s radical action in the United States was a major influence in developments in Britain, British activists have been more influential in defining current issues. The activist group UK UNCUT formed to attack government expenditure cuts and corporate tax avoidance inspired the formation of a similar group US UNCUT in the United States. These targets suggest an awareness of the systemic nature of contemporary inequality.

### **Scepticism of Ideological Blueprints: Emphasis on Values**

The action orientation of sixties radicals was complemented by disillusion with the perceived dogmatism of the Old Left although in Britain and Western Europe a fuller dialogue with and often within Marxism continued than in the United States. Contemporary social movement activists have been similarly cautious about adopting any definitive ideological label although this also reflects their sheer diversity. In both cases attitudes were less anti-ideological *per se* than explorative of new or different trends of thought. A disadvantage of this approach is that the media may impose negative labels such

as 'extremists' or 'anarchist', a term that has a standard technical meaning but often carries negative connotations when used in the popular media. Todd Gittlin argues in *The Whole World is Watching* (2003) that negative media coverage was a major cause of the decline of sixties radicalism and although this remains a problem for contemporary radicals it has been eased by internet access.

The perceived failure of the Old Left to achieve greater consistency between ideals and actions contributed to the conviction among sixties radicals that it was contradictory and immoral to try to change society without achieving substantial continuity between means and ends. The human abuse under the totalitarian dictatorships partly explains the rise of radical pacifism in both Britain and the United States in the late nineteen fifties and early sixties. In employing tactics of non-violent civil disobedience, Martin Luther King followed Ghandi's precept that moral power carries greater exemplary weight as a medium of change than physical force. The need for the left to address the appropriate tactics of change is equally urgent now (for a fuller discussion of this issue see O'Donnell in Jones and O'Donnell, 2010, pp. 99-102).

In the United States a pragmatic approach to ideology allowed for an organic relationship between ideas and practice to develop in the form of a grassroots, community-based approach to power and change (see below). The founding document of the Students for a Democratic Society (SDS), the Port Huron Statement of 1962 adopted an open ideological agenda inviting dialogue with both the socialist and liberal traditions but did take a committed position on participatory democracy that became characteristic of the American New Left and the student movement more generally in the first half of the nineteen sixties (Various Authors in Jacobs and Landau, 1969). However, whereas the American New Left tended to focus mainly on institutional participation as well as civil liberties, the British and European New Left retained a stronger orientation to class analysis and a more explicit commitment to state led social equality. This difference of emphasis was reflected in Charles Wright Mills' focus on the interlocking power of elites (1956) and

Ralph Miliband's insistence on the centrality of class conflict (1969), a difference also reflected in a debate about the agency of change that still has resonance.

If the early New Left on both sides of the Atlantic was wary of sweeping macro socio-political narratives and solutions, there was nevertheless a pervasive sentiment that a commitment to basic human values needed to be refreshed and re-integrated into any new radical perspective. As Charles Wright Mills expressed it in his *Letter to the New Left* in Britain a revived left should be 'guided morally by the humanist and secular values of Western civilisation – above all, by the ideals of reason, freedom and love' (Mills, 1967(1962) in Horowitz, p. 253). At this point in Britain and the United States the anti-humanism of the French structuralists had made little impact. In Britain the Marxist humanism of E. P. Thompson and in the United States the progressive pragmatism of George Mead were more notable intellectual influences. Although contemporary radicals do not generally identify themselves specifically as 'humanist' it is arguable that a humanist based 'new universalism' is emerging among some on the left in the form of the global human rights movement that is beginning to balance the emphasis on difference and identity of the last quarter of the twentieth century with the concept of human commonality.

Much of what was discussed and developed in the nineteen sixties is largely taken for granted rather than specifically articulated in contemporary social movements. There is a more relaxed attitude to Marxism with recognition of Marx's insights being combined with an assumed rejection of totalitarianism of any kind. Like sixties radicals contemporary activists retain a predominantly grassroots, progressive-populist orientation. 'Participatory democracy' is less 'the big idea' than a fact of activism. The internet has facilitated a particularly egalitarian form of participatory democracy and some, such as the 'horizontalists' see it as a means of avoiding formal hierarchy altogether. However, how democratic participation might be implemented across the institutions of the wider society is so far less clear.



## Life-style Radicalism: The Personal and the Political

The action orientation of sixties radicalism and its decentralist, communal orientation lent itself to an integration of the personal and the political. A belief that radicalism should be lived rather than merely 'preached' underlay the sixties commune movement that whatever its excesses was at least a practical, grassroots attempt to explore a less repressed and materialistic way of life. Unsurprisingly, relations between the sexes within the radical movement at a time of gender/sexual revolution were often problematic but the principle that values should be 'lived' at the relationship and domestic/household level has had a lasting influence and may be better achieved among radicals today. The commitment to sound environmental living characteristic of the commune movement has also been sustained and extended into the present era. In the 1960s, the concept of the participating community also underpinned attempts by activists to facilitate the poor to organize themselves. For various reasons this approach is seldom adopted in quite the same way today (see below).

Among its more politically aware and committed participants, the counter-culture was a comprehensive attempt to integrate life-style with political radicalism. At its most ambitious the counterculture sought to reshape human relationships, and on this basis change social relations. Change was seen holistically and various interconnected dimensions between the individual and the socio-political were explored. Radicals experimented with couple, group and communal relations typically trying to combine greater openness with egalitarianism. Perhaps the best-known attempt to integrate these dimensions was the commune movement. However, there was also something of a radical cultural renaissance in a range of areas including music; the use of 'mind-expanding' drugs; psychoanalytic awareness and meta-psychological theory; and a variety of Eastern and other philosophies and religions that were all part of a search for and a celebration of alternative lifestyle. This experimentation inspired creation of a psychedelically inspired argot most of which has disappeared from usage but one word that has survived to become mainstream among current youth is 'cool'.

Many contemporary social movement activists practice perhaps a more taken-for-granted and less self-conscious grassroots, 'life-style' radicalism. The imperative to do so is perceived as even more urgent than in the nineteen sixties as the dominant consumer life-style is seen as undermining if not threatening planetary life. The writings and actions of the campaigning journalist, George Monbiot, appear to exemplify this personal/political integration. Monbiot addresses the big issues such as G20 policy towards climate change but also discusses them in relation to personal practice, such as diet and housing insulation, including his own (2003). Foucault's concept of heterotopias has relevance here to both the present and earlier period. In his 1967 lectures *Other Spaces*, Foucault referred to a modern phenomenon of creating havens of specialised knowledge, expression and entertainment that might include discussion groups, encounter groups and film clubs. This concept applies well to the collectives and communes and smaller and/or less defined radical socio-political groups of the sixties and present day. 'Utopia' – the radical change of the whole of society - might be the longer-term aim but local change may be more immediately feasible and satisfying.

In different but complementary vein to Foucault, Mario Diani has drawn on the work of Simmel and Rokkan to explain the development of new social movements in terms of the network paradigm (2000). Diani takes from Rokkan the observation that as new issues develop individuals and groups may 'cleave' or break from identification with established parties and shift to protest politics, for instance on gender, or, more recently, environmental issues. From Simmel he takes the concept of over-lapping circles of activists who may come to know one-another through common concerns and association and to create a shared community of interest and identity. The internet and other innovations have greatly facilitated this process by lowering the cost and increasing access to and the speed of communication. However, as Diani points out, social movements do not have the formal membership and bureaucracy of political parties nor do the interests of activists fully overlap which partly explains the multiple identities and shifting web of ties of participants in NSMs. This

loose networking provides a typically open and welcoming although quite mobile community but may not be sufficient basis for sustained and cumulatively effective action.

## **Participatory Democracy and Opposition to Bureaucratic Hierarchy**

Various developments between the two periods make for a difficult but illuminating comparison in terms of the title of this section. In particular the new technology of communication and the different positioning of students in the social structure, particularly education, has to some degree shifted perceptions about how participation is best achieved. Nevertheless, in both periods activists have sought to participate in the exercise of power and been sceptical of official bureaucracy. The difference is that the current generation of activists have found in the internet a more powerful tool of communication than was available in the sixties. However, while the internet is effective in mobilising protest it is not yet clear that it is an adequate means for gaining participation in dominant social institutions, still less democratic control of them. It is useful to reflect on sixties activists attempts to address the institutional dimension. They did so largely through the concept of participatory democracy expressed (in the gendered terms of the time) as follows in the Port Huron Statement:

*(W)e seek the establishment of a democracy of individual participation, governed by two central aims: that the individual share in those social aims determining the quality and direction of his life; that society be organized to encourage independence in men and provide the media for their common participation...politics has the function of bringing people out of isolation and into community. (Various Authors, The Port Huron Statement, 1962, reprinted in Jacobs and Landau, 1969, p. 160).*

The Free Speech Movement (FSM) provides an example of the participatory and anti-bureaucratic ideology of the New Left.

The FSM developed on the Berkeley campus of California State University over 1964-65. The key issue was the students' claim for the right of political advocacy on the campus. The university administration opposed this demand but eventually conceded it with minor limitations. Following the highly publicised Berkeley conflict, a series of student protests occurred on numerous campuses across the country. Many involved demands for representation in university government but some raised wider political issues. In his 'An End to History' Speech, Mario Savio, a prominent FSM spokesperson voiced an opposition to bureaucratic hierarchy widely shared among student protestors (reprinted in Brown, 1969). Savio compared bureaucracy, both university and more widely, with 'a machine' and pleaded for students to 'put their bodies on the gears and upon the wheels' (Quoted in Spence in Brown, 1969, p. 40). As well as criticising the alienating effects of bureaucracy, Savio attacked the 'end of ideology thesis' of Daniel Bell (1960) and other liberals that the problems of modern society can be solved primarily by expert technical and managerial solutions advocating instead an approach to politics and organisation guided by ideological values (Savio in Brown, p. 33).

Various community projects provide a second example of attempts to introduce participatory democracy. In the United States the Economic Research and Action Project (ERAP) and in Britain the Community Development Project (CDP) operated along participatory lines. Significantly in terms of the argument made below about strategy, in both cases the limitations of community action in impacting on wider systemic change prompted some activists to adopt a more structural approach (see Bennington in Raynor and Harris, 1973).

A contention of this paper is that for contemporary radicals to effect long-term change they require institutional power. Partly influenced by Mills many sixties radicals understood this in principle without making effective long term strategic choices. Today the incorporation of universities and the repositioning of students as customers rather than as members of an academic community have reshaped power relations. An effect of this change has been to

construct opposing interest groups with student activists demanding lower prices (fees) and a better ‘product’. In a period of economic uncertainty and social insecurity conflict has widened to include the perceived excesses of contemporary capitalism and the complicity of government. While the internet has facilitated protest it does not guarantee a successful outcome and may even divert attention from the more routine and long term process of reshaping power relations. Nevertheless according to one prominent radical the desire for more participation encompasses both radical activists and the Labour Party. Referring to an address he gave to a group of party members he observes:

*The one point I made which really struck a chord in the room was about internal democracy. The experience of organising along participatory lines, I suggested, had been an empowering one for many young people who know they are unlikely to experience the same thing within the stifling routines of party bureaucracies. Clearly this resonated with members of an organisation that has been gutted of democracy at the local and national level ... (Aitchison, 2011).*

This suggests a potential starting point for negotiation between radical protestors and party politicians on the democratisation of institutional power.

### **Independent and Egalitarian Means of Communication: Networking**

The conservative and often reactionary complexion of much of the American and British media has encouraged radical activists to develop independent means of communication. In the 1960s the telephone, university notice and message boards, and a proliferation of ‘underground’ newspapers and *ad hoc* publications provided the means of ‘alternative’ communication.

Today these have been partly superseded by the internet enabling almost instantaneous communication and even the shaping of events as they take place. Like many of their generation, young activists

use the new communications media with skill and effectiveness, attracting the label 'cyber radicals'. The relationship between communication in cyber space and radical protest in public physical space is complex. The websites and other forms of communication of radical groups, like underground newspapers of the previous period, are, of course, a form of action themselves, whose purpose may vary from 'consciousness raising' to publicising and organising events, including marches, assemblies and occupations.

The internet meshes well with the 'horizontalist', anti-hierarchical philosophy of new social movement activism. Two examples from Britain are UK UNCUT and 38 DEGREES. The former group was founded to oppose the public spending cuts of the Coalition government but also focused on the tax avoidance of large, high-profile retail companies including the Arcadia group that includes Burton, Dorothy Perkins and Topshop. The campaign was loosely organised without official leaders enabling participants to co-ordinate their own actions, including via the internet. An effective action occurred in December 2010 when a number of Arcadia businesses were occupied across the country forcing the closure of over fifty stores. 38 DEGREES is similarly loosely organised and has co-ordinated campaigns on a number of issues including a demand for a recall law to be passed enabling voters to remove MPs between elections. 38 DEGREES claims 300,000 participants but this may include many who have done no more than sign petitions on line or sent emails to politicians under the group's auspices.

The complementary potential between the participatory democratic values of social movement activism and the relatively open access and inclusiveness of the internet, does not inevitably translate into a power-shift in relation to government and corporate business. Governments are able not only to block and censor internet communication but also have substantial capacity to use the internet for their own purposes, as has been demonstrated in China (see Weber and Jia, 2007). In many cases they are able to track internet communications and take punitive action, as has happened in Iran. Government and multi-national corporate power and decision

making is routinely exercised through relatively secure internet channels beyond the reach of ‘cyber radicals’. However, if the internet is in itself ‘power neutral’ it clearly has some synchronicity with radical democratic and egalitarian values. Hilary Wainwright takes this argument further associating the radical proclivity for lateral communications with a shifting approach to knowledge and information that she associates with the post 1960s period. She sees an increasing and pervasive scepticism of supposedly authoritative or official versions of events and the production of alternative versions and interpretations (Wainwright in Pugh, 2010). In this respect the publication on the internet by WikiLeaks of classified documents has facilitated the public’s ability to evaluate the actions of government and further opened up the struggle about freedom of information, whatever the balance of argument in specific cases.

### **Problems of Systemic Change**

Social movements typically develop around specific issues often widening their agenda as they gain momentum with various groups frequently acting together to achieve collective impact particularly on high-profile occasions such as G20 meetings. In both periods, some activists have developed more systemic analysis. Radically to change a social system requires a macro perspective involving analysis of the system to be changed, what system will replace it, whom will change it (the agency question) and how they will do so. These are demanding questions, and unsurprisingly activists rarely shelve protest until they have been solved theoretically. In any case, theory needs to be informed by practice.

The Old Left’s response to the first two of the above questions was that capitalism should be replaced by socialism but lost credibility in its attempts to do so. Perhaps the dominant mood among Western intellectuals in the late nineteen fifties and early sixties was articulated through Daniel Bell’s ‘end of ideology’ thesis (1988) (1960)) (later similarly expressed by Lyotard as ‘the failure of meta-narratives’ (1984) (1979)). However, for the many left-wing intellectuals still

working within a Marxist or neo-Marxist framework the desired trajectory of change remained from capitalism to socialism albeit that a searching process of rethinking was required. In contrast, for many younger activists, particularly in the United States, almost a 'clean slate' approach to macro-analysis predominated. The latter's analysis of the undemocratic and alienating nature of corporate and government bureaucracy was widely shared among British student activists as they confronted the hierarchy of power in the universities and, though with less direct involvement, in local communities. However, in Britain throughout the sixties Marxist groups with more traditional organisational structures, notably the International Socialist (IS) and the International Marxist Group (IMG) had some influence in the student movement. In the United States the adoption in the late sixties of various forms of Marxism, including Maoism, mostly doctrinaire in character, contributed to the fragmentation of the movement.

Arguably greater consensus has developed among contemporary than sixties radicals about the nature of 'the system' although this is often accompanied by awareness of its complexity and limited transparency. The system seen as responsible for a web of ills is global capitalism in its present predominantly neo-liberal form. In the late 1990s and early twenty-first century the widely used umbrella term to describe the various social movement groups was anti-capitalist. Recently the more positive if rather unspecific term 'alternative globalisation movement' is often used. The relative explicitness with which capitalism is held to account is partly the result of the deluge of critical analysis following the financial crisis of 2008, subsequent recession and uncertain recovery (a lucid critique is David Harvey's *The Enigma of Capital*, 2010). The analysis that multi-national corporations increase relative global inequality was established among radicals well before recent crises but the role of finance capital was less appreciated. There is now a more widely shared if often basic understanding of how capitalism works and moral rejection of its inequalities and excesses. So far, this has not led to the creation of a detailed programme, whether reformist or radical, of 'alternative



globalisation'. Yet, most radicals and progressive liberals are agreed that the thrust of such a programme should involve an extension of democracy and tackling of the inequalities and pollution caused by global capitalism or put more positively the creation of a more equal, freer and a 'greener' planet. It is perhaps more important to work out what this will mean in practice than to find a label for it.

### **Is a Progressive Alliance for Change Possible?**

This section examines questions of agency and strategy and suggests that the potential exists for a broad but effective alliance for progressive change. Such an alliance is necessary if the transition from protest to institutional power is to occur and would require the negotiation of a more specific political strategy and eventually policies than has so far emerged from the *World Social Forum* although the latter will doubtless continue to act as a source of ideas. What is suggested is the negotiation of a democratic majority based on an integration of the key insights and developments of the new social movements with the practical politics of progressive pressure groups and political parties. The former include greater life-style and moral consistency with political practice, and participatory democracy, and the latter an established commitment to the principle of greater material equality and cultural opportunity and to the task of achieving power democratically.

A view among some social movement radicals is that to plan a detailed strategy of change would risk falling into the trap of 'the old politics' of doctrinaire rigidity and over-centralisation. As in the 1960s, some adhere so strongly to a grassroots approach to change that they prefer to avoid any formal cooperation, let alone alliances, with mainstream progressive pressure groups or political parties or to pursue centrally introduced institutional change. However, while a life-style approach to change has recently gained impetus with growing awareness of the association between modern patterns of living and climate change this alone is unlikely to bring about large-scale change.

In the 1960s the Old Left view that the proletariat was the main agent of change was variously revised or rejected. The numerical decline of the industrial working class encouraged Marxists to reconsider class analysis beyond a bi-polar proletariat/bourgeoisie model and to include routine non-manual employees in their definition of the working class. In the United States Charles Wright Mills, reflecting Weber rather than Marx, adopted a mass/elite rather than a class model of society and regarded educated youth as a more dynamic albeit insufficiently powerful agent of change than the proletariat (1956). Herbert Marcuse was also impressed with the radical potential of the student movement although he considered that it would need to combine with other social groups to achieve fundamental change (1969). Reflecting the relative weakness of socialism and the trade unions, the decline in working class radicalism was seen as more irreversible in the United States than in Europe. In France in 1968 there appeared to be and may in fact have been a potentially 'revolutionary moment' when an alliance of workers and radical students could have brought down the government. In general, however, in Europe as in the United States, the organised working class – however defined – showed little inclination to form a stable political alliance with students.

Today there is a renewed tendency to present radical dissent in terms of generational conflict. However, while young people are often effective in precipitating protest and infusing it with moral momentum they are rarely well placed to introduce and sustain a programme of radical change. There are several reasons for this. Firstly, a generational approach shifts emphasis from the main fault-line of capitalist inequality – the huge disparity of wealth between the very rich and the rest. Unless the main social classes and groups affected by this inequality support radical change it is unlikely to happen. Secondly, youth is a highly internally differentiated social category and in general poorly located in the institutional structures of modern societies to implement a substantial programme of change. In short, young people tend to lack power. Thirdly, where youthful protest becomes significantly violent it risks losing wider support. The

failed attempts by a small number of groups of young radicals in the late 1960s and early 1970s to achieve change partly through violent means illustrates the point. The formation of urban guerrilla groups in the United States, Britain and Germany was a strategic mistake that contributed to a shift in public opinion towards what became the New Right introducing an era of conservative ideological and moral hegemony. Sixties radicalism left a mixed legacy in which initial ideas on participatory democracy and on the relationship between the means and ends of change were contradicted as the movement fragmented. Marxists of the previous generation, Tom Bottomore (1968) and Ralph Miliband (1991), argued that the new radicals had failed convincingly to address the issue of systemic change or locate a group or class able to accomplish it. These remarks remain relevant as the faltering of neo-liberal capitalism again presents an opportunity for radical change.

To risk a tautology, radical change in Western democracies requires at some point the support of an electoral majority (granted that there are various ways of measuring this). By corollary, violence as a prime means of change is or should be ruled out. In fact there is a potential constellation of social forces that might democratically and effectively confront neo-liberalism. In addition to the social movement activists, these include the more radical and progressive of Non-Government Organisations (NGOs) some of which are international (INGOs); a network of influential progressive intellectuals some of whom refer to themselves as 'cosmopolitan liberals'; and a significant number of radical or progressive politicians serving in mainstream political parties. For a radical programme of change to be achieved, the support of centre-left parties including the Democratic Party in the United States and the Labour Party in Britain is necessary as they are manifestly best positioned to gain the support of the working and progressive middle classes whose interest is at stake in radical change. For historical reasons this is more likely to be achieved in Britain than the United States. However, there are encouraging precedents in both countries. In the United States in 1972 George McGovern admittedly lost the election by a landslide but demonstrated that a

radical candidate could gain the leadership of the Democratic Party. In Britain in 1997 Tony Blair led a party to election victory that might have willingly and even enthusiastically supported a more radical policy direction than he ultimately provided. Today the opportunity for radical initiative may be greater than on these occasions but in order to take it radical and progressives mainly operating in civil society need to pursue change through mainstream political channels – in other words to bridge the nexus between civil society and institutional politics. This would be a crucial shared addition to, not an alternative to their current domains of activity.

Limitations of space allow only a few suggestions about the constitution of the kind of radical alliance referred to above. NGOs offer a potential source of support for a progressive alliance largely unavailable in the nineteen sixties. Their number has expanded across the globe from perhaps a few tens of thousands in the late nineteen sixties to currently hundreds of thousands although their radical credentials vary considerably. Some larger INGOs, particularly with a sizeable public subscription base, are sometimes able to publicise or even curb controversial activities of multi-national corporations and governments and it is in the international arena that their expertise might make a particularly valuable contribution to a new radical formation. In the nineteen nineties several INGOs played a part in mobilising populations in parts of Latin America and the Philippines around issues of democracy and poverty. Two particularly influential NGOs are Amnesty and Greenpeace. In its mission to defend the human rights of political prisoners, Amnesty brought to light the apparent involvement of the British government in condoning torture. Greenpeace routinely opposes commercial activities that it considers threaten to cause environmental damage. One Greenpeace activist claims that the organisation's efforts to disseminate an ecological sensibility have had a global impact (Wapner in Lechner and Boli ed., 1996, p. 415). Various factors limit the potential impact of NGOs on systemic change including the single-issue focus of many, the dependency of some on government and corporate sources of finance and a tendency for some to become bureaucratic

(Mowles, 2007). The ability of NGOs to act as a countervailing force against governments and corporations would be enhanced if they more often acted collectively. The environmental INGOs seem best placed to lead a collective strategy but have yet to move decisively to do so.

Another source of support for change is the international network of progressive intellectuals some of whom including Ulrich Beck and David Held refer to themselves as ‘cosmopolitan liberals’ (Beck, 2006; Held in Held and McGrew ed., 2003). These thinkers seek the development of a global system of governance, ethics and law through pluralistic dialogue. Their ideas on ideological and institutional issues are substantial and offer a necessary complement to civil society activism. Granted that many activists do not regard a common ideological approach as an immediate priority perhaps few would disagree with Held’s statement of cosmopolitan values that he sees as based on

*the claims of each person as an individual or as a member of humanity as a whole, these values espouse the idea that human beings are in a fundamental sense equal and that they deserve equal political treatment based upon equal care and consideration of their agency irrespective of the community in which they were born or brought up’* (Held in Held and McGrew, 2003, p. 514).

These principles underpin the belief that, human rights law should be implemented globally and supercede other forms of law in the context of the principle of subsidiarity. Held goes further arguing for a global level of governance, effectively a world government, whose laws should be policed and enforced as necessary. This is the key ‘institutional arrangement’ implied in the following statement:

*In essence, the cosmopolitan project attempts to specify the principles and the institutional arrangement for making accountable those sites and forms of power which currently operate beyond the scope of democratic control* (Held in Giddens, 2001, p. 399).

The debate about the relationship between liberalism and human rights is too complex to address at length here (for a range of views, see O'Donnell *et al.* in *Ethnicities*, 2007). However, cosmopolitan liberal arguments should be assessed in terms of their intrinsic worth and relevance to global reform rather than on the basis of the admittedly mixed historical record of liberalism particularly in its imperial form. A more relevant concern in relation to all forms of liberalism is a tendency to confront effectively the sources and consequences of social inequality. It is unlikely that substantially greater material equality and equality of cultural access will be achieved unless democratic socialist politicians as well as progressive liberals are recruited to the broad alliance indicated here.

## Conclusion

Interwoven with the creation of an alliance for change must be development of a programme for change. As the title of a George Monbiot article puts it: 'Before we march we must know what we want: not just what we don't want' (*Guardian*, 7 March 2011, p.29). Monbiot's own preliminary 'statement of aims' is highly practical – mainly covering issues of wealth redistribution and environmental policy in relation to industry. Of comparable importance in my view is the achievement of practical democracy across the whole range of Britain's institutions – an issue that demands further exploration. Many activities of the movements and groups discussed above occur within civil society. However, the achievement of substantial systemic change requires a transition from protest and aspiration to the exercise of power. This requires the support of a mass democratic political party or parties and as Rudi Dutsche observed possibly a long, hard march through the institutions. At the time of writing Egypt, Libya and other mainly Arab countries are poised uncertainly on the edge of such an opportunity although the institutional means of change are less developed and stable than in Western democracies. At the global level, the dynamics of change, particularly the creation of a progressive consensus, are slower and even more complex. What gives hope and energy is the distance so far travelled.

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# Subcontracting in the Public Sector as the Capital Accumulation Process

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## Abstract

In the post-1980 period, subcontracting has been one of the major constitutive elements of flexibility in public personnel regime. Subcontracting in public services mainly refers to commodifying services via private persons for the sake of capital accumulation, instead of being carried out by public procedures and public employees. Subcontracting in the state has created a new capital accumulation area for the capital. The essence of subcontracting lies in this capital accumulation. First of all, the services carried out by public employees have been subcontracted, and the services provided by the government via public servants have been made available for capital accumulation, thus, allowing the capital to determine surplus value by primary distribution channel. Subcontracting in Turkey has begun in the 1980s, and has become common in routine and subsidiary services in the 1990s to spread to primary and permanent services in the 2000s. In this paper, subcontracting in the public sector will be theoretically scrutinized as the capital accumulation process through the case of Turkey. The discussion will be made based on the case of Turkey to be supported primarily by quantitative data, and the focus will be laid on the quantitative size of subcontracting in the public sector.

**Keywords:** *Capital Accumulation, Flexibility, Post-Fordism, Subcontracting, Public Personnel*

In the post-1980 period, subcontracting has become one of the major constitutive elements of flexibility in public personnel regime. Subcontracting in the public sector basically refers to the opening of public services to capital accumulation after being commodified by private persons, instead of being performed by public personnel in line with the procedures. Subcontracting in the public sector has

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created a new sphere of capital accumulation for capital. The essence of subcontracting lies in the said capital accumulation.

This article will firstly touch on the historical foundations of subcontracting in Turkey based on the breaking points in capital accumulation regime in Turkey. These breaking points will be associated with subcontracting. Secondly, the legal aspect of subcontracting will be elaborated. The interpretations will be made referring especially to the Constitution and the Constitutional Court Decision on subcontracting.

In the third section of article, the quantitative aspect of subcontracting in the public sector will be examined. In this framework, the quantitative picture of subcontracting in Turkey between 2003 and 2011, the subcontracted sectors and the distribution of subcontracting by public institutions will be analyzed. In addition, the article will attempt to establish a connection between subcontracting and capital accumulation based on quantitative data pertaining to the 2003-2011 period.

### **The Historical Foundations of Subcontracting in the Public Sector and Accumulation Regime**

Subcontracting in Turkey can be studied in two periods. These two periods correspond to the two sub-periods of accumulation regime of the post-1980 in Turkey. These are the 1988-2003 period and the post-2003 period.

Starting from the 1970s, capitalism has shifted to a new capital accumulation regime to become evident after 1980. The Post-Fordist/flexible accumulation regime (Aglietta 2000; Palloix, 2006)—as called by Regulation School—that emerged in the post-1980 period has commenced a new era in public personnel regime. The Post-Fordist accumulation regime has aimed at commodifying all public processes and mechanisms. To this end, duties carried out by public personnel too were opened to commodification. Subcontracting has become the primary mechanism of commodification of duties performed by public personnel.

In Turkey, after 1980, surplus value was increased by means of pressure exerted on the political field with the September 12 Coup. This phenomenon was resulted in direct suppression of salaries and wages. The increase of surplus value via political means reached its natural limits in 1988; at the same time, the system of increasing surplus value via the pressure imposed on the political field ended. This process was interrupted by the Events of the Spring 1989 and 1989 Local Elections. With the removal of the practice of increasing surplus value due to the pressures from the political field, capital was opened to the new capital accumulation geographies. One of these is subcontracting (Aslan, 2012: 452-456).

In Turkey, subcontracting in the public sector has begun with the clause added to the section on Auxiliary Services Class of Article 36 of Civil Servants Law No. 657 in 1988; “Among the services that shall be carried out by the personnel included in this class, cleaning of service locations and treatment institutions, maintenance and operation of the installation and similar services may be contracted to the third persons by tender”. This legal arrangement has allowed for the subcontracting of services carried out by civil servants included in Auxiliary Services Class.

In 1989, capital accumulation Turkey reached a new stage. Financial liberalization began, and global capital moved towards establishing a new dependence relationship. At the same time, the industrial sector-dominated domestic capital class moved towards a new accumulation in the financial field via government papers. This phenomenon cultivated the rentierization of big domestic capital as well. Boosting profits via government papers brought to the agenda two conflicting phenomena in the public budget process. The personnel expenditures-interest expenses contrast constituted the essence of public budget process until 2003.

The primary function of subcontracting in the public sector in the 1988-2003 period was to suppress public personnel expenditures through auxiliary services, and at the same time, to open public sector processes to commodification. In the subcontracted fields of services, services carried out by public personnel were contracted by

capital for poverty wages. Meanwhile, local small capital establishes itself in these fields. However, this process, at the same time, pulled down personnel expenditures in the budget process, thus creating a field of rent for the whole capital class through government papers. This very phenomenon signified double areas of accumulation for capital. The economic conjuncture of the period created direct surplus value pool for capital via subcontracting over primary distribution relationships, but at the same time, opened door to a new accumulation over secondary distribution relationships. This relationship did not progress in the form of contrast in the historical process; it rather continued in an interchangeable manner depending on the conditions.

After the 2000/2001 crisis, subcontracting reached a new stage. This stage began with the enactment of Law No. 4924 on the Recruitment of Contract Health Personnel for Scarce Skill Employee Positions and the Amendment to Some Laws and Decree-Laws enacted in 2003. In the new stage, subcontracting extended to the fundamental and permanent functions required by public services. Law No. 4924 and an additional clause to Article 36 of Civil Servants Law No. 657 allowed the procurement of services delivered by Health Services and Auxiliary Services Class from the market. Hence; “The services that must be carried out by the personnel included in this class may be contracted, when deemed necessary, via services procurement in compliance with principles and procedures to be determined by the Ministry, provided that the procurement cost will be covered from revolving fund revenues.” With Law No. 4924, subcontracting of fundamental and permanent functions in health services like medicine and nursing was accepted. This signified a new stage in subcontracting in Turkey; this was the stage of the expansion of direct capital accumulation through subcontracting.

In a manner that supported the same process, contracting of all functions of municipalities was legally approved by Municipal Law No. 5393 of 2005. The law rules, by using the expression “provides or contracts”, that municipalities may contract all their functions without exception.

Accordingly; municipalities “a)Provide or contract services of urban infrastructure such as development of the region, water and sewage system and transportation; geographical and urban data systems; environment and environmental health, cleaning and solid waste; security forces, fire brigades, emergency aid, relief services and ambulance; city traffic; funeral and cemetery services; forestry, parks and green areas; housing, cultural and artworks, tourism and presentation, youth and sporting activities; social and aid services; marriage ceremonies, professional trainings; and services aimed at development of economy and commerce”.

The specifically noteworthy point here is that along with public security services—the law enforcement power of municipalities (Aslan, 2007)—and fire services, “marriage” services were allowed for subcontracting as well. Municipalities lost no time in exercising these powers granted by the law; subcontracting has become widely spread especially in metropolitan municipalities, including public security and fire services. However, the procurement of fire services was ceased by Public Procurement Authority on the ground of Article 128 of the Constitution. Today, auxiliary services are procured to support public security services. An example may give a clue about the size of public security support services. The price of 2012 Police Support Services Procurement Contract of Şişli Municipality was TL 1.858.000. A company of the municipality won the bid.<sup>2</sup> In the meantime, marriage services have not been subcontracted yet.

Thus, local-common functions assigned to municipalities were turned into functions, which municipalities might directly contract. At local level, opening the door for subcontracting in all municipal services generated a new accumulation geography for local capital owners and notables. This phenomenon, at the same time, became the driving dynamic of decentralization. It is the concrete outcome of subcontracting that despite the increase in the municipal

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2. See: Kamu İhale Kurumu, (KİK-EKAP, 154991). It should be underlined that the municipal corporations in Turkey have been an important instrument of subcontracting of municipal services.

functions, the number of employees almost did not increase in nearly 25 years from 1990 to the present, remaining in the range of 220-250 thousand. As can be seen below, in 2011, almost half of public service procurements were made by municipalities.

### **The Constitutional Aspect of Subcontracting in the Public Sector**

Article 128 of the 1982 Constitution rules that the fundamental and permanent functions required by public services shall be carried out by public servants and other public employees. This article sets the constitutional boundaries of subcontracting. Accordingly, the fundamental and permanent functions required by public services cannot be subcontracted, and can be performed exclusively by public personnel.

It can be said that the subcontracting of functions carried out by Auxiliary Services Class, though is open to debate, largely fall within the constitutional boundaries. On the other hand, subcontracting of Health Services and Auxiliary Health Services, and total subcontracting specified in Municipal Law conflict with the constitutional principle.

The general rule introduced by Article 128 of the Constitution, which sets the boundaries of subcontracting, took subcontracting to a new constitutional level in 1999 with a constitutional amendment.

In the second half of the 1990s, further establishment of the Post-Fordist globalization phenomenon following Turkey's customs union with the General Agreement on Tariffs and Trade (GATT) and the European Union resulted in a Constitutional amendment that also contained arbitration. The Constitutional amendment made by Law No. 4446 in 1999, along with serving general purposes of providing a constitutional foundation for privatization and the adoption of international arbitration, paved the way for the Post-Fordist transformation in public personnel regime towards flexibility. The said amendment, however, created tension and conflict within the 1982 Constitution. 1999 is the year, when tension and conflict have begun in public personnel regime within the positive text and rules of the Constitution.

In 1999, the provision "Those investments and services carried out by the State, State Economic Enterprises and other public corporate bodies which could be performed by or delegated to real or corporate bodies through private law contracts shall be determined by law" was added to Article 47 of the Constitution as the last paragraph.

Hence, the delegation of delivery of services to private persons within the State organization was approved by a legal arrangement. This amendment clearly caused the tension and conflict between Article 128 and Article 47. Leaving aside legal analysis of the amendment, we can notice that Article 128 bears the social burden of the Fordist law on its shoulders, while Article 47 bears the social burden of the Post-Fordist law. That is to say, Article 47 is the constitutional expression of the possibility of subcontracting in the public sector, whereas Article 128 accentuates its impossibility.

The constitutional tension and conflict created by the legislative body moved subcontracting to a new stage with the decisions and legal arrangements of constitutional jurisdiction and execution in this regard. The above-stated legal arrangement made in the field of health in 2003 and the legal arrangement of 2005 in Municipal Law indicate that the said tension and conflict progressed in favor of the Post-Fordist one.

The conflict at constitutional level, i.e., the legal arrangement of 2003 that allowed for unlimited subcontracting in the field of health, was passed to the Constitutional Court through the action of objection; the Supreme Court negotiated the objections to the relevant provisions in end-2007.

The Constitutional Court, in its decision made by majority vote (The Constitutional Court Decision, 2007) adopted the following opinion; *"Considering together Article 47 and Article 128 of the Constitution, it is not possible to describe the entire health services as public services, which the State is liable to carry out. Thus, not only it is not possible to speak about the necessity for the delivery of whole health services by public employees, but also such services may be delegated to the third persons through private law contracts within the scope of services specified in Article 47"*. Thus, the



Constitutional Court did not find unlimited subcontracting in health Services and Auxiliary Health Services Class against Article 128 of the Constitution. The Court brought a Post-Fordist interpretation to the conflict of Article 128 and Article 47, and thus, paved the way for unlimited subcontracting in the public sector.

The said decision of the Constitutional Court, which, in my opinion, is legally controversial, made Article 128 to lose its meaning. The decision, at the same time, served as the constitutional foundation of subcontracting in the public sector, and of its spread to fundamental and permanent functions, along with secondary and temporary functions. This decision paved the way for unlimited subcontracting in the public sector.

The decision also contained the following remark, “health services are the type of services that, as required by their nature and internal dynamics, allow for benefiting from the dynamics of gain, competitiveness and growth of the private sector in their production and delivery to the public”, thus, emphasizing that opening of this sector to capital accumulation would be for “public interest”.

### **The Quantitative Size of Subcontracting in the Public Sector**

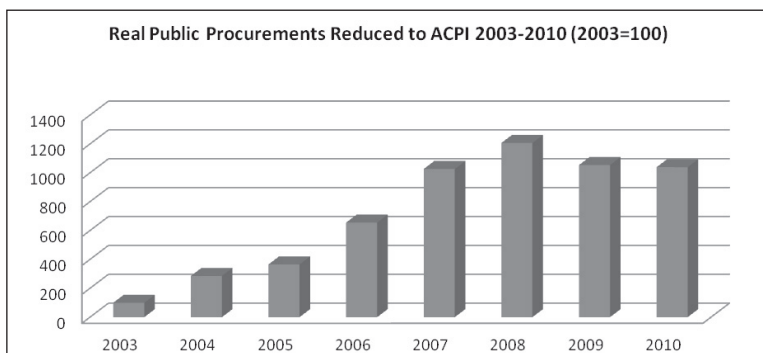
The quantitative size of subcontracting in the public sector cannot be determined in terms of number of persons, but based on expenditures. The “official” numerical expression of contracted personnel employed in the public sector is restricted to the figures in the budget. Though there are statements about the number of contracted personnel from official sources, these official declarations involve only certain public institutions.

The first basic datum about the quantitative size of subcontracting is procurements in the public sector. These statistics published by Public Procurement Authority comprise the available basic datum. Hence, from 2003 to 2011, procurements in the public sector increased by 17-fold in current terms. In the same period, public personnel expenditures rose by two-fold again current terms, pointing to a difference by 8.5-fold.

Year	Public Procurement (TL)	Public Personnel Expenditures (TL)	The Ratio of Public Procurements to Personnel Expenditures (%)	Real Public Procurements Reduced to ACPI
2003	1.263.062.000	44.298.390.819	2.9	100
2004	3.900.788.640	43.627.127.914	8.9	285,7
2005	5.523.416.416	46.163.673.509	12.0	365,5
2006	1.1042.906.891	53.929.539.000	20.5	655.4
2007	18.701.266.000	60.933.675.000	30.7	1026.8
2008	24.268.948.000	68.214.848.000	35.6	1206,9
2009	22.717.606.000	76.000.813.000	29.9	1053.9
2010	24.307.291.000	83.109.526.000	29.2	1039.3
2011	20.950.237.000	94.685.994.000	22.1	-

**Table 1: Public Procurement (2003-2011) (Source: Public Procurement Authority Reports/Budget Data/Turkish Statistical Institute)**

According to Ankara Consumer Prices Index, real public procurement rose from 100 in 2003 to 1039 in 2011, pointing to a ten-fold increase in subcontracting in the public sector in nine years.



*Figure 1: Real Public Procurements Reduced to ACPI 2003-2010 (2003=100)*

Another indicator of public procurements is their comparison with public personnel expenditures. The ratio of public procurements to public personnel expenditures, which was 2.9 in 2003, reached

its peak in 2008 by 35.6. In 2011, this ratio declined to become 22. In my opinion, the said decline stemmed from the increase in public personnel expenditures rather than the decrease in public procurements. Thus, in the 2003-2011 period, the ratio showed 8-fold increase in favor of public procurements.

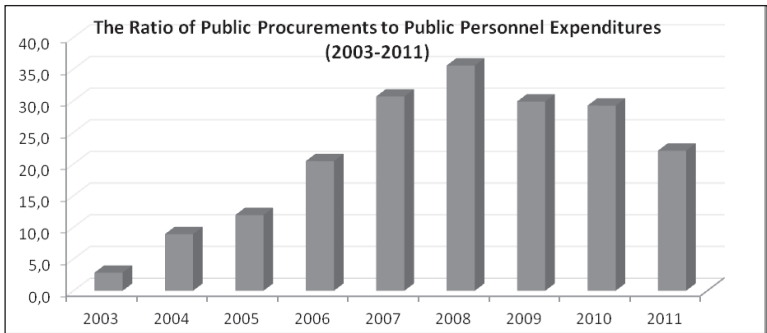


Figure 2: The Ratio of Public Procurements to Public Personnel Expenditures (2003-2011)

As stated above, there is no available basic official statistical data pertaining to the number of contracted personnel employed in the public sector. Yet, the number of contracted public personnel for 2012 was reported as 498,277 in an official response to a written parliamentary question submitted to Grand National Assembly of Turkey. This figure corresponded to 17% percent of total public employees for the same year. Likewise, official resources announced that the number of contracted personnel employed in the Ministry of Health in 2010 was 116.000.

### The Subcontracted Services in the Public Sector

According to the Public Procurement Authority data, in the first eight months of 2011, the following services shared the first three ranks in the classification made based on contract values (Gürkan, 2011); these services comprise more than half of total services.

“Water and sewage, cleaning, solid waste and environmental services” rank first by a total contract value of TL 2.388.018.374.74 TL (22%)

“Commercial services: law, marketing, counseling, recruitment and employment, printing and security affairs” come second by total contract value of TL 1.811.383.222.36. Special security procurements are conducted by public institutions within the scope of “Commercial services: law, marketing, counseling, recruitment and employment, printing and security affairs”, and TL 804.328.426 portion of total contract value of TL 1.811.383.222.36 belong to these services (16%). In addition, “personnel recruitment services” including temporary personnel with contract value of total TL531.652.322.13 are listed under this heading.

“Support and auxiliary transportation services; travel agency services” rank third by a contract value of TL 1.803.735.878 TL (14%).

### **The Distribution of Subcontracting by Public Institutions**

In 2011, municipalities (42%), the Ministry of Health (12%), and universities (6%) shared the first three ranks (Gürkan, 2011). The total of these three institutions comprised 60% of total contract values. As can be understood from the figures, during the Post-Fordist accumulation regime, municipalities became the cradle of not democracy, but of subcontracting.

### **Conclusion**

The practice of subcontracting in the public sector that has begun in Turkey in the post-1980, by its very nature, is a mechanism for creating double areas of accumulation for capital. Capital, thanks to subcontracting, has purchased by tender the public works carried out by the state itself through public employees, and thus, has seized a new capital accumulation geography. The capital class has begun to extract surplus value via contracted personnel. Meanwhile, the delivery of services for poverty salaries in the budget process after subcontracting, which were once carried out by public employees for relatively high salaries, has generated another area of accumulation for capital through secondary distribution relations within the budget process. This resulted in a decrease in the salary/

wage ratio within the public budget, and the said gap was recovered directly by interest expenditures.

Global and domestic capital that comprises the interest front created a direct area of capital accumulation by means of an interest transfer mechanism, which they have established through budget. Subcontracting has become the key of the mechanism for double capital accumulation established by capital. Subcontracting, in this sense, is the fundamental tool of double capital accumulation.

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# Thoughts on Public Administration Reform in Turkey

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## Abstract

This article aims at assessing the whole process of public administration reform through the conceptual framework of new public management (NPM) and post-new public management (post-NPM); and discussing whether the Turkish administrative reforms undertaken since 1980s can be categorized with NPM or not. We argue that the study of public administration reform in the era of neoliberal globalization requires analysis of state restructuring in that public administration reform trends has been promoted by privatization, deregulation, commercialization, and marketization of public services together with a number of legal and institutional changes in Turkey.

**Keywords:** *restructuring the state, public administration reform, new public management, post-new public management, Turkey*

## Introduction

During the 1990s and the 2000s the adaptation of neoliberal ideology and market-oriented reform strategies to the public sector reform was so prevalent in many countries around the world. These countries witnessed increasing wave of reform attempts concerning the administrative system, has been subjected to the growing influence of managerial ideas and market rules which has been commonly referred to as “New Public Management” (NPM). In other words, the public sector reform movement usually known as NPM or NPM-style reform.

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In the last decade, however, NPM agenda has been increasingly criticized; and a growing body of literature explore strong discontent with NPM. Public administration reform literature has become filled with different types of alternative to NPM. In the recent body of literature, the debate has moved onto discussion of a “post-NPM”. A new generation reforms labeled by various terms, such as neo-Weberian state, post-bureaucracy, flexible bureaucracy, new public governance, digital-era governance, public value management, sustainable management, network governance, collaborative governance, public-private partnership, joined-up government, whole-of-government, integrated governance, and third generation reforms. These trends are most evident especially in the Anglo-Saxon countries, such as United Kingdom, Australia and New Zealand, Canada, United States as well as some European countries such as The Netherlands, Italy and Germany. There is an enormous public administration literature on these terms and scholars have explored related topics at great length.

In this framework, this study is organized into two main parts. In the first part, we will outline conceptual and theoretical foundations of public administration reform. We will begin with a brief review of public administration literature. We claim that mainstream public administration scholars have rarely concentrated on a theory of the state and generally their statement neglect or disregard critical theories of the state. In this part also new public management and post-new public management approaches to public administration reform will be analyzed. In the second part, we assert that the study of public administration reform in the era of neoliberal globalization requires analysis of state restructuring. Public administration reform trends in Turkey will be examined in this framework. The wave of public sector reform that began at the end of 1990s and gained speed during the 2000s is commonly referred to as the NPM among the academic scholars. Our aim is to look at the public administration reform through the conceptual framework of NPM; and we will discuss whether the Turkish administrative reform process undertaken since 1980s can be categorized with the NPM, focusing

one of its components of agencification.

### **The Study of Public Administration and the Public Administration Reform: General Framework**

Public administration is both an academic discipline and a field of practice. According to us, there are two main problems with this discipline and so with the study of public administration. The first one is related with the describing of the state, government and bureaucracy. It can be said that public administration and public management theorists have rarely concentrated on a theory of the state. Even if a few do this, public administration scholars's statement neglect or disregard critical theories of the state. Indeed, as Harney emphasizes, reviews of the historical evolution of the discipline of public administration and its literature acknowledge that, "for the 'administrative sciences' in general, the state has been a particularly hollow signifier, an absent presence". The main problematic concern of this discipline is the growth of rational bureaucracy. In dealing with this concern, "the administrative sciences persistently substitute government for the state, and bureaucracy for the government"; and disregard the state and ignore any more comprehensive understanding of the state-form. Indeed the discipline of public administration has "a history of neglect when it comes to the state-form" (Harney, 2006).

As Harney pointed out, prominent journals in the public administration field<sup>3</sup> reveals only more bureaucracy, more reduction of the state to public sector. Therefore "administrative state" term is so deceptive. What is ironic here is that an article aimed to explore "the changing role of the state" may probably goes on to explore "the changing role of the public sector". The study of public administration does not recognize the public sector as an aspect of the state-form, and simply substitute public sector for the state. It reduces the state to public sector. In this way changes in the state-form become public sector reform (Harney, 2006). On the contrary

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3. Such as *Public Administration*, *Administration and Society*, *Administration Theory and Praxis*, *Governance*, *Journal of Management and Governance*. For detail review of these journals see Harney (2006).



to this approach, this article discuss recent public sector reforms in Turkey in line with the changing state in the context of neoliberal globalization. In other words, we claim that public administration reform is better understood in the light of neoliberal restructuring of the state. Accordingly, when we think about the relationship between public administration and the state, the main point is how we define the state in capitalist social formation, how we define their role in capitalist social formation.

Another main problem is associated with the approaches to the study of public administration. Despite some critical analysis of the intellectual foundations of public administration, the discipline continues to be characterized by ahistorical, instrumental, voluntaristic, parochial, and state-centered nature of its approaches and explanations. These characteristics profoundly limit public administration's capacity to deal with theoretically with the crucial relationship between socio-historical change and the administrative state (Baltodano, 1997, p. 616). From Woodrow Wilson, Lorenz von Stein and Max Weber to present-day scholars, substitution of bureaucracy for a theory of state has continued to dominate public administration (Harney, 2006). These scholars assume that the nation-state is the natural and given context within which the practice of public administration has to be studied (Baltodano, 1997, p. 618). This problematic analysis can be clearly seen even in recent new public management, governance and post-bureaucracy literature where the state is understood merely as "problem of regulation versus market freedom". So, bureaucracy once again stands for government and the government takes the place of the state (Harney, 2006).

In brief, what is certain that generally public administration literature do not incorporate critical theories of the state in their analysis; and critical perspectives on the state are rarely discussed. This literature has neglected every important critical statement on the capitalist state since Karl Marx.<sup>4</sup> According to Baltodano, the result

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4. For example, Friedrich Engels, Ernest Mandel, Louis Althusser, Georg Lukacs, Ralph Miliband, Nicos Poulantzas, Theodor Adorno, Max Horkheimer, Herbert Marcuse, Antonio Gramsci, Timothy Mitchell, Philip Abrams, Michael Apple, Fred Block, Michael Ryan, Roberto Unger, Clyde Barrow, Timothy Luke, Stanley Aronowitz, Cornelius Castoriadis, Peter

of this, an absence of reliable explanations of the role of public administration in the formation of reproduction and transformation of social relations and social order (1997, p. 616-618). There can be no dispute in critical thinking that while the role, function and the organization of the state have been changing and transforming radically, its essential role is being sustained for capitalist system in the context of neoliberal globalization. Likewise globalization of capitalism does not end the state and public administration; contrarily, the state and public administration indeed are transforming in order to carry out the demands of capital.

Therefore, as we underlined above, the study of public administration in the era of neoliberal globalization requires an analysis of restructuring of the state and of changing relationship between the state and the market. In public administration discipline, however, little systematic attention has been paid to the relationships between the state and the economy in general; and the relationship between politics and administration in particular, with a considerable reference to the critical state theory. In fact, since 1970, the role of the state and public administration have changed and transformed. Farazmand (2012, p. 490) defines this transformation as “from an administrative welfare state to a coercive corporatist welfare state, from an administration of public ‘affairs’ to an administration of the ‘public’, from a public administration state to a security-military and social control or domination state tasked to promote the globalizing corporate capitalism now in its advanced stage of development.”

### **Reform and Reorganization**

Public administration reform has been a worldwide phenomenon since 1980s. Unlike the reform movements of the earlier decades of the twentieth century, the recent reform wave has been characterized as reversing the traditional role of government, the state, and public administration institutions into one that promotes market-driven rules dominated by capitalist classes. So, a paradigmatic shift from

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Bratsis, William Domhoff, David Harvey, Ernesto Gantman, Stefano Harney, Antonio Negri, David Held, and Bob Jessop. **Nickel (2008, p. 345).**

administrating through traditional bureaucracies and hierarchies to competitive markets and cooperation in partly autonomous policy networks came into prominence. This new ideological trend, based on private management ideology, has been promoted by privatization, deregulation, commercialization, and marketization of public services together with a number of institutional changes on a global scale. As a result of these changes the scholars modified their approach to the public administration. As Olsen emphasized that for the mainstream scholars in the field “public administration is a supermarket delivering a wide variety of public services, disciplined by market competition. Management by contract and result replaces management by command. Citizens are a collection of costumers with a commercial rather than a political relationship to government, and legitimacy is based on substantive performance and cost efficiency and not on compliance with formal rules and procedures” (Olsen, 2006, p. 6).

In this framework governments of both developed and underdeveloped countries have engaged in extensive administrative reforms and reorganizations to restructure the state as a whole (for detail exploration see Farazmand, 2002). But, there is a lack of consensus on the meaning of “public administration reform”. According to Farazmand in developed countries it generally means “a process of changes in the administrative structures or procedures within the public services.” In underdeveloped countries “administrative reform often is referred to as modernization and changes in society to effect social and economic transformation”. “Any attempt to effect administrative reform must also take into account the relationship between local and central administration; the social, political, and economic forces of society; and the interaction between ideas or concepts and practical necessities developed over time” (2002, p. 2). As Sezen argues that administrative reform can not be considered simply technical or operational process. Because it not only has an impact on all aspects of social life, but also affected by the historical, political, economic and cultural dynamics of relevant country. So it should be taken into consideration a set of socio-

historical dynamics apart from the purely administrative techniques for an effective reform analysis (Sezen, 2011, p. 322).

The question is that how these reforms theoretically are understood and explained by public administration scholars. Theoretically various perspectives have been identified to explain administrative reform. As Farazmand cited (2002, p. 3-5) Guy Peters (1994) classifies most of this literature into three broad perspectives on reforms and reorganization. The first one is *top-down models*. These models assume that political leaders perceive problems and develop innovative ideas by reforming and reorganizing the public sector. It is argued that perceived needs for reform (changes in procedures, processes, and relation within and among administrative units) and reorganization (structural changes) are determined at the top. Second is *bottom-up models*. These models assume that public administration and its system have to adopt to the environmental conditions such as economic, political, cultural, or social to survive and continue its existence. Theoretical roots of this set of models rely on system theory. Third is *institutional models*. This models represent a separate group of approaches to reform and reorganization. This is particularly evident in the increasing interest in the “new institutionalism” approach. For this approach “organizational changes must take place through changes and modifications of internal organizational values and culture, as well as structure. Rather than viewing organizational changes as emanating from individual organizational/political leaders under purposive models or responding to the environmental dictates, the institutional models focus on the need to modify collective values, culture, and structure to make the organization adaptive and dynamic” (Farazmand, 2002, p. 5).

## **Trends in Public Administration Reform**

### **New Public Management**

For decades, administrative reforms increasingly have spread in almost every country regardless developed or underdeveloped countries. Though such reforms are characterized by different label in different context, New Public Management (NPM) is used as

a generic term. Since the 1980s almost all kind of administrative reform attempts have discussed under this umbrella term. The NPM approach first came out in developed countries (especially in United Kingdom, Australia, New Zealand, United States) and then disseminated to the rest of the world. Reforms, namely NPM reforms, aimed at improving the quality of public services, saving public expenditure, increasing the efficiency of governmental operations, and making the policy implementation more effective. It was believed by supporters of NPM that private sector approaches can solve public sector problems, that government had both fiscal and policy limits. Thereby, there has been an explosion of academic and practical interest advocating NPM reforms.

For most of the scholars, NPM is the “correct” or “standard” international model for public administration reform. NPM label has been a significant policy means and covered all types of public sector reform from the early 1980s to at least the early 2000s around the world. While different countries have focused on different aspects of NPM, many scholars have been trying to make sense of NPM. Under this approach a range of tools have been added to the public administration toolbox including various prescriptions and principles. Some of the key prescriptions and principles of NPM are as follows (from Goldfinch and Wallis, 2010, 1101; Hood, 1991<sup>5</sup>, Osborne and Gaebler, 1993; 1998; Bevir, Rhodes and Weller, 2003; Armstrong, 2001; Dunleavy *et.al*, 2006; Güzelsarı, 2004):

- A focus on “efficiency” and “doing more with less”, on management not policy, and performance appraisal. Governments should “steer rather than row” and see that services are provided rather than delivering directly.
- A move from focus on process to outcomes or results. Governments should be results-oriented by funding effective outcomes rather than inputs.

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5. The term “New Public Management” was profounded by Hood (1991).

- A focus on devolution of authority and enhanced flexibility.
- A shift to a disaggregation of highly centralized public bureaucracies into agencies, and smaller, more fragmented, often single purpose manageable units, with flexible and innovative staff.
- A focus on mission-driven rather than rule-bound, setting goals and allowing employee to find the best way of meeting objectives.
- Separating policy and executive functions from agencies. Politicians setting the broad parameters of policy or strategy and leaving day-a-day business to professional managers by splitting policy/operation.
- Internal and external market or quasi-market mechanisms to introduce market competition within the public sector by using competitive mechanism, written contracts, contracting-out and ultimately privatization.
- Cost-cutting and a style of management that emphasizes, among other things, output targets, limited term contracts, monetary incentives and freedom to manage.
- Greater autonomy to agency managers including decision making power on public servants and other operational matters.
- Working through participation and teamwork among agencies at different levels and with groups outside of government.

Consequently, as Sezen explains that the NPM agenda gradually “evolves into a panacea including a variety of alleged curative prescriptions” is at least very vague. Nevertheless some of typical components of NPM can be identified (Sezen, 2011, p. 323). These are; business-like management, competition and market mechanism, delegation, deregulation and market based regulation, disaggregation, decentralization, privatization, contracting out, subcontracting, budgeting for results, flexibility, performance-related systems, strategic planning and management, efficiency and effectiveness, etc. These are also main targets and leitmotiv of NPM reforms. In the next section, we will examine that to what extent administrative reform targets conform to the NPM approach and its applicability in Turkey.

In brief, the use of market mechanisms and market-based management in public service delivery and the use of management techniques from the private sector formed the core of NPM. It is asserted by the NPM reformers that the era of hierarchical and rule bound administration is over. As Farazmand argues that the dogma of market supremacy has been propagated through the NPM and this intellectual fad has become a powerful means of socializing citizens, students, scholars and administrators in a doctrinal belief that is essentially based on the concept of market supremacy. But while “market forces and market principles have increasingly made public administration more like “business”, this trend have criticized or resisted by very few scholars (Farazmand, 2012, p. 497).

### **The New Public Management Reform Models**

It is clear from these principles and prescriptions, we specified above, NPM is an attempt to introduce market values, principles and practices in the public sector. In other words NPM reforms can be characterized as market driven. Putting together these principles and various perspectives based upon the literature, three main NPM reform models can be identified (see Halligan, 2007; Giauque, 2003; Mongkol, 2011).

*The first type NPM* could be called the *managerialism* model that emerged in the early 1980s. In this model economic concepts of competition and productivity performance with the efficient management are dominant and there is widespread use of private sector management rhetoric for public sector. NPM is described as “a good managerial approach” which is result-oriented (efficiency, effectiveness and service quality). It is claimed that the reforms aim to improve the quality of public services, save public expenditure, improve the efficiency of governmental operations and make policy implementation more effective by focusing on performance management and auditing.

*Second type NPM* represents a model in which market element is favored such as delegation, decentralization, downsizing,

disaggregation, and flexibility. Besides market-like mechanisms for the delivery of public services including privatization, contracting out and the development of internal markets come into prominence. The main aim is to allow the public services to develop more flexible management. NPM replaces highly centralized hierarchical organization structures with decentralized management because this approach involves restructuring and reducing the size of public sector including reorganization and reducing central civil services.

*Third type of reforms*, although NPM not displaced, focus on different modes of *coordinating and control strategies* in the 2000s. This type of reform attempts will be examined below under the “post-NPM”.

### **The New Public Management Criticisms: Post-NPM?**

While ideas and rhetoric about NPM have spread all over the world and many countries have introduced reforms associated with it, a number of criticisms have been leveled at NPM. Recently NPM agenda has been challenged and replaced by an emergent “post-NPM” agenda. There are many scholars who argue and criticize NPM. For some NPM has reached its high point and peaked and when its inherent contradiction came out, it begun to lose its power and appeal in many countries (Farazmand 2012, p. 500); or for others NPM is “dead” and key parts of the NPM reform message have been reversed as they lead to policy disaster (Dunleavy *et al*, 2006).

We can identify and summarize main criticisms of NPM in the literature increased especially in developed countries (Mongkol, 2011; Dunleavy *et al*, 2006): The first criticism of NPM concerns *the paradox of centralization through decentralization*. To illustrate this it is noticed that giving public managers more authority to manage neoliberal reform programs may result in concentrating decisions making in them. NPM may lead to centralized decision making by public managers, rather than encouraging decentralization in public organizations as it expected. The second criticism related with *private sector management techniques*. Many scholars point out the differences between public and private sectors. Political, ethical, constitutional



and social dimensions of public services make public sector different from the private sector. So there may be risk to adopt the private sector management techniques to the public service delivery.

Thirdly, in relation to the former, general criticism of NPM concerns *ethical issues*. Some scholars re-emphasize on the values of public sector standards and ethical behaviour. It is argued that while NPM provide transparency for public sector, unethical or corrupt behaviour can be detected more easily; and NPM can undermine ethical standards and lead to corruption. Increased managerial autonomy and increased freedom of management within public sector has brought blurred accountability and has enabled more opportunities for unethical behaviour. Additionally another ethical issues about NPM concerns contracts. The contracts made between private sector and government, are often kept secret for reasons such as commercial research. Therefore there is no transparency in practice. Last criticism is related with executive agencies, as they made cooperation and collaboration more difficult through the *fragmentation of service delivery bodies* (Armstrong, 2001).

In this conjuncture, writings on public administration reform have become filled with different types of alternative to NPM. A new generation reforms labeled by various terms such as neo-Weberian state, post-bureaucracy, flexible bureaucracy, new public governance, digital-era governance, public value management, sustainable management, network governance, collaborative governance, joined-up government, whole-of-government, integrated governance, reintegrating governance, third generation reforms, etc. These terms are now dominant slogans in the rhetoric of public administration reforms; and the language of competition is being replaced throughout the world with the language of cooperation, coordination, and partnership<sup>6</sup>. Accordingly the synthesis of elements in post-NPM reforms suggests that system integration and performance are central to the prevailing approach of the mid-

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6. This trend is especially most evident in the Anglo-Saxon countries, such as United Kingdom, Australia and New Zealand, Canada United States as well as some European Countries such as The Netherlands, Italy and Germany.

2000s. Some scholars entitle this trend as “whole-of-government” to use a term common. This model is accepted as a combination of new elements and features with previous models elements.

### **Whole-of-Government Approach**

NPM reform movement has mainly been characterized by a strategy of fragmentation. One of the most prevalent area of NPM reforms is the *creation of executive agencies*. Executive agencies are seen as the structural innovations of NPM movement. For scholars they were introduced in the interest of increasing administrative efficiency and productivity in public administration but recently executive agencies have been strictly criticized because they made cooperation and collaboration more difficult through the fragmentation of service delivery bodies (Armstrong, 2001).

In the most radical NPM countries (e.g. United Kingdom, New Zealand and Australia) “coordination and integration” strategies have become prominent in response to the increased fragmentation caused by NPM reform strategies (Christensen and Laereid, 2007b, p. 1059-1060). In the most recent debates about these problems, there has been a breakage and change in emphasis of structural devolution, disaggregation, and single-purpose organizations. In response to NPM reforms, public administration scholars trying to point out the cooperation problem between state organizations, between public sector and private sector. The theme cooperation is represented by terms such as network governance, collaborative government, and public-private partnership. Whole-of-government approach is seen as an “umbrella term describing a group of response to the problem of increased fragmentation of the public sector and public services and a wish to increase integration, coordination, and capacity” (Christensen and Laereid 2007b, p. 1059-1060). The central issue and emphasis here is the possibility of integration rather than disaggregation. The distinctive feature of whole-of-government is to encourage cooperation and coordination.

Post-NPM agenda consist of possibly interconnecting factors. Most importantly it includes a rejection of the agency theory triggered “agencification” trend that led to smaller and sometimes “single purpose agencies”. Instead of this, a more integrated public service is being preferred. This is encompassed in such phrases as whole of government. This has taken different forms that “include some reversals of policy-operations splits, re-integration of departments, and a reassertion of central agency control over wider state sector” (Goldfinch and Wallis 2010, p. 1105). And as “much like ‘efficiency’ in NPM, the post-NPM rhetoric of leadership, public value and whole-of-government are phrases that people find it hard to disagree with” (Goldfinch and Wallis, 2010, p. 1110). This approach also has been officially defined. For example in Australia it defined as “agencies working across portfolio boundaries to achieve a shared goal and an integrated governance response to particular issues” (Halligan 2007, p. 226).

As Christensen and Laereid (2007b) emphasized that furthering efficiency and transparency based on the strategy of fragmentation, making roles less ambiguous; vertical specialization or structural devolution seems to have undermined political control because it has both weakened the structural levers of control and diminished the actual influence of political executives over subordinate levels and institutions. Likewise increased horizontal specialization in line with the principle of single purpose organizations has created challenges of capacity and coordination. NPM has not only furthered fragmentation, but also promoted a number of re-regulation measures, such as strengthening the internal instruments of planning and control (management-by-objectives and results), increasing the use of regulatory agencies and strengthening scrutiny and auditing in various ways (Christensen and Laereid, 2007a). So, in post-NPM reform attempts, vertical and horizontal coordination problems have received a renewed focus in the form of whole-of-government programs.

In the vertical dimension, directing more central resources towards subordinate institutions and levels and using

stronger instruments of central control have become increasingly important ways for political executives to regain political control and pursue consistent policies across levels. In the horizontal dimension, measures like cross-sectoral bodies, programs or projects are increasingly being used to modify the “siloization” or “pillarization” of the central public administration. In addition to this, a stronger trend towards internationalization and regionalization combined with strong local government has increased the coordination challenges related to issues that are dealt with at multiple levels of government (Christensen and Laereid, 2007a, p. 7).

The question here is that whether this development is really new, as it raises the old question of coordination. As Christensen and Laereid pointed out, this does not mean that the “business model” has given up, but it does at least imply a new direction. Whole-of-government approach in reality provided new labels for the old issue of coordination in the study of public administration (Christensen and Laereid, 2007b, p. 1059-1060). In fact, as Goldfinch and Wallis argued that key aspects of NPM remain and are institutionalized in legislation and other rules in countries such as Norway, the UK, New Zealand where NPM agenda has been criticized at large (Goldfinch and Wallis, 2010, p. 1107).

In this framework, it can be argued that recently we have witnessed reversal of the agencification trend internationally and strengthening the center. Some scholars point out renewed and increasing role of centre of government; and focus on greater interest in corporate governance principles as applied in the public sector. Precisely there are indeed linkages inherent in them (Bhatta, 2003). The idea of strengthening the centre is not new. “The focus has now been on business-like central government agencies, hence the role of the centre in the context of NPM is appropriate. There has been a need to ensure cohesiveness of policy-making in a governance system; to ensure compactness of public policies. These can be done by the centre brokering role and drawing various stakeholders into the

policy process” (Bhatta, 2003, p. 9). The reversal of the agencification trend internationally most prevalent in Britain; and the reassertion of the centre is a strong element in Australia and New Zealand. It is argued that central agency weaknesses are reversed by giving them greater capacity for leadership and direction. In both countries there has been significant rebalancing of the centre and new horizontal relationships (Halligan, 2007, p. 226).

## **Restructuring the State and Public Administration Reform in Turkey**

### **The 1980-2000 Period: Market-Oriented Reform Attempts**

In Turkey, neoliberal transformation can be roughly periodized into two main phases. The earlier phase that lasted from 1980 until the late 1990s known as “first-generation neo-liberal reforms”. Since 1980s Turkey has been undergoing a process of public administration reform as a result of both external and internal dynamics. Externally, key financial organizations, such as IMF and World Bank, and also European Union have created pressure for change in Turkish public administration. But the main actors of this process were neither the IMF and World Bank, nor the state only, the determinant actors were the capital groups themselves.

The state transformation in this phase can be understood through the concept of intra-structural change, which involves the restructuring of state in response to the changing dynamics. Throughout the eighties the state went through a substantial transformation in line with the requirements of the new stage of capitalist accumulation that based on the transition from inward oriented “developmentalist” policies to neoliberal integration with the world market. This represents a turning point for the Turkish economy. Outward-oriented accumulation model was initiated through January 24 decisions, aimed a liberalized, open-market economy. Political stability was maintained through the military intervention in September 1980, and the legal-institutional framework of the neoliberal transformation was established by the

1982 Constitution. The military coup also led to a transformation in the internal architecture of the state.

The reform aims of the military government (September 1980-December 1983) mainly focused on the following:

- Redistribution of the functions, authority, and responsibility of the central government agencies in order to eliminate excessive centralization.
- Drawing of a common organizational framework for ministries, general directorates, and other large public agencies to achieve uniformity in the basic organizational structure of public organizations.
- Simplification of bureaucratic procedures in order to reduce formality and red tape.
- More efficient utilization of public personnel and hence gradual reduction of the number of public personnel (Berkman and Heper, 2002, p. 157).

According to Berkman and Heper, among these aims the attempt to establish a uniform organizational framework was relatively accomplished rather than the others; and major changes in the bureaucracy came to the agenda after the Motherland Party (MP) (2002: 158). This new right-oriented party was established by Turgut Özal and it was in power in 1983-1991. MP introduced the reforms promoting market-oriented and anti-labor policies in the country. Under the leadership of Turgut Özal, neoliberal integration with the world capitalism and the restructuring of economic and social life in line with the interests of capitalist class came into prominence. In that sense, 1980s was a period of maturing of class consciousness in the part of the bourgeoisie (Boratav, 1995). This process involved the restructuring of the state in various ways. In the 1980s there was a significant change in the internal organization of the state. Neoliberal transformation involved not only the restructuring of the relationship between state, capital and labor, but also of the internal reorganization of the state.

### ***The change in the internal organization of the state***

The change in the internal organization of the state involved mainly the following processes (Özkazanç, 1998, p. 22):

- Strengthening of the executive branch vis-a-vis the society and other branches of the state.
- Centralization and individualization of administration and policy making.
- The narrowing down of the social activities of political parties.
- Emergence of dysfunctional forms of representation of social interests.
- Deepening of the crony relationships of MP, the party in power.
- Decline of the parliament; and expansion of military tutelage over the regime.
- Intensification of the role and autonomy of the repressive state apparatuses and their assumption of the functions of the ideological state apparatuses.
- Expansion of the social interventions of ideological state apparatuses.
- Dissociation of the institutions and norms of the conventional bureaucracy.
- Individualization and over-politicization of bureaucracy.
- Decline of the rule of law; and crystallization of the authoritarian character of the state both in terms of its internal organization and its relationships with the society.

The internal structure of ministries was reorganized by Act 3046, enacted in September 1984. For Berkman and Heper, achieving a better division of labor and coordination among the various bureaus also meant that a transaction would be completed in one office, and clients would not have to run from one agency to another. These *administrative measures* were arranged to functionality and simplification of bureaucratic procedures setting the bureaucracy itself. Administrative reform attempts were the result of efforts to

restructure the Turkish economy so that the emphasis would be on market forces. Parallel to these changes Prime Ministry Özal thought that the *civil servants* inherited from earlier periods could not show the dynamism of a successful implementation the new neoliberal economic policies required. Government faced resistance from the traditional economic bureaucracy who were still favor of national developmentalism and were against market-oriented reforms (Berkman and Heper, 2002, p. 158; see also Atiyas, 2011).

The main reason of this was the fact that, as Oğuz noticed, restructuring of the Turkish state apparatus in line with global integration of Turkish capitalism was a contradictory process from the beginning (2008). Turkish state apparatus as a whole was historically shaped by the values and principles of the inward-oriented accumulation period. Therefore Özal, created an *alternative bureaucracy* subject to neoliberal ideology, alongside of traditional bureaucracy in a specialized economic apparatus working directly in relation to the Prime Ministry (Güler, 2005). Accordingly the role of traditional economy bureaucracy was changed. For example Undersecretariat for Treasury and Foreign Trade was established under the Prime Ministry. As Ministry of Finance was left mainly the duty of collecting revenues, the newly founded Undersecretariat for Treasury and Foreign Trade was authorized for making and implementing financial and monetary policies (Güzelsarı, 2008, p. 64-67; Berkman and Heper, 2002, p. 158).

On the other hand, the State Personnel Law was modified in order to allow the private sector managers to enter into the highest administrative echelons in the public bureaucracy. In this way, new civil servants sensitive to market principles were employed from outside the bureaucracy. They were appointed as heads of economically critical agencies such as Undersecretariat for Treasury and Foreign Trade, Central Bank, and the state economic enterprises (Berkman and Heper 2002, p. 158). On the other hand, MP governments did not intend to convert the bureaucracy into a legal-rational one; instead tried to incorporate dynamism into the economic bureaucracy by bringing in outsiders to head the critical



agencies of that bureaucracy. According to Berkman and Heper, the bureaucracy as a whole continued to function in its old methods because Turkish bureaucracy's patrimonial characteristics remained stronger than its legal-rational characteristics (2002, p. 159).

To summarize, institutions such as Treasury, Finance Ministry and Central Bank gained prominence in the executive branch in Turkey. The organization of Prime Ministry was expanded in line with the centralization of decision making and the strengthening of the authorities of the executive branch. The main units of economic administration were directly linked to the Prime Ministry, which started to function like a "ministry of economy". While the State Planning Organization, which had a prominent status in the inward-oriented accumulation period, lost this status in the eighties (see Akçay, 2007) the Treasury gained a new status because of its central function in regulating the integration with global markets. Many important economic functions were transferred from the Ministries of Finance, Commerce and Industry to the Treasury. As a result of this process, the Treasury gained an autonomous position above the ministries (Güzelsarı, 2008, p. 64-67).

### ***Privatization and the limited "success" of neoliberal reforms***

One of the main component of NPM reform agenda is the privatization. Privatization was placed on Turkey's economic policy agenda as early as mid-1980s, and has continued today. But the attempts of neoliberal reform, especially privatization remained quite slow in the 1980s and 1990s.

Özal and his Motherland Party saw privatization as an important means for establishing a market-oriented reform policies and the structural adjustment process. Policymakers often presented privatization as a key way to increase overall efficiency of the economy, reduce public expenditures, transform what were seen as inefficient public enterprises, downsize the scope of the state, develop domestic capital markets and widen share ownership by the general public (Atiyas, 2009; 2011). Attempts to privatize state assets were

undertaken often through decrees with force of law. This method, used by governments through the mid-1990s, provided substantial discretion to the executive (and also to specific agencies controlled by it) over the due procedures and methodologies to be followed in the privatization process. Indeed these policies would have allowed the government to put into effect privatizations in unaccountable and non-transparent ways. But most of these attempts were met annulments by the Constitutional Court. Many of the privatization cases were challenged at the Constitutional Court and privatization decisions were reversed (Atiyas, 2011; Ertuna, 1998).

Despite the rhetoric, we referred above, the Turkish privatization experience in the 1980s and 1990s didn't fulfill the expectations. Several arguments have been suggested to explain the reasons behind this "failure" or "tardiness" in neoliberal reforms and particularly in privatization, from different viewpoints. Atiyas indicates main reasons behind privatization failure as follows: "weak commitment by coalition governments, disagreements among coalition partners about the desirability and scope of privatization, concern at the political level about loss of patronage opportunities, the ability of the *étatist*-minded state elite to use the recourse to the constitutional court to launch legal challenges against privatization laws and that the general public was not yet altogether agreeable to the notion of privatization" (2009, p. 1). He evaluates legal infrastructure for privatization and reveals the inadequacy of pieces of legislation and reasons behind the contrasting outcome between the 1990s and 2000s. Accordingly Ertuna also examine these constraints of privatization in terms of political and legal constraints, labor constraints, and constraints in implementation (1998).

In fact, public administration scholars suggest certain precondition for "successful" implementation of NPM in underdeveloped countries and also in Turkey. In general, from the institutionalist viewpoint the "state's capacity" is seen as a precondition for successful implementation of NPM in developing countries. In this view, these countries may lack the necessary expertise, managerial capacity and resources to adopt rather sophisticated NPM reforms.

NPM may not be useful for public sectors in those countries that have been greatly affected by corruption; governments have only little experience in the operation of markets; it is difficult for these governments to move to contractual arrangements for the delivery of service because the necessary laws and the enforcement of contract are not well established. It seems difficult for them to move away from the bureaucratic system. This old model of organization allows favoritism and patronage; NPM commitment to privatization may be difficult to manage in developing countries because those countries may not have the administrative capacity to undertake this complex task successfully (Mongkol; 2011, p. 37-39).

Accordingly these arguments are also prevalent among some scholars in Turkey. Most of the scholars suggest some reason of inadequacy of market-oriented reform in general and failure of privatization in particular by examining the applicability of NPM reform to the Turkish context. Sözen and Shaw evaluate the period of the 1980-2000 in this respect and they argue that the NPM model, that underpins the pursuit of economy, efficiency, and effectiveness, may offer one solution to Turkey's public administration problems. But this does not seem to be reflected in discussion within the Turkish context (Sözen and Shaw, 2002, p. 478-479).

*Firstly*, the failure and inadequacy of market-oriented reform is explained in terms of state-civil society relation in Turkey. In other words the applicability of NPM is seen partly dependent upon the nature of relations between the state and civil society. In this problematic viewpoint, the state is characterized as strong, centralized and highly bureaucratic state inherited from the Ottoman Empire. The nature of the relationship between the state and civil society within Turkey repress demands upon government (see Heper, 2006). In a similar vein, for Sözen and Shaw two main points need to be addressed in the application of the new public management model to the Turkish context. First, the extent to which the demands of Turkish society exert pressure on government and, second, how far the Turkish state institutions would give way to pressures for implementation of NPM-type reforms. Yet NPM

emerged in liberal democracies, in part as a response to the pressure of increased demand for public services and low public resources. Turkish governments do not face the same type of pressures from civil society (Sözen and Shaw, 2002, p. 480). This approach based on the dual conceptualization of the state-civil society by liberal mentality is widely recognized in political and academic circles and in popular perception (Kendir-Özdiñ, 2010).

*Second factor* that limited the introduction of reforms was clientelism and party patronage, which are seen as fundamental characteristics of the Turkish political system. According to Sözen and Shaw, the nature of party politics requires transferring state sources to their supporters through clientistic relations and network politics. So, any reform programme which pose a threat to politicians' control over patronage are profoundly resisted (Sözen and Shaw, 2002, p. 481). *Third significant barrier* towards implementing administrative reform is related with administrative attitudes of Turkish bureaucrats. They have central tendencies by not delegating authority to subordinates; reluctant to take initiative and to innovate; paternalistic relationships between superior-subordinate staff. Besides, NPM incorporates the importation of private sector management systems and techniques into the public services. Injection of market forces, commercial criteria and competition has been central to NPM-style reforms. A focus on result-oriented action, flexibility, innovation, the right to manage and delegation are promoted as principles of NPM. Such principles require also administrators become "managers". The centralized decision-making structure, the seniority system, political loyalty-based recruitment, promotion and reward, as well as law-oriented administration restrain the introduction of delegated authority, output-oriented and performance-related appraisals promoted by NPM (Sözen and Shaw, 2002, p. 481-482)

According to Sözen and Shaw in Turkish case the main administrative values are "authoritative-benevolent inter-personnel relations" and "action avoidance". The major influential factors for these values are related with socio-cultural feature (Sözen and Shaw, 2002, p. 481). In NPM model, private sector practices

should be applied to the public sector. Transfer of private sector managers into public sector is considered important, in that by this way private sector values would enter the public sector. For them, on the contrary, the movement has traditionally been in opposite direction in Turkey, in that high level civil servants transfer into the private sector. This is a manifestation of the dominance of the state over civil society. But it is important to note here Sözen and Shaw do not take into account “alternative bureaucracy” created by Özal and transferred from private sector we mentioned above. For them, in brief, “in societies where public administration demonstrate high levels clientelism, patronage and corruption, attempt at the implementation of administrative or management reforms would fail” (Sözen and Shaw, 2002, p. 482-483).

*And lastly, but most importantly*, blockage or constraints towards implementing NPM reform were inevitable because of the conflict that emerged between the state institutions and government, between the executive and judiciary organs. In our point of view, this conflict is the most important reason of unavoidable and unwanted delay of NPM reform in Turkey. Some scholars claimed that more unified and centralized system of political control and power facilitate introducing new approaches, such as NPM, to the public sector. Depending upon this viewpoint, Turkey should have the capacity to implement such reforms, if the government were to be committed to them since the state is a unitary and highly centralized state with the powerful Prime Minister’s office. Nevertheless Turkish political system contains some other features that hinder NPM reform. This was especially evidenced after 1987 when Turgut Özal initiated a market-oriented reform movement. Upon winning the election, Motherland Party was able to use its large parliamentary majority to push reform (Sözen and Shaw, 2002: 480). But the conflict that subsequently emerged between the state institutions and government, raised critical blockage. For instance, the courts rendered the legislation introducing privatization of state enterprise “unconstitutional”; and privatization decisions were reversed (Sözen and Shaw, 2002: 480).

Above all, when coalition governments emerged in 1990s with weak commitment to neoliberal reforms, delaying privatizations were became major problem for global and domestic capital. Thereby, lack of sufficient attention to the legal framework of privatization has been seen as the most important reasons for limited success in privatization (Ekiz, 2010). In response to prolonged legal controversies about legal regime of build-operate-transfer and similar models, the Constitution was amended to secure the realization of build-operate-transfer and similar model projects through private law contracts. This has made possible to evade the Council of State's prior review and jurisdiction. By the end of the 1990, a more comprehensive and systematic transformation of the institutional and legal structure of the state came to the agenda; and the legal infrastructure for privatization was completed to a large extend. The Constitutional amendments in 1999 fixed privatization and internationalization as general principles of the state. By doing this it was aimed to solve or minimize the conflict between the executive and judiciary branches (Oğuz, 2008, ch. 4).

To conclude, this first reform phase from the 1980s to the 1990s is defined as *unsatisfied* NPM reforms attempts in several respects from the point of global and domestic capital, though market-oriented management strategies were dominant theme. This wave of reform produced new directions to the structural reforms and the most significant change occurred in the reorganization of state. The state organization went through a substantial transformation. On the other hand, despite the crucial constraints and unsolved contradictions explained above, through deregulation, liberalization and also privatization policies, the state's means of intervention in the public sphere were profoundly reduced. Especially public service areas such as education, health and social security, where there were strong historical gains as a result of social struggles, were restructured to increase the profitability of capital. This trend involved the strengthening of capital and the expansion of capitalist market logic into the public service delivery and all social spheres, decline in the living standards, flexibility in the labour

market, decrease in employment, and reorganization of income and expenditure policies. Nevertheless, the attempts for a comprehensive public administration reform in order to restructure the state in line with new public management principles came to the agenda in the early 2000s.

### **From 2000 to the Present: Strong Commitment to New Public Management**

By the end of the 1990s, Turkish neoliberal reform process entered a new phase (named as “second generation neo-liberal reforms”) that aimed the institutionalization of the neoliberal reforms through a series of new laws and regulations and the substantial structural transformation of the state in line with the principles of market-oriented internationalization. In neoliberal structural transformation process the main aim was the creation of institutions necessary for the global capitalist system. Public administration reforms formed an important part of the structural reforms in this phase on the basis of “global competitiveness” and “adaptation to the global market discipline” as well as the requirements of domestic and international capital was predominant. The aim of creating institutions necessary for the articulation with global capitalism was concretized in the structural, functional and organizational transformation of state organization. In this phase we witnessed increasing wave of legal changes and reform attempts related to the administrative system. In fact, not only the state and its socio-economic functions were transformed, but also state’s institutional organization and its functioning, the judicial rules on which it is dependent, public personnel regime and conceptualization of public services entered into a thoroughly critical transformation process.

The reform attempts have become an important issue in Justice and Development Party (AKP) government programmes. The high commitment to neo-liberal reforms in the 2000s, following the advent of a successive conservative-liberal AKP governments in power since 2002, led to the public service becoming highly decentralized, marketized, contractualized and privatized. The new government presented itself as the pioneer of public administration reform; and

justified its attempts with the emerging need for “flexible” public administration (Çelenk, 2009, p. 50). The new NPM reform agenda centered on business-like management, competition and market mechanism, delegation, deregulation and market based regulation, disaggregation, decentralization, privatization, contracting out, subcontracting, budgeting for results, flexibility, performance-related systems, strategic planning and management, efficiency and effectiveness, etc. In brief, the rhetoric of public administration reforms have explicitly reflected NPM approach introduced previous period. The principles of NPM, which itemised in the first section, have enforced by the AKP government in many area of reform.

In the following we will examine reform attempts with reference to the mainstream depiction of NPM. Firstly we will discuss a brief overview of recent reform attempts in line with the NPM agenda. Then we will evaluate the outcomes of NPM reforms by focusing on independent regulatory agencies (IRAs). Because NPM reforms most clearly were manifest in the form of these agencies. Thus, on the basis of the legal changes concerning IRAs we deduce whether “a new generation reform” appears or not in terms of post-NPM discussion.

### **A General Outlook on New Public Management Reforms**

1. As we noted before, since 2000s we witnessed increasing wave of legal and structural changes related to the restructuring the state as a whole. An important example of legal changes related to the administrative system was the *Draft Law on Public Administration Reform* which prepared and submitted to the Parliament in December 2003. The draft law was voted on and accepted in Parliament but on 3 August 2004 it was vetoed by the President on the grounds that it was contrary to the unity and integrity principle of the state as given in the Constitution. Despite it was vetoed, this legislation on public administration reform was important in terms of comprising and clarifying both NPM and governance principles. For example, AKP noticed that the aim of this reform was to create a more favorable legal and institutional environment for the efficient, effective, transparent, and participatory provision of public services



(Özoğlu, 2004). Accordingly this law included important provisions that aimed the restructuring of central administration and also the relationship between the central and local administration in line with market principles (Kendir-Özдің, 2009a, p. 19).

The AKP aimed at transferring all services currently provided by the central government i.e. ministries to local governments with the exception of defense, justice, and security, which are usually termed as “the primary services of the state”. But this aim could not be attained (Kendir-Özдің and Özдің, 2010, p. 2). These are the principles of NPM and governance and the government wanted to clarify and transform the division of labour between central agencies and local administration in line with market rules. Likewise it was argued that with this law new administration ethic would be bound to market rules and would utilize market forces effectively. Despite the draft law was voted, the government didn’t give up its strategy of a comprehensive reform; and many of the principles and objectives of the public administration put into effect through successive pieces of legislation (Oğuz, 2008, ch. 4).

2. Second example of legal changes is related to *the privatization and public-private partnerships projects*. Privatization had been a very slow process from the point of global and domestic capital, as well as the governments until the end of 1990s in Turkey. By the end of the 1990s, the legal infrastructure for privatization was majorly complete and then privatization movement has changed significantly and more radically since 2004. A number of large enterprises have been privatized and privatizations have affected especially main sectors such as telecommunications, banking, energy, electricity and natural gas, petrochemicals, and production of tobacco, etc. The block sale privatizations of large-scale state enterprises all completed under the successive AKP governments. These privatizations have had a constitutive political impact as they have turned into ideological moments within which the capitalist market has been praised as the main legitimate regulative framework in capital-labour-state relations in Turkey (Angın and Bedirhanoğlu, 2013; Ekiz, 2009; 2010).

Another changes is that the *new contractual approach to the delivering*

*public services through public-private partnerships (PPPs)*. Legal changes for the PPP projects came to the agenda as a part of the NPM reform and governance policy. PPPs have become a very fashionable and dominant slogan in the turn of the century discourse in public sector administration and restructuring of the state around the world. Turkey is one of the first countries to apply PPPs by build-operate-transfer, build-operate, build-rent-transfer, transfer of operation rights since the 1980s. These are the typical PPP methods applied especially in energy, transportation, drinking water and tourism sectors. In 1984, the first build-operate-transfer law (no. 3096) was enacted. This law regulates the delegation of electricity sector projects to the private sector. In 1994 a new law was enacted (no. 3996). This law forms the legal basis for many categories of infrastructure investments to be built under build-operate-transfer model (named as bridges, tunnels, dams, irrigation, drinking water, plants, sewerage, communications, generation, transmission, distribution and trade of electricity, mines and mining operations, factories and similar facilities, investment for preventing environmental pollution, highways, railways, underground and ground auto parks, sea and airports for civil use, and other similar investments and services). These are the typical PPP methods applied especially in energy, transportation, drinking water and tourism sectors. However health, education, justice services are not covered under the current legislation (Güzelsarı, 2009).

After reelection of AKP in 2007, the first step of the government has been to prepare a new PPP draft framework law but was not enacted. From the perspective of global capitals, the content of the PPP law is crucial for their penetration to the Turkish market, as privatization in Turkey had been a very slow process because of the political, legal and institutional obstacles. Although the Turkish private sector has got an important experience in infrastructure services there are some weaknesses in the legal and institutional framework of PPP model in Turkey. Recently expanding the role of private sector in delivering public services and the transfer of public services into private hands through PPP projects has been discussing intensely; and PPP projects have been presented as a part of public administration

reform and restructuring of the state. Recently these PPP models appear in health services because the government grants extended to private health services via these models. Thus, PPPs are one of the prominent methods for marketization of health services by the state, and commodification of health care (see Güzelsarı, 2012).

3. Another reform area which openly reflected the NPM approach and its constant principles was the finance management reform (see Güzelsarı, 2008). The public finance management system and the budget formation process were completely modified and reorganized by the Law No. 5018 on Public Financial Management and Control in 2003, replacing the age-old Law No. 1050 of General Accounts. This reform, formed an important part of the structural reforms in this phase, aimed at controlling and reducing public expenditure. So, the new law has increased parliamentary control over the budget. According to this new finance system, the budgets of public agencies should be prepared for a three-year period in compliance with strategic plans including performance measurements. Local governments also have to prepare their strategic plans in the direction of Law No. 5018. According to Sezen these plans are prepared just to formally fulfill the obligation because most of the local governments have no planning tradition and the necessary expert personnel for planning experience. So in many cases these plans contain mainly local government's daily duties without any special indication about their targets and means (Sezen, 2011, p. 332).

4. In this phase, the state apparatus also were reorganized and changed as such: the creation of independent regulatory agencies (IRAs) (see Bayramoğlu, 2010); the separation of revenue administration from the Ministry of Finance and the establishment of semi-autonomous revenue administration (see Güzelsarı, 2008); the merging of three different social security agencies; the establishment of regional development agencies (RDAs) (see Kendir-Özding, 2007).

The number of public agencies has increased. As Sezen emphasize, this enlargement has some special characteristics. First, this development is partially due to the universal 'agencification' trend. Second, some of these agencies have been created by the division

of tasks belonging to classical governmental organizations. This reflects the trend of disaggregation. For instance, department of revenue administration was separated from the Ministry of Finance and a semi-autonomous new agency (the Directorate of Revenue Administration related to the ministry) was established in order to separate the design of revenue policies and their implementation. On the other hand, policies which are adopted by the regulatory state of the neoliberal era, led to changes in the state's role in regional policies in terms of content, form, and instruments. Changing aims, instruments, and practices of the regional policies in Turkey also reflect this transformation. As a result of discussions on regional policies focusing on the creation of regions with high competition capacity on global level, the issue of regional government has become a hot topic. The establishment of development agencies as an institution on the regional level has constituted a major topic in the political and administrative processes. The passing of the Development Agencies Law in early 2006 has given rise to the establishment of development agencies as a basic instrument of regional policies and as a new and different administrative unit.

Third, some of these new agencies have a structure permitting the representation of NGOs and market actors. In some decision making bodies of the independent regulatory agencies (IRAs), representatives of market forces and professional chambers have attended. That is also the case in regional development agencies, in their decision-making body representatives of the government, the private sector and NGOs attend together. Fourth, agencies in the economic field have the advantage of autonomy and they are "at arm's length from the government". The best example is independent regulatory agencies (Sezen, 2011, p. 333).

### **Independent Regulatory Agencies (IRAs)**

Since the late 1980s, one of the reform areas of the NPM is the creation of regulatory agencies all over the world.<sup>7</sup> These are

7.As Bhatta clarifies that in daily language "an agency is synonymous with 'organisation', and may include government departments, autonomous government bodies, and other

seen as the structural innovations of NPM movement. For public administration scholars these agencies were introduced in the interest of increasing administrative efficiency and productivity in public administration. However as this agencification wave proceeds, some countries including Turkey began to complain from their autonomy and focus on new way thoughts recently. So, instead of delegation, independence, and the autonomy; de-delegation, centralization of decision making, executive discretion, politicization of bureaucracy, increasing political control over economic government, and retreat from the good governance logic have come into prominence (Özel, 2012).

By the beginning of the 2000s, following the independence of Central Bank, new regulatory agencies were created and incorporated with the Turkish administration system.<sup>8</sup> These powerful bodies “made their presence felt in key sectors of the economy (Öniş, 2009). There are various justifications for this institutional restructuring within the state organization. One of the main rationale is delegation. It is argued that by delegating authority to design and enforce regulations to independent agencies executive solves a credibility problem and regulatory decisions will be protected from political influence (Atiyas, 2011)

Independent regulatory agencies, enjoyed high level of independence, were established outside the core departments but they affiliated with the respective ministries. They also differ from other public institutions by their broad authorities, their collective decision making system, the presence of interest groups representatives in their decision body, the level of their autonomy from the political power,

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organisation within the public sector. However, as applied across jurisdictions, an agency is distinguished from traditional government departments by degree of their autonomy from political control. Such autonomy is also evident in managerial and policy spheres. The associated term ‘agencification’ then refers to the practice of creating these types of agencies in the pursuit of attainment of government goals” (2003, p. 4).

8. Some of them were established before 1990s, such as Capital Markets Board (1982), The Higher Board for Radio and TV (1994), Competition Authority (1997), Banking Regulation and Supervision Agency (1999); some of them after 2000s, such as Information Technology and Communications Authority (2000), Energy Markets Regulatory Agency (2001), Sugar Agency (2001), Tobacco and Alcohol Market Regulatory Agency (2002), Public Procurement Agency (2002).

their budgetary possibilities and high personnel wages (Bayramoğlu, 2010; Özel, 2012; Sezen, 2001-2002; 2011). Some of the rules were set by regulatory agencies, were endowed with substantial authority and independence during a severe crises, which shook the Turkish economy in 2000-2001. On the contrary recently AKP government has attempted to curtail the independence of those agencies and to recentralize authority in order to enhance its capacity to respond more flexibly to the ongoing crisis (Özel, 2012, p. 120; Üçer, 2013).

### **The Reversal of the Agencification Trend?**

The question is here why Turkish regulatory agencies have become subject to increasing political intervention (Özel, 2012; Üçer, 2013). As Özel argued that the attempts can be characterized as a trend towards de-delegation policy. This is a typical oscillation and change in the Turkish public administration between the politics of delegation and de-delegation. The politics of de-delegation has taken place through recent legal changes, especially by statutory decree. In this context the government passed a new statutory decree. Decree-Law No 643, dated 3 June 2011, stated that: “the IRAs may be directly attached to respective ministries, based on the order of the Prime Minister and the President’s approval”. It means that this law authorized line ministries to “inspect” the activities of the IRAs affiliated with them. This has been interpreted as another way of weakening the financial and administrative independence of IRAs (Atiyas, 2011).

Second legal arrangement towards limiting the IRAs’ independence is Decree-Law No 649, dated 8 August 2011, pointed out that “the minister has the authority over all transactions and activities of the related, attached and affiliated agencies”. This recent change may further increase political control over regulations and other transactions of the IRAs (Özel, 2012, p. 120). Business circle have interpreted these legal changes like that: “removing the autonomy means displacement of *de-facto* with *de-jure*”. In fact the personnel of IRAs and also Regional Development Agencies are not bound by rules applicable to civil servants and particularly by the salary schemes and financial conditions. These organizations, which function as

private entities, are exempt from the limitations of the general salary regime (Sezen, 2011, p. 334; Kendir-Özdinç, 2007). But this privilege was abolished and changed because Degree-Law No 666, dated 2 December 2011, rearranged the wages of board members and chair; and their wages were reduced (around 60 percent) (Üçer, 2013, p. 121).

On the other hand the ministries with which IRAs are affiliated have increased their control over them by means of various formal or informal mechanisms. Besides intensifying political control in legal arrangements granting the ministries authority over IRAs, the government was trying to limit the IRAs' independence by using informal mechanism such as appointment of their board members. Ministries have important power in the election process as well as selection of sectoral representatives. In addition to appointment of board members, reappointment is also possible and common; and the tenure of the agency heads and board members is unsteady (Özel, 2012: 124-125)<sup>9</sup>. But as appointments are highly political, conflicts arise in boards formed by members appointed by the governments, and decision processes are blocked. In addition to that "it is not very clear who profits from the autonomy of these boards. Governments interfering *de facto* with IRAs could easily avoid the responsibility of unpopular decisions, on the pretext of their *de jure* autonomy" (Sezen, 2011, p. 333).

On the other hand, financial independence of the IRAs caused important disputes because these agencies enjoy very large resources including with the revenues gathered from both sectoral partner and consumer (such as the fees collected from regulated firms; fines; and user's fees from consumer). So their budget may exceed billions of dollars. In relation with this the privileged status of the IRAs and their personnel has increased the reaction of bureaucrats. Thus, intra-bureaucratic rivalry results in contested authority and independence. So, IRAs transferring most of their revenues ("surplus"), including

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9. For example in the case of Information Technology and Communications Authority, the Ministry of Transport, Maritime Affairs and Communications was given authority to determine license values and access the Universal Service Fund by some amendments (Özel, 2012, p. 125).

“taxes” they collect, to the Treasury. But IRAs’ financial auditing definitely changed with the Law no. 5018 on the Public Financial Management and Control in 2005 (Özel, 2012, p. 126). As pointed out before, Law no. 5018 has increased parliamentary control over the autonomous agencies’ budgets. Their budgets were previously prepared by the agencies themselves, but now they are subject to parliamentary approval and these agencies subject to the strict financial control of the Court of Accounts. In brief, financial autonomy of IRAs has restricted by the same law; and even has ended (Sezen, 2011, p. 332)

The AKP have aimed to reduce the dominance of bureaucrats in key sectors without any public accountability through legal changes mentioned above. But ironically the government has done institutional and legal changes by denouncing it as a “lack of democracy”, the “hegemony of bureaucracy” and “bureaucratic oligarchy”. As Özel inserted, this “de-delegation of politics” does not mitigate the neoliberal tendency of the AKP. The resistance against the IRAs results from both political and bureaucratic actors has played a significant role in limiting the authority of IRAs. The existing institutions and political culture in Turkey have not entirely adopted these agencies. So, “illiberal regulatory state tilting toward the centralization of authority by means of intensified political control”. There are two prominent justifications related to the interventions in regulatory agencies. First one is the rhetoric of “democratic legitimacy” of the institutions; and the other is the need to improve democratically elected politicians’ capacity to respond to recessions and crisis. Özel argue that enhanced capacity of the executive to intervene in the regulatory space will increase the flexibility of the executive and/or resilience of the Turkish economy (2012, p. 127).

## **Conclusion**

In this article we have examined Turkish public administration reform process since 1980s in line with the restructuring of the state in the context of neoliberal globalization. The wave of public sector reform that began at the early of 1980s and gained speed during the



1990s is commonly referred to as the NPM among the academic scholars. Almost all kind of administrative reform attempts have generally discussed under the new public management (NPM) approach. While ideas and rhetoric about NPM have spread all over the world and many countries have introduced reforms associated with it, a number of criticisms have been leveled at NPM. Recently NPM agenda has been challenged and replaced by an emergent “post-NPM” agenda. From this point of view we have examined administrative reform process as a whole since 1980 in Turkey. Consequently, we can assert that public administration reform in line with the new public management approach does not pertain only to the AKP. There is a continuity and rapture between two reform phases. First generation NPM reform process (1980-1999) can be described as unsatisfied and weak commitment to neoliberal reforms; on the contrary second generation NPM reform process (from the 1999s onwards) can be described as strong commitment to neoliberal reforms. Hence in this phase NPM agenda put into practice radically by AKP governments in many area of reform, through institutional and legal changes. In this phase there have been important and profound changes in state structure as a consequence of neoliberal transformation.

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# The Others in the Production of Urban Labor: The Case of Izmit Gypsies

Örgen Uğurlu<sup>1</sup>

## Abstract

On the ground of the removal of poverty and blighted areas, the improvement of selected urban areas as more modern and secure, and the ending of housing shortage, urban transformation projects in practice operate as a conversion of urban areas into new areas of rent by removing their former inhabitants and transferring those areas to the middle and upper income groups. Thereby, those declassed people of the system of capitalist accumulation, with no regular and secure work and subsequently income, drop out of the well structured urban areas. In this study, the Gypsy population who work in marginal sectors defined in the informal economy and which are displaced or will be displaced by the ongoing urban transformation projects in the province of Kocaeli is discussed with regard to both their displacement process and their re-settlement conditions depending on economic income levels and their identity, in the light of the findings of the search carried out in Izmit town in a time period of almost two years.

**Keywords:** *Urban Labor, Displacement, Urban Transforming, Gypsies.*

## Introduction

In discussing the city and othering of labor in the city, it would be proper to refer to the relation between the city and the labor to begin with. Population, commodity, service and information movements occur relatively in cities. Those are the fundamental factors that create the surplus value on which capitalism is based, and a creation of surplus value requires capitalists to produce surplus products. It is also possible to argue the reverse, *i.e.* to say that cities have arisen thorough social and geographical concentration of a surplus product (Harvey, 2013: 45). Whereas the surplus product is produced by the

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city's labor force, labor processes rely on the flexibility as regards workforce markets, products and consumption patterns (Harvey, 2010: 170). The population which creates labor is separated into qualified and unqualified workforce on the basis of skill and knowledge in the production of urban commodities and services. If a population which is described as unqualified workforce has additionally a different ethnic identity, it would be more exposed to othering in employment policies.

As for the othering in workforce specifically in Turkey, Gypsies who exist right in the heart of urban transformation areas especially appear amongst those ethnicities which are exposed to discrimination not only in the sense of space but also in the production of urban labor. This ethnic group is being subjected to policies urging them to take up a settled life in the urban environment whereby their nomadic culture is brought to an end. On the other hand, along with the process of urban transformation which is one of the space-oriented practices of neo-liberal policies, the fact that this group, has taken up a settled life outside the scope of official urban development whether on the urban fringes or in the inner city causes them to be displaced. Furthermore, the rapid reduction in the sectors defined in the informal economy as a result of other neo-liberal political practices increases the rate of unemployment in this group.

Integration in such transformations which are supposed to be implemented for the sake of ensuring urban security and social integration is in its broadest sense the adaptation of the "unlike" to the "common". Although an integration which the "unlike" would sustain on a common ground with the "common" without deteriorating and while keeping their cultures alive should have taken place with deprivations remedied, all diversities are being forced into a uniformity which is based on the dominant class and identity. The "others" who cannot adapt themselves to such an angular device are being pushed towards the urban peripheries, which results in a kind of urban cleansing. While it ensures that new middle classes with similar income and cultural structure are being presented with a modern and safe urban space, this class which constitutes the qualified work-

force makes up, on the other hand (“as a matter of fact” would be a more proper wording), both the production society which will be marketed to capital and the consumption society which is essential to capitalism. What is contradictory here is that capitalism still needs a labor which employ to perform low-wage and inferior jobs which are not desirable by the qualified workforce such as cleaning, garbage collection, and park and garden maintenance. In order to offer such services, the population defined as unqualified workforce is tried to be kept in the urban labor stocks as a spare workforce which is expected to satisfy the system’s requirements with its demand for a low income and unsecured employment. The common condition to be able to exist in this new system for both the qualified and unqualified workforce is to adapt to the flexibility mechanism or, in other words, to offer flexible labor to the system.

Within this new social device, a system reminiscent of Malthusian population policies is being built in which the fittest should survive. There are certain other conditions for survival in the city and for existence in the urban labor process than offering flexible labor force: having the required qualifications depending on the job (and unqualification for low-wage jobs), adapting to the flexible working conditions, affinity to the ruling politics, and being present in a social structure which does not object to the policies in practice and which is not politically organized although it can establish associations. In such a structure which can be described as Malthusian labor policies, although it seems possible that the fittest among the low-income groups would hold on to the city faster than the others, it is questionable whether it would be possible to shift the urban poverty to the new arrivals in the city (Işık and Pınarcıoğlu, 2011) or the urban poverty would persist in such groups.

The dropping out of the marginal labor, which is confined within the walls of poverty in such an economical-political structure as outlined above, towards urban peripheries by means of urban transformation projects also means moving away from the location of marginal sectors, *i.e.* sources of income, which are already hardly accessible under normal conditions. By this moving away, time and



cost spent on transportation in the city will be increased. For this group to gain access to the income on which they can subsist and to maintain their economic situation however minimal, will be difficult to get. The inferior sectors essential for the continuation and regeneration of the system such as call centers, fast food industry, tourism industry, petrol stations, shop assistance, markets, security, park and garden maintenance, cleaning and garbage collection which are described by David Harvey (1993: 87) as included in the second level of flexibility involve flexible working time and low and insecure income. Being employed in such sectors is still perceived as a privilege by the informal workforce.

Let us consider this process from the point of the subject matter of this study: Gypsies, having specialized for centuries in certain crafts and been called by their crafts as blacksmiths, sieve makers, basket makers and whitesmiths, have become unable to perform their traditional crafts in urban centers in the Fordist and, later on, post-Fordist (this can be read as liberal and neo-liberal respectively) labor processes and chosen marginal sectors such as junk dealing, stallholding in markets and selling flowers in order to subsist.

Antigypsyism, faced in the societies with which they are intermingling also seems to be a major factor underlying Gypsies exclusion from participating in labor processes. Hristo Kyuchukov defines the “antigypsyism” (taken from an unpublished paper of the “Preparatory Meeting of Civil Society Representatives” on 21 March, 2012) as “[...] expressed, among others, by violence, hate speech, exploitation, stigmatization and the most blatant kind of discrimination” (2012:5). Not having been easily accepted in the settlement areas throughout their history, Gypsies are being compelled to move to urban peripheries by means of urban transformation projects which have recently gained momentum and it is getting even more difficult for them to perform their latter lines of work they subsist on. Training courses are offered and particular fields of employment are created in order that this group, which is marginalized through both re-organization of labour markets and urban transformation projects, may feel themselves included in the system. However, it is

questionable whether the fields of training offered and the sectors in which they are employed would improve their economic situation as it will be discussed later in the study. The group claims that they suffer ethnic discrimination also in finding employment, and the job situation of a few individuals among them who have received higher education does not present a different picture, either.

As Gypsies are unable to gain access to a sufficient level of income despite the training courses and particular fields of employment provided, the central and local governments offer public relief to them, as with all the urban poor who produce proof of insufficient income. Deficiency of social state policies is thus made up for through public relief.

Within the framework of this study which is based on these fundamentals, factual examples of such economically, ethnically and culturally marginalizing attitude towards Gypsies as well as the inadequacy of inclusive policies will be dealt with in the scale of İzmit district of Kocaeli province concentrating on the production of urban labor. The focus of the study will therefore be the Gypsy population living in İzmit and working mainly in marginal jobs. The aim here is to point out to the problems and susceptibilities of a social group which is exposed to the projection of a social case of othering on the labor locations and employment. To this end, the study will briefly dwell on the historical transformation of urban labor from the point of view of Gypsies who have been offering their labor in a flexible manner throughout their history. It will be followed by the findings obtained from interviews conducted, employing a semi-structured and open-ended questioning technique, with 39 individuals, 18 of whom are women and 21 men, from among a sample representing the qualified and unqualified workforce within the Gypsy population living in the neighbourhoods of 28 Haziran, Serdar, Yenimahalle and Tavşantepe in İzmit district. Furthermore, the structure of employment courses initiated with the target of increasing the employment in the city as well as the fields and rates of employment mainly within the government agencies and their subcontracting firms will be discussed. The findings obtained from the field survey are dealt with in

two separate studies, namely levels of participation in urban labour and displacement processes. The one presented here is on the relations of the levels of participation in urban labour and the conditions of labor production to inner and outer dynamics.

### **Gypsies In Historical Transformation Of Urban Labour**

While the changes in people's lives under the influence of economic, social, cultural, religious or scientific developments change the city, the changes occurring in the structure of a city whether spatially or politically lead the lives being led in the city to a change. Such changes manifest themselves in space, administration and culture but the quality and supply of the labor that creates the city undergo certain changes as well. Throughout the history cities have been, made out of stratified and diversified groups with different functions, as Mübeccel Kıray remarks (2007: 144). The distinction between qualified and unqualified workforces and between formal and informal works as well as the urban marginality have persisted throughout the city's history although in different structures and on different grounds.

However, "[urban] marginality is not everywhere woven of the same cloth. (...) The generic mechanisms that produce it, like the specific forms it assumes, become fully intelligible once one takes caution to embed them in the historical matrix of class, state and space characteristic of each society at a given epoch" (Wacquant, 2011: 11-12). Based on this caution, when cities are considered as pre-industrial, industrial and post-industrial cities, it can be seen that urban labor and marginality have also undergone certain structural, though not definitional, transformations along with the cities.

In pre-industrial cities, a specialized merchant class has emerged along with the development of commerce beginning from the 12<sup>th</sup> century and the ensuing system of guilds under which the craftsmen were organized has become an important institution of the city (Hatt and Reiss, 2002: 29; Sjoberg, 1955: 439-442). Guilds were constituted for merchants and craftsmen as well as for slaves, entrepreneurs, and even beggars and thieves. Guilds have distinctly functioned only

within the boundaries of local communities (Sjoberg, 1955: 440). Being a member of a guild was the only prerequisite to perform a profession. The basic criterion taken into consideration in choosing the members was the family relations. For this reason, who the person was and who his relatives were mattered more than the person's skills to perform a profession.

Guild structure also exists in Gypsy populations. Gypsy tribes have been named by their crafts as in Ciobatoris (shoemakers), Costoraris (whitesmiths) and Ghilabaris (instrumentalists) depending on the countries where they live (Berger, 2000). Although some of them live in cities, others have a nomadic culture unlike the guilds. Such individuals participate in the process of urban labor by exchanging services such as dentistry, blacksmithing, basket making and, if it could be counted as a profession, fortune-telling depending on the requirements of the settlement areas where they stop over (Beck, 1989: 53-61).

The 15<sup>th</sup> and 16<sup>th</sup> centuries mark an era during which the old professional organizations disintegrated in the western European cities that grew to be commercial and industrial centers, the first machines appeared in production, rural areas started to be abandoned and people lived in immense poverty behind a foreground of prosperity observed in art and science (Bumin, 1998: 75). As the merchant class of bourgeoisie prospered with the new cores of capitalism, guilds waned in power and instruments of production changed hands. Beginning from the 16<sup>th</sup> century, capitalist accumulation processes gained momentum, and the industrial capital in modern sense created the prerequisites for establishing worker - employer relations. With the transition from handcraft and household production to mechanized production, this period witnessed an increase in quantity and diversity of commodities, and with the visibility of specialization and division of labor, the foundations of the distinction between blue- and white-collared classes began to be laid in the social structure (Sjoberg, 1955).

Liberalization and the strengthening of bourgeoisie led to the shutdown of guilds, which were among the basic elements of cit-

ies. Thereby the guilds, as an institution, which had been supervising the production qualitatively and quantitatively, establishing the prices and wages and ensuring social solidarity among its members has ceased to exist. Having been deprived of the security provided by the guilds, the laboring class carried on with participating in the production in a continuous state of insecurity and under poor living conditions. Although the environment in which the solidarity ensured by in absentia the guilds, was a factor in the supply of cheap labor needed by the industry, the living and working conditions of the newly emerged working class were totally up to the operation of free market conditions (Mumford, 2007: 550). Gypsy tribes could not find a place for themselves amidst this dissociation, and those among them who settled in cities took up such undesired works as execution and cesspit cleaning or, having failed to find a work, turned to begging, thievery or similar acts. Other Gypsy tribes with their nomadic cultures and crafts they have been keeping alive continued their economic productivity within certain limits by being partially independent from the transformation process in cities (Sway, 1984).

With the invention of the steam engine, large factories started to replace small factories, beginning from the 19<sup>th</sup> century concentrating mainly around new power centers, and the workers as well as an army of the unemployed immigrating to cities in masses greater than ever before in the hope of finding a work began to settle in the vicinity of factories (Bumin, 1998: 83). Having thus emerged, industrial cities maintained their dominance until the late 20<sup>th</sup> century in those places where the capital prevails, especially in the Western countries.

After 1970s many cities, starting from the Western countries, entered in a process of deindustrialization whereby the city centers started to lose their identity of being the heart of production, accumulation and welfare sharing of the Fordist era (Özkan and Sidal, 2008: 27). While this new era led to a widespread structural unemployment, factory workers have shifted gradually to the service sector over the years, and low-wage works have emerged in such sectors as cleaning, caretaking, car park keeping and security. Employment in such works arranged mainly through temporary contracts meant

even lower wages on a weekly basis as only the minimum wage was paid and no health, insurance and retirement contributions were provided, and this new form of employment has generated gradually increasing numbers of “the working poor” (Harvey, 2011: 154). In other words, individuals and families with income levels below the official poverty line although they were employed have appeared (Smith and Greenfields, 2012: 49).

The rise of neo-liberal policies also in Turkey beginning from the 1980s has played a significant role in the transformation of the labor space. Economic policies introduced during that period have first of all dispersed the locations of production whereby many important factories within the cities were moved out over the years and the traditional worker zones began to fragment. The labor’s exile from the city has thus started. Beginning with the most vulnerable, *i.e.* Gypsies, this exile has extended thereafter to outskirts, and the process of urban displacement has spread from the center to the periphery. Cities have gradually removed, or been removed from, the power by which they are produced and regenerated, and a kind of delaborization process has been started (Koçak, 2011: 42-45).

Delaborization in Koçak’s words (2011: 45) denotes “the invisibilization of labour with all its implications in social, historical and spatial texture; its exile from the city, its invisibilization in the city’s historical memory; its loss of public areas, living areas and production areas that belong to it and the deepening of alienation that it experiences towards the urban space which is its own product”.

The industry removed from the city centers by urban transformation practices have gathered thousands of workers in the so-called Organized Industrial Zones located whether in urban peripheries or in rural areas of other towns in the vicinity and decentralizes the labor force in a sense in Turkey. The new service areas towering in the city centers as the so-called trade centers or plazas, on the other hand, effectuate the “invisibilization” of the labor though they do not totally isolate it (Koçak, 2011: 46). The disintegration of working class zones which can be defined as the physical and social space where the urban proletarians bring together and implement regener-

ation strategies as well as the invisibilization of the labor through this dual practice, on the one hand, and the marginalization of ethnicities economically and socially, on the other, are not congeneric processes (Wacquant, 2011: 283) but they do create similar impressions in the shadow of urban transformation projects.

The discerning and invisibilizing urban transformation process intends on the other hand to present the property market with an area of which economic rent is increased as a result of the removal of its slums, the unemployed and those groups of people who the new face of the other city does not wish to look on them (Wacquant, 2011: 265). However it is difficult to say that the question as to what fate has in store for the thousands of neighborhood residents to be displaced by this process, concerns the local governments as expected.

Just as in the case of a lot of country in Turkey also, as the new settlement areas that the local governments accomplish the plan for the displaced population are made up of housing estates which change the horizontal spreading habits into vertical ones, it will be difficult for those social groups, who cannot/will not be able to adapt to such a structural transformation, to live in such housing. In addition, the transformation irreversibly destroys certain customary lines of work of Gypsies and fails to sufficiently provide them with an opportunity to participate in the urban labor and productivity which would enable them to gain economic access to such housing.

By means of the field survey carried out on the basis of the information above in the neighborhoods of Izmit district of Kocaeli province with concentrated Gypsy populations, the socio-economic characteristics of Gypsies and their existence in the city has been studied. The matter underlying this study has been considered within the framework of the patterns which can be listed as the self-positioning of Gypsies against the discourse of others, levels of their participation in the urban labor process, their opportunities and the gender of labor as well as the effect of employment courses launched. The main purpose of this study is to provide a depiction of the structure of their lives as changed by the space altered via urban transformation and their status of participation in the labor process

along with other state policies, and to present an outline of their economic and social re-positioning.

### **Socio-Economic Characteristics Of Gypsies And Their Participation In Urban Labour**

Gypsy tribes have been taking up independent jobs throughout their history. These independent and flexible jobs such as fortune-telling, performing in circuses, basket making, whitesmithery, coppersmithery, sieve making, junk dealing, peddling and stallholding in markets are identified with these tribes in many places around the world. Today, on the other hand, for such reasons as the generally low level of education that Gypsies have, the biased attitude they face in recruitment and the fact that their traditional pursuits have lost their economic viability, it is observed that the rate of unemployment is quite high in the neighbourhoods where they live and that they take up mainly temporary jobs within the marginal workforce market (Smith and Greenfields, 2012: 50).

With the introduction of liberal economic policies in Turkey after 1980, it has been observed that formal employment possibilities have decreased and Gypsies, being one of the vulnerable workforce groups, have concentrated in informal positions available in the workforce market (Erdoğan Aras, 2009: 78). This group reappears among those who have been affected by the economic crises and sectoral transformations to the largest extent. The cases of vulnerability in workforce markets around the world are not much different. In Hungary, for example, a significant reduction in the number of the employed has been witnessed beginning from the early years of the post-communism era, and it was Gypsies who were affected by this reduction to the greatest extent with their lines of work lost (Kertesi and Ketzi, 2011: 565).

Gypsy neighborhoods display many different aspects as compared to the neighborhoods of other populations who have come from rural areas and settled in the city. First of all, Gypsies of such neighborhoods except a very few among them have no ties with the rural areas.



Having no ties with the rural areas means that they cope with the living conditions in the city on their own and receive no support from the rural areas. Regardless of how many years or generations their arrival and settlement in the city have been dated, the living conditions and pursuits of almost all of them have similar natures. Secondly, Gypsies scarcely have any relatives who have settled in the city before themselves and negotiated its circumstances somehow as opposed to the situation observed in other slums. Although they produce white-collared workers such as lawyers, engineers and doctors, those educated Gypsy professionals usually move out of their neighborhoods as they believe that the prerequisite to exist in the city is to hide their Gypsy identity, and they do not/cannot favor their fellows as is the case in other immigrant communities or ethnic groups:

*“There are some of us who are educated but they move out of the neighborhood. The name of the neighborhood becomes a problem, they get fired” (Woman, age 32, Neighborhood of Yenimahalle, 04.10.2010.)*

*“My aunt’s son studied law, then they moved out of the neighborhood. The boy doesn’t tell anybody that he’s a Roma. Now he loves a Turkish girl. His family doesn’t want him to marry that girl. They don’t want it because they wouldn’t find peace, or I don’t know, maybe because they wouldn’t get along with each other. The girl knows, but her family doesn’t yet, that the boy is one of us” (Woman, age 49, Neighborhood of Serdar, 23.07.2012).*

Endogamy is common among Gypsies in Turkey as is the case worldwide. A majority of the population marries first cousins (Casa-Nova, 2007: 104). As for marriages with different ethnicities, they display a more unwilling attitude when it comes to taking brides. A study carried out in Portugal, for example, revealed that one in six Gypsy men marries with a non-Gypsy woman while the ratio is one in two in case of Gypsy women (Casa-Nova, 2007: 104). Gypsies exhibiting the characteristics of a closed community are therefore

relatives or at least kinds of each other. The notion “us” in the quotation above is, for this reason, used to emphasize both the family and the ethnicity.

The stigmatizing language and perception based on locality, the difficulties as regards employment nourished by such perception and the struggles in gaining access to services deeply disturb the solidarity relations among Gypsies. In other words, the spatial marginalization creates a language and a pattern of relation internalized by Gypsies, as well, beyond being a marginalizing language that enters into their neighborhoods from outside (Akkan *et al*, 2011: 48). For the sake of positioning themselves in a more respected status in the eyes of others as a projection of such marginalizing language, they deny being Gypsies and define themselves as Roma. In spite of that, they use the pejorative discourse of Gypsy in the language of non-Gypsies (Gadjos) for the othering they effect among themselves and perhaps they become, in a way, alienated to their own culture:

*“We aren’t Gypsies. Gypsies are uncivilized, they live in tents.”*  
(Woman, age 40, Neighborhood of Yenimahalle, 04.10.2010).

*“We aren’t Gypsies. Those who live out in the open, who are rude are called Gypsies, and they live in pastures. They speak in Gypsy language which we don’t do”* (Woman, 48, Neighborhood of Tanşantepe, 05.10.2010).

Although it could not be clearly established to what extent Wacquant’s (2011: 264) argument that the mind-set of insulting and distancing the neighborhood residents eradicates the already impaired sense of association among the neighborhood residents applies to these neighborhoods, it has been observed that a class differentiation is experienced not only in the sense of marginalizing Gypsies but also among Gypsies themselves based on income status. During an interview being conducted in the neighborhood of Serdar with a group called Lemon Sellers, a woman on the street hearing the interview interrupted by saying, *“Why are you asking her? She doesn’t know*

*anything, she's poor, come ask me*", and when this woman was asked why she was labeling her neighbor poor, she replied, *"Well, she's got three pots in her house (...) while I have eight"*. That the number of kitchenware owned draws a line between the rich and the poor, despite the irony it embodies, can be read, in fact, as a sign of presence of a status differentiation among the group.

Using the mind-set and language of the dominant class appears not only towards themselves but also towards other ethnicities in the country. It is apparent in this sentence, *"We are loyal citizens faithful to our state, nation and flag,"* which recurred throughout the interviews that they are close to the dominant discourse. The language of the dominant class can also be traced in their approach towards Kurds who, like Gypsies, suffer discrimination in the society due to their ethnicity:

*"We, all the people of the neighborhood, used to go to pick up hazelnuts. We used to work seasonally, but not anymore. There are still some families who go there but very few. (...) You go there, but the guys there take in the Kurds, not you. Only if there is still some work left after the Kurds, if workers are still needed, they take you in. In this country Roma come after even Kurds" (Man, age 42, Neighborhood of 28 Haziran, 06.10.2010).*

The quotation above is included in this text as it is significant for this study as regards their perception of the causes underlying their unemployment. As, however, the approach towards different ethnicities taken by Gypsies who feel that they are considered inferior even to Kurds as well as their discourse which is in accord with the system should be separately dealt with under a study based on discourse analysis, this study will not involve such discussions.

Such works as junk dealing, paper and plastic collecting and porterage which are commonly considered "Gypsies' works" define the social status of Gypsies. Those are such works which no one in the society wishes to perform or even see while they are being performed (Akkan *et al*, 2011: 51).

*“Now, when you are a Roma, you are seen as a second-class person whatever you do. Our jobs are no good jobs. Would you, please excuse me, put your head in the rubbish bin or container no matter how much money I pay you? Can you take things out of it using your hands? This is how we are earning our daily bread. How I wish that the state could employ us and rescue us from this job” (Man, age 42, Neighborhood of 28 Haziran, 06.10.2010).*

It is possible to conclude that one of the principal problems of Gypsies is, apart from the social marginalization, the unemployment, that they are not associated with relatively permanent and continuous labour markets and that they take up insecure, marginal and seasonal works, *ie* offer flexible labour to the market. What should not be ignored here is that the widespread and persistent poverty among Gypsies is related to the quality of their pursuits rather than unemployment (Akkan *et al*, 2011: 49). On the basis of this argument, the term which best defines the relations of Gypsies to the labour market would be “the working poor” as to be borrowed from David Harvey (2011: 154).

### **Status Of Izmit Gypsies In Labour Markets**

Within the framework of the field survey designed to research into the displacement of Gypsies in the urban transformation process who struggle to exist within the economic and social structure outlined above, their ability to acquire new housing as well as their status and levels of participation in the urban labor process, interviews were conducted on different dates beginning from October, 2010 with 36 individuals, 16 of whom are women and 20 men, employing a semi-structured and open-ended questioning technique in the neighborhoods with concentrated Gypsy population, namely 28 Haziran, Serdar, Yenimahalle and Tavşantepe neighborhoods in Izmit town. Later on, in addition to the above-mentioned main survey, two women and one man were specifically interviewed in connection with the urban labor survey. The findings employed in this

study have been derived from the results of the interviews with 39 individuals, 18 of whom are women and 21 men.

### **Gypsy Works and Vanishing Crafts**

As for the level of education received, only one of the interviewees whose ages range between 19 and 55 is a higher school graduate. Three of them have finished secondary school. Fifteen of them have never gone to school, and the rest have either finished elementary school or abandoned schooling during the first level of education. The higher school graduate has not employed whereas the other interviewees are pensioners, marketers, drivers, painters, café owners, cleaners, tissue paper sellers, embroiderers, workers at a waste paper factory and waste paper/scrap collectors. While four of them have not received any public relief from the state or local government, seven of them have received disability allowance, three of them have received food aid, nine of them have received coal donation, four of them have received food and coal donations, six of them have received disability and school allowance, and nine of them have received food and coal donations as well as school allowance.

There were difficulties while establishing the monthly incomes of the households interviewed. A majority of them could answer this question only on a daily basis as they are not employed in jobs with regular income and their daily earnings vary as well. For this reason, an average monthly household income has been determined and the levels of income have been grouped for the study purposes. Monetary and non-monetary public relief such as fuel and food donations and education and disability allowances provided by the central and local governments to the families have not been included in the calculations. According to this method of calculation, the monthly income of twelve of the 39 interviewees is less than 500 liras, seventeen of them have a monthly income ranging between 501 and 1000 liras, and seven of them have a monthly income ranging between 1001 and 1500 liras. Only three households have told that their monthly income ranged between 1501 and 2000 liras. The number of the members of households with such incomes ranges between 2

and 10, and the number of working individuals per household differs as well. Based on the information provided by the interviewees, nine individuals are in receipt of social security while four individuals do not benefit from any such security. The remaining twenty-six people, on the other hand, benefit from health services provided to those who produce proof of poverty.

A Gypsy population working in unqualified and insecure jobs under unhealthy and heavy conditions not only in İzmit but in all the cities throughout the country is in question. Studies on this subject point out that a secure work is the most aspired thing by Gypsies who lead a life with a permanently uncertain income and with such strategies of subsistence as built on saving the day (Akkan *et al*, 2011: 49-51). This argument has been supported throughout the interviews conducted in the survey:

*“Who would wish to work without security? We are doing it because we have to... If there was a factory and it employed us, we would have been relieved, but there is none. I hope it happens one day” (Woman, age 49, Neighborhood of Serdar, 23.07.2012).*

*“We should be offered jobs that are not bad jobs and where they won’t isolate us. They should be jobs with security. We have a big population to look after” (Man, age 53, Neighborhood of Tarşantepe, 05.10.2010).*

However, as a secure job means minimum wage, opposite remarks were also come across with:

*“If the local government employs us, no, we wouldn’t want it. Unfortunately. First of all, the local government pays even less than the minimum wage, we wouldn’t subsist on it. The daily living cost of a household is about 25-30 liras. It makes 700-750 liras a month. We earn on a daily basis. Sometimes we earn 9 liras per day, sometimes 40 liras. I don’t lie. (Pointing to the area where housing estates are being built), I sold my house. Do you know where we stay now? In the shed*

*back there. With the 10 thousand liras they paid to us, we bought a car for ourselves. I pay every month 750 liras for the car. If I get 750 now, should I pay for the car or should I spend it for the house?" (Man, age 33, Neighborhood of 28 Haziran, 24.03.2012)*

*"My husband is a worker, he gets the minimum wage. I have a child, very young. Money for his nappies, money for his food, electricity bill, water bill, would you be able to subsist on 500 liras? You wouldn't. Even if you owned house, you wouldn't have subsisted on it" (Woman, age 32, Neighborhood of Yenimahalle, 04.10.2010).*

Introduction of cheap products from the Far Eastern and Asian countries into the domestic market, spread of the usage of credit cards instead of cash and the fact that the so-called Gypsy works have lost their economic viability or the products of such crafts have been replaced by machinery-manufactured products resulted in a considerable deterioration of their economic situation. As is the case in European countries (Casa-Nova, 2007: 110), especially those who work as peddlers and stallholders in markets cannot compete against the cheap products coming from Asia and cannot buy new goods as they cannot sell what they have and end up becoming jobless:

*"There were basket makers years ago, they used to display their baskets all along the road, they were wanderers. There are still some of them in Kandıra, in Adapazarı. But it's not as it was before. Now that there are Chinese-make baskets, ours are not bought anymore. Chinese ones are cheaper, that's why people prefer them. Go have a look at the market, Chinese baskets are everywhere. There's no demand for ours anymore" (Man, age 52, Neighborhood of Serdar, 15.05.2011).*

In addition to the effect of cheap products, the fact that the hand-crafted products cannot compete against the machinery-manufactured products and that the materials used in the production have changed has rendered the old crafts impracticable and caused them to be forgotten:

*"Our ancestors were sieve makers, they used to make sieves in the old days. There are no sieves around anymore. Though there are still sieves where we come from [Bursa, Kemalpaşa], there are none of them around here anymore, they vanished. Who would need a sieve in the city and for what reason?" (Woman, age 49, Neighborhood of Serdar, 23.07.2012)*

*"Is there any copper pot still around so that you can do whitesmithing? We used to have our duvets fluffed in the old days. Even the duvets have changed now. Who would still keep their wool- or cotton-filled duvets?" (Man, age 33, Neighborhood of 28 Haziran, 24.03.2012)*

Having abandoned their crafts which are no more economically viable in the urban space, the only sector available to Gypsies where they can try to ensure their subsistence is the marginal sector but the jobs in that sector are not permitted as they are off the books in the economic sense:

*"We can't do peddling, we can't sell tissue papers. When the police catches us doing it, they seize our goods." (Woman, age 60, Neighborhood of Serdar, 03.10.2010)*

*"I used to do shoeshining before. But now we can't do it because the local governments don't let us do it." (Man, age 33, Neighborhood of 28 Haziran, 06.10.2010)*

The official prevention of peddling and other off-the-books jobs as well as the fulfillment by the local governments of their duty to collect the recyclable wastes as sorted out in their source is perceived as an arbitrary practice by the local governments which reduce their labor sectors:

*"And now there's this recycling problem which has ruined us. Tanrıkulu has come [the firm awarded the contract by the local government to collect recyclable wastes], they have put a container at each street corner, they finished us. And what are we doing? We crack the*



*container and take away the things inside” (Man, age 42, Neighborhood of 28 Haziran, 06.10.2010).*

The local government is perceived as a structure which prevents them from working, and “to have a man in the local government” is seen as the only prerequisite for having a secure work:

*“If you have a man in the local government, you have a work.” (Man, age 42, Neighborhood of 28 Haziran, 06.10.2010)*

*“Because we are Roma, the unemployment in our neighborhood is high. But when you a look at the Lemon Sellers, it’s not that high. There’s a member of town council [implying the member of town council who has been elected from among the group which they call Lemon Sellers], he gave them jobs in the local government. They work in garbage collection, parks and gardens, but they are all from his own neighborhood. Though unemployment also among them is still high, some of them have started to work for local governments” (Man, age 36, Neighborhood of Serdar, 30.09.2010).*

The individuals who are thought to have been employed by the local governments are actually recruited by the service subcontractors of the local governments. Recruitment of those individuals under contract for certain works such as garbage collection and park and garden maintenance is described by the interviewees as discrimination, and the cause of their recruitment for always difficult, bad and low-wage works is being associated with the fact that they are Gypsies:

*“Ask for a job, and if you are Roma, then they don’t give you the job. They look at your ID, ask where you live and see it’s the neighborhood of Yenidoğan, Serdar, then they don’t give you the job. There is the neighborhood of Lemon Sellers. They always give them the jobs in garbage collection, parks and gardens. Why not another job, why is that not paperwork but garbage collection? Because they are Roma...” (Man, age 36, Neighborhood of Serdar, 30.09.2010).*

Loïc J. D. Wacquant (2011: 195) maintains that discrimination on the grounds of the address where the individual resides hinders employment opportunities and contributes to the persistence of local unemployment. Those among the interviewees from the neighborhoods of Izmit who associate their discharge and unemployment with being a Gypsy, or Roma in their words, and living in Roma neighborhoods rather than with their lack of education and qualification are in majority as if to support Wacquant's argument:

*"My daughter started to work in a factory and she was working quite hard. Then, I don't know what happened, perhaps they found out about our neighborhood, I don't know if that's the reason, they fired off the girl"* (Woman, age 49, Neighborhood of Serdar, 23.07.2012).

*"If the state gave us jobs and made us earn our daily bread, who would have carried on doing this [waste paper - scrap collecting]? See, I have a heavy vehicle driving license but they don't give me a job because I'm Roma"* (Man, age 42, Neighborhood of 28 Haziran, 06.10.2010).

An important finding obtained from the field survey is, beside the impact of ethnic discrimination on their employment, that the widespread credit card usage is another reason of Gypsies' deprivation of employment or their status of being the working poor. The spread of credit card usage has affected them in two ways: Firstly, Gypsies, as well, have acquired credit cards that banks give away without considering the repayment capacities of individuals and used them for their essential (and sometimes arbitrary) needs thinking that one day they would find the money to repay for their overspending, thus having burdened themselves with a heavy debt<sup>2</sup>. Some of the debtors, having failed to pay even the minimum amount of repayment, have incurred sequestration of their houses

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2. Not all of the interviewees are credit card holders but there is at least one credit card holder in each household. All of the interviewees answered that their families have credit card debts though in different amounts.

and had to move out<sup>3</sup>. Some of them have acquired several credit cards and, having tried to pay one credit card debt using the money drawn out with the other credit card, have caused their debt to increase. These people do not want to be employed in secure jobs even if they are provided with such an opportunity, as their salaries will be seized due to their debts.

*“I have two credit cards, I don’t have the means to pay their debt. Four grandchildren, two children, a wife... I’m not able to pay. I draw out money with one of them to pay for the other. Until when?” (Man, age 52, Neighborhood of Serdar, 15.05.2011)*

The second impact of credit cards on their lives is their failure in the competition against the facilities offered by credit cards and the resulting reduction of their labor sectors:

*“The people of our neighborhood were peddlers selling embroidered things. They would sell their goods in installments and go to collect the money every month. Some of them used to earn good money. Now there are credit cards. There are many shops around. Now everybody buys bedding or the like from shops. They let you make time payment on cards, it has finished peddling. Everything has finished our jobs, you see. Nobody cares and asks what they would do, how they would earn their daily bread. We are becoming jobless, there’s no work” (Woman, age 49, Neighborhood of Serdar, 23.07.2012).*

*“Supermarkets, shops destroyed our jobs. Our women who used to peddle and sell handkerchiefs before are now begging because they can’t buy goods” (Man, age 52, Neighborhood of Serdar, 15.05.2011).*

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3. One of the house evacuation cases has been experienced by the son of one of the interviewees from the neighborhood of Serdar (woman, age 49). Two other families who moved out of their neighborhoods for this reason are neighbors of the interviewees from the neighborhood of 28 Haziran.

## Public Relief and Women's Labor

The rapid reduction of Gypsies' labor sectors, the acceptance of the persistent unemployment status as the fate of their neighborhoods, and the fact that marginal jobs do not bring regular and viable income have caused Gypsies to be in need of public relief. The neighborhood residents cannot vote for any other party than the ruling party with the fear that such aid would cease, and they explain their situation as *"The moment another party comes out of these ballot boxes, they will stop the aid. We have to vote for them"*. It is not that easy for them to receive such aid, either:

*"Because we receive care allowance, they stopped giving us aid from the fund. They only give us coal once in every year. I receive care allowance but what is my benefit from it? My child needs medicine and other things. How should I subsist on it? They used to give us 100 liras once in every three months, now they stopped paying it. See, all four of us live in this room. I eat in the same place, sleep in the same place, live in the same place. I already pay 170 liras for the rent. If I move to another place, it will be at a rent of at least 250-300 liras. Should I spend all the money I receive on rent? Electricity and water will cost another 100 liras, then what will be left to me?" (Woman, age 40, Neighborhood of Yenimahalle, 05.10.2010).*

*"I went to the local government, I asked for food, asked for clothes and also asked for tiles for the house. They told me that I was asking for too much and gave me provisions enough for one meal, then sent me away. Did I ask too much? It is only 10, 20 tiles that they would give to me. Is it that I asked too much? You see, my dear, such is our suffering" (Woman, age 60, Neighborhood of Yenimahalle, 05.10.2010).*

The public relief is insufficient and not enough for subsistence and in order that one can be entitled to receive such aid, one must be unemployed and should not own such property as a car which might be used to obtain income. Although, however, there are some among Gypsies who own a house or a car that does not mean that they lead a life above the poverty or even starvation line:

*"I cannot receive any aid because I have a house<sup>4</sup>. Yes, there is a house but no work. They never think what we will eat. I have four grandchildren, I look after them. The state doesn't see that. I cannot receive any aid, neither for fuel nor for school" (Man, age 52, Neighborhood of Serdar, 15.05.2011).*

*"Because I own a car, they cancelled my green card. There are twin babies, there are 5 children, I look after them by doing painting jobs" (Man, age 33, Neighborhood of 28 Haziran, 06.10.2010).*

For Gypsies who, due to constant unemployment, have to take up marginal jobs that require physical strain and involving unhealthy working conditions, it is as much important to benefit from free health services as public relief. As pointed out in the report entitled, *Roma Cases of Social Marginalization* (Akkan *et al*, 2011: 51), it can be contended that the active working life of Gypsies ends in the ages of 40s due to heavy working conditions and accompanying chronic diseases. A significant number of Gypsies becomes unable to work once they reach those ages. They suffer poverty especially severely as a group with bodily disabilities and with no pension.

*"I have a three-wheeled cart, I had it built by a blacksmith. I'm collecting scrap but I'm rheumatic, I can't work every day. My arms swell. After all, I have a child in need of care, I can't leave my child at home" (Woman, age 32, Neighborhood of Yenimahalle, 05.10.2010).*

Rheumatism, asthma and epilepsy are among the chronic diseases commonly suffered either by the interviewees themselves or by the members of their families and such diseases occur not only among men but also among women. The most distinctive difference between women and men with respect to employment, however, is the presence and number of children who they have to look after along-

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4. As opposed to what the interviewee has stated, owning a house is not an obstacle to receiving public relief. It has been found out through another interviewee that actually he is a pensioner and that is why he cannot receive any public relief.

side their unpaid-for domestic care giving duties. As emphasized by Kertesi and Kezdi (2011: 586), there is an inverse proportion between the number of children women have and their participation in the labor process.

*“I have two children, the boy is spastic, my husband is disabled, he has received physical therapy for three months. I can’t leave my son at home to go to work. We are receiving 500 liras per month as care allowance for the boy, we’re subsisting on it” (Woman, age 40, Neighborhood of Yenimahalle, 04.10.2010).*

Although women are burdened with the domestic care giving duties for the disabled and the old, it has been found out during interviews in the neighborhoods that unemployment is more common among men and mostly women work.

*“Mostly women work in our neighborhood. In fact the men should work, in my opinion, but women find work more easily” (Woman, age 48, Neighborhood of Tarşantepe, 05.10.2010).*

Women work generally as house cleaners, embroiderers, factory workers, shop assistants, stallholders in markets, junk dealers or beggars although it differs from one neighborhood to another.

*“A cork factory has been opened in Vezirçiftliği, the girls of our neighborhood are working there. They work until they get married. When they get married, they won’t work. Maybe their husbands won’t be working, then they will work. They would do house cleaning, stallholding in markets, I don’t know, works like that” (Woman, age 49, Neighborhood of Serdar, 23.07.2012).*

Whereas women’s employment becomes less acceptable as the income level rises, in low-income households it is considered natural,

and perception of employment in general becomes age- and gender-free as expressed in “*the ones who are able to work will bring home their daily bread*”. The two opposite answers to the question “*Is your wife working? Would you wish that she would work?*” asked to male interviewees in the neighborhood of Serdar with a relatively higher average of income level and to those in the neighborhood of 28 Haziran with considerably lower income level clearly reveal the relation between the men’s approach towards women’s employment and the income level:

*“I wouldn’t wish that. Why should I? The mayor told me that my wife could work there as a cleaner. She would get a salary of 600-700 liras. What should I do with her salary of 600 liras? After all, a man who wants to get married shouldn’t let her wife work. But until when? Until a certain time. My wife is 32 years old. When she becomes 39-40 years old, then she can work. But even in that case I wouldn’t wish her to work in a place where men work. To be honest, I’m a jealous man. After all, we have children. If she works, who would look after them?”* (Man, age 36, Neighborhood of Serdar, 30.09.2010).

*“My wife works, too, so do my two daughters. They have to work. My son doesn’t work because he’s going to school. But, if I see he isn’t doing well in school, I would take him with me to go and collect waste paper. (...) It’s not about woman and man. If we have a common life, don’t we? (...) Our women wrap their babies around their backs and go to collect paper and scrap. They both work and look after their children. But if I have money in the future, then it wouldn’t be necessary, then I wouldn’t let my wife and daughters work. But now it is necessary”* (Man, age 42, Neighborhood of 28 Haziran, 06.10.2010).

## **Employment Courses and Recruitment**

It is difficult to say that the employment situation of Gypsies living in Izmit, whether men or women, presents a different picture than that revealed by the studies carried out in this context throughout Turkey. Their low level of education as well as their invisibility in new labor sectors cause their poverty to deepen further and to per-

sist. Actions taken by central and local governments concerning this situation are not limited to the afore-mentioned public relief. The employment courses provided in many cities countrywide in cooperation with the Employment Agency have also been launched in two neighborhoods in Izmit with concentrated Gypsy populations.

According to the information provided in writing by the City Council of Greater Kocaeli on 24 July 2012, football and wrestling clubs have been organized in the Gypsy neighborhoods by the Office of Youth and Sports which is attached to the Department of Cultural and Social Affairs. The Agency of Public Training has opened KO-MEK course centers in the neighborhoods of Yenidoğan and Kireçocakları in Izmit with concentrated Gypsy populations. The first courses provided at these centers with employment opportunities were on “House and Public Building Cleaning” within the framework of the common project run by the Recruitment Agency and the local government. In addition to that, courses are provided in 24 different fields including English, computering, embroidering, sewing women wear, jewellery making and lace making. Based on the data provided by the Greater City Council, a total of 1420 people have been enrolled in these courses, 448 of whom attending to those in Kireçocakları, and 972 in Yenimahalle.

On the other hand, data as to how many among those trainees completed their training and were awarded certificates and how many of them were employed in a secure job could not be obtained. The lack of such data is significant as it holds back a sound comment. A study carried out in Portugal, for example, reveals that many Gypsies could not find any opportunity of employment in professional jobs although they attended employment courses. Such reasons as ethnic discrimination / racism as well as the fact that the jobs offered to them were low waged and insecure underlie that situation (Casa-Nova, 2007: 108).

Although some of the interviewees considered such courses to be job opportunities, the discourse of “*We haven’t seen any benefit of the courses yet*” was more common during the field survey. Some of them commented on the fact that the courses are provided in such



fields as house cleaning, sewing and embroidering as: *"We have already been doing such works, now we'll do them carrying certificates, it means that not much will change... Perhaps it might be easier to find a job"* (woman, age 48, Tarşantepe Neighborhood, 05.10.2010).

The possible impact of such courses on the unemployed workforce can be expected to be visible only after several months, even years. Besides, it is difficult to guess whether or not the courses will continue. Despite the questions as to the extent of improvement in the widespread and persistent poverty situations of Gypsies and other groups who cannot find any place for themselves in the workforce markets that such courses would bring as they are provided mainly in the fields of low-wage jobs, whether or not the trainees would be employed at the end of the training process, whether such jobs, in case of their employment, would be secure jobs or temporary jobs as was before, and whether all these above would be shaped by the free market conditions, it will not be proper to make any comment, either positive or negative, on these practices. The best approach in this context would be to observe the courses provided and to wait for their results to turn up.

## Conclusion

The Gypsy tribes worldwide who continue their nomadic cultures even today do not have as long a history of meeting the city and the urban life as other societies. As this new way of life does not correspond much to their traditional cultures, their presence in the city has become possible only through a closed social formation that they have transformed on their own. While most of the crafts they have been keeping alive from the past to the present are disappearing in the fringes of industrial and post-industrial cities, it is obvious that Gypsies will not be able to find subsistence works in the urban peripheries as before. Apart from the fact that unemployment is a worldwide problem, their lack of education that would otherwise enable them to take up qualified jobs causes this group to be employed in those sectors made available to cheap, insecure and flexible labor. Persistence of unemployment in their lives, on

the one hand, and the fact, on the other, that they remain below the poverty line even though they seem to be working as they perform certain jobs, that they are seen as an undesired group in the society and that they are the first group who are displaced by the urban transformation projects make it apparent that living in the city is not easy for Gypsies at all.

Their insufficient level of income is one of the fundamental obstacles to their access to the required and sufficient education. Even if they overcome this obstacle, they usually end up, due to a marginalization based on their ethnicity, only in certain labor sectors which are defined as “Gypsy works”. In a cycle in which unemployment leads to uneducatedness and uneducatedness leads to unemployment, the profound and persistent poverty inhabiting their lives is further reinforced by the economic and urban policies in practice.

All these functions which affect the lives of Gypsies and which are not independent from each other are in fact projections of the neo-liberal structure. The neo-liberal transformation has impacts on Gypsy tribes as well as all the global societies. Being able to counteract this impact is directly related with the vulnerability of societies. The lives of those communities with higher vulnerability to economic and political transformations such as Gypsies are exposed to stronger impacts as compared to the others. Their existence in the city where they can be neither present nor absent is only possible if they really do feel / are made feel the power and the presence of a social state.

Studies carried out in European and American cities reveal that banishing different ethnicities towards the fringes of the social and physical space of the city whereby othering and labelling them marginal are not the side-effects of the construction of the postmodern society, nor the remnants of the former system. Othering and labelling certain groups marginal have existed throughout the history on different planes and at different levels. What seems new in the postmodern structure is in fact the crystallization, perpetuation and intensification of such dissociations and exclusions. It is obvious, for this reason, that this structure defined as dissociation will not

disappear, as emphasized by Wacquant (2011: 256-257), through the expansion of free market, further commodification of the social life, the actions of the welfare state or certain public relief for the poor. It is therefore necessary to determine the origin of these problems and to create possibilities that would develop new ways of public intermingling. Such a way of intermingling should have the ability to control and redirect the structural powers that create the marginalities in question rather than being a solution coming from them. Only then can an urban integration be mentioned, not only in labor markets but also in the social and physical space.

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# **Alternative Suggestions to Flexibility and Deregulation Policies on Enhancement of Interactive Relation between Growth and Employment in Turkey**

*Mehmet Rauf Kesici<sup>1</sup>*

## **Abstract**

In recent years, Turkey has experienced a decline in the interaction between economic growth and employment. It is commonly argued that the labour market of Turkey is inflexible and this is responsible for the decline in employment rates, and that therefore greater flexibility and deregulation in the labour market are commonly suggested. This research study argues possible alternative measures to flexibility and deregulation, which could have a positive impact on the relationship between growth and employment. In contrast to the labour market approaches suggested by mainstream neoliberalism, we adopt an approach that emphasizes the role of public policy and changing economic mentality, as well as the importance of democratic participation. Within this framework, the study analyzes how macroeconomic labour force planning, activating vocational education, extending active labour market policies and adjusting working hours affects employment generation in Turkey.

**Keywords:** *Economy of Turkey, Growth, Labour Market, Employment, Unemployment.*

## **Introduction:**

### **Economic Growth, Employment and Unemployment in Turkey**

The economy of Turkey is displaying tendencies that conflict with theoretical explanations of year 2000s in terms of the course of growth, employment and unemployment and the interaction amongst these variables. Results in labour markets pertaining particularly to employment and unemployment, limitations of domestic savings,

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external dependence in the industry, unplanned and unregulated dissolution in the agricultural sector, subterranean economy progressing at high levels particularly in the service sector and the deepening of foreign trade imbalances lead to the questioning of the growth in this period. Several studies (BSB, 2008 and 2011; Ceylan-Ataman, 2006; Demir, & Erdem, 2010; Gökteş-Yılmaz, 2005; Kara, & Duruel, 2005; Yılmaz Eser, & Terzi, 2008; Yüceol, 2006) have been published showing the lack of a significant interaction between growth and employment-unemployment in Turkey since 1980s and particularly in 2000s, in other words the capacity to generate employment the growth has weakened. The reasons behind the weak growth-employment interaction in the 2000s have also been proven in our 2010 article<sup>2</sup>. Since large numbers of information on Turkey have been presented in these studies, the course of growth and employment and the sources of the weak interaction in 2000s will be shortly presented and then suggestions of alternatives to current flexibility and deregulation practices will be provided.

Following the crisis in early 2000s, the economy of Turkey entered a period of high-stake growth and this process has been ongoing since 2008, when the first effects of the global financial crisis reared their heads. This period is notable not just for the high growth average but also for the consecutive process of growth. Saygılı and Cihan (2008:22) claimed that when reviewed in 3-month quarterly periods, the longest consecutive growth period in the 1987-2007 era has taken place between 2002 and 2007. However BSB (2011: 44), recommending a more integrated approach in evaluating this period, argued that the neoliberal transformation process which accelerated near the end of 1990s did not witness as significant improvements as claimed in terms of the increase in national income, but instead that the 1998-2010 period (3.6%) has fallen behind the figures of the entire republican period (4.9%). Keep in mind when expressing these quantitative data: Growth by itself in any economy does not pose a movable value by itself; to become significant and desirable

2. Kesici, M. R. (2010). Türkiye Ekonomisinin Yüksek Büyüme Evresinde İstihdam ve İşsizlik [In High Growth Phase of Turkey Economy Employment and Unemployment]. İş-Güç, Endüstri İlişkileri ve İnsan Kaynakları Dergisi, 12 (3), 7-26.

such growth needs to inflict socioeconomic improvements. At this point, improvement of services in fields such as health and education, reduction of inequalities in distribution of income and prevention of poverty, job creation and reducing unemployment are amongst the first requirements that could be listed.

Unemployment in Turkey often stems from structural problems rooted in cracks in the socioeconomic system. Therefore one might argue that the issue of unemployment in the country does not merely consist of open unemployment (Selamoğlu & Lordoğlu, 2006: 216-217). Meanwhile laying down the course of indicators of open unemployment would help obtain an understanding of the issue. The rate of unemployment in the 2000s has, contrary to theoretical expectations, increased and remained above the 10% line in the 2002-2008 period. Furthermore the calculation of these open unemployment rates does not include “discouraged” workers. In conclusion this process has witnessed the decline of one of the most important indicators in terms of the labour market, namely the Labour Force Participation Rate (LFPR) (TÜİK, 2010: 133).

Rate of employment declined from 2000 to 2008 but in this rate has begun to emerge minor increases after 2008. However there are several evidences displaying these increases in the employment are not long-term and steady: 67.6% of the employment created within the first half of 2010 consists of workers not receiving any benefits from any social security institutions and are unregistered and 66% of these unregistered workers are employed in the agricultural sector (Voyvoda, 2009: 47). In short, the results obtained in the labour market along with other negative developments in this period of boasted growth records cause the aforementioned growth to be questioned.

Upon promptly reviewing the measures taken within the country in order to reinforce growth-employment interaction and reduce unemployment in face of these negative results, the following picture appears:

Attempts of increasing employment in Turkey largely consist of employment packages or strategies made up of neoliberal regulations



that motivate flexibility and deregulation. The “employment package” deployed in 2008 to battle low employment and high unemployment rates, the “National Employment Strategy Draft, 2012-2013” presented to social partners in February 2012, and the measures package announced under the name “new stimulus package” in April 2012 may be reviewed in this context.

2008 employment package has executed measures that will reduce the social responsibility and tax load-caused expenses of private sector employers in particular, and foresees the state undertaking part of the employers’ liabilities in employing women and youngsters in order to increase the already low female employment and youth unemployment rates (Kesici, 2010: 22-23). In the 2012 draft lead by the idea that the Turkey labour market is not flexible and is thus unfavourable to job creation and includes policy recommendations such as “reinforcing the education-employment connection; obtaining security and flexibility in the employment market; increasing employment of groups requiring special policies and reinforcing the employment-social protection connection”, admits the weakness of the growth-employment interaction<sup>3</sup> yet claims pro-worker legislations in labour markets such as severance pay and minimal wage to be “inflexibilities”.

Regulations that will facilitate and disseminate fixed term contracts, generalize subcontractor practices and lift certain limitations on private employment office activities in order to reduce inflexibilities are intended to be implemented. The aim is to introduce regulations that will facilitate and disseminate fixed term contracts, make subcontractor practices commonplace and remove certain limitations on the activities of private employment offices. Furthermore other foreseen legislations include facilitating the employment of youngsters under the age of 16 in manual and dangerous labour, minimum wage limit rising from age 16 to 18, and the creation of a

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3. “Increasing the employment generation capacity of non-agricultural sector growth is vital for the strategy to provide expected levels of increase in employment. The mentioned capacity, conceptualised as the growth flexibility of employment, can only be increased through solving the structural issues in the labour market. This aspect has been considered in determining the main policy spectrum of the strategy.”

fund for the severance pay, a liability of the employer.

According to the new legislation described as the new stimulus package (in addition to current stimulus practices), investors are foreseen to receive VAT (Value Added Tax) exemptions, duty tax exemptions, tax deductions, employer's national insurance contribution support, investment locale allowances and interest support in varying levels and rates based on regional development differences. Furthermore plans for legislation, supporting the stimulus of large scale investments with support in addition to the interest and strategic investments with VAT returns together with other kinds of support, are underway (NTVMSNBC, 2012). These legislations are not the first of their kind to appear in Turkey. The results obtained by legislations employed so far in increasing employment and reducing regional development differences should be discussed. The indisputable point however is that these legislations, planned to be implemented with national employment strategies and new stimulus package issues, are based in supply-side interventions on economy. While demands of demand-based economy intervention and recommendations of the public taking the initiative and taking the role of investor when required are opposed with reasoning such as inactivity, public finance disturbances and lack of resources, these legislations provided by the neoliberal mentality cause the savings of large sections of public to be transferred to the bourgeois through a public feat.

In this context, the main focus of the study is the potential actions to be taken as alternatives to mainstream recommendations in the current capitalist system in order to reinforce the growth-employment interaction. In the current discussions of relevance, in contrast to the mainstream approach that preaches measures such as flexibility and deregulation, an approach that emphasizes a change in the economic concept and the public role as well as the significance of society's democratic participation would form a framework for alternative suggestions to flexibility practices. In this context, essentially the potential results in creating employment through suggestions of macroeconomic labour force planning and activation

of vocational training, dissemination of active employment policies and adjustment of work hours in Turkey will be examined. However one must note that this study's findings and suggestions are aimed at providing a window of perspective to the current discussions and are in need of improvement.

### **Required Framework for Alternative Suggestions to Flexibility and Deregulation Practices**

The neoliberal approach believes the reasons of unemployment to be based in inflexibility of labour markets. In this scope high labour costs consisting of fees and taxes are cited to be one of the reasons of unemployment. Other reasons are displayed to be “inflexibilities” such as high severance costs, strong unions and minimum wage laws (Onaran, 2007: 2-3). Employment related costs in Turkey are frequently noted particularly in employer circles and publications to be at relative extreme highs. However there are factors that indicate the inflexibility claims about the labour market in Turkey to be false: With and following new Labour Law, many flexible regulations such as part time working, on call working and temporary employment relationships have been introduced with the labour market related regulations. International comparisons show labour costs in Turkey to not be at higher levels and that these labour costs are kept at a competitive level with low wages. However it has been shown by various studies that wage adjustability is high in crisis periods (Onaran, 2007: 3, Tunçcan Oğan, 2004: 132-135). Lastly some recent field studies have shown the labour market to be highly flexible in action. For example Durak (2011: 131) includes a conclusion as follows in his 2010 field study in Konya: “Upon general review of research findings, interruptions in payments, partial lack of insurance, lack of unions and unsecure and risky working methods under severe conditions in conformity with flexible employment structures can be observed.” In a similar manner Bilgin (2012) states per employee wage (in fixed prices) to have decreased by 1,6% in 2011 in the top 500 industrial enterprises, while per employee value in these companies has gone up by 7,1%, while adding the comment “the

rate of exploitation has increased by 4% in 2011, which is a natural result of flexible unsecure, non-union working conditions.”

Moreover it must be noted that lack of regulations rather than flexibility is rampant in Turkey, where almost half of employment is off record (Bakır et al, 2009: 41-42; Sapancalı, 2008: 19-22). As Onaran (2007: 4) referenced from Taymaz and Özler (2005), cross-sectoral wage differences and labour force turnover, considered to be labour market flexibility indicators, are higher in Turkey than in the USA and the employment protection legislation index in Turkey is at highly reasonable levels when compared to countries such as Germany, Poland and Spain. The fairly low levels of unionizing (Çelik & Lordoğlu, 2006: 14, 20, 27) and limited scope of job security might be added to these characteristics. These factors show that the relevant labour market formations cannot be considered as obstacles to increases in employment.

What is clear is that tying the solution for this issue to increasing financial and commercial liberalization, regulations that further increase flexibility and deregulation in labour markets (Demir and Erdem, 2010: 25) and improvement of other indicators in economy such as growth, reduction of inflation and financial discipline does not provide results. On the other hand it is irrational to expect profit-based private investments to solve the unemployment problem, which has evolved into a social problem (Onaran, 2007: 8). The lack of positive contribution of various suggestions for solutions which share common characteristics such as more flexibility in labour markets, spreading of deregulation and minimizing manufacturer expenses can be observed from relevant indicators and current condition of labour markets. Therefore one must clearly state that if solutions are to be sought in the current structure, it is necessary to take a different perspective on the issue and develop a framework and solutions in harmony with that perspective. These principles might help in getting started on this track:

It is essential in the mid and long term for the public to be involved with local units and public investments to be included in solving this problem. However when attempted through public incentives

for private investments, this trend results in public resources being transferred to the private sector. The use of public resources by the public sector and limiting capital in the era of financialization and globalization is only possible through a giant transformation in power relations. Also in this case, however, it is only possible for public investments to reflect society's democratic choices through more organization, public participation and inspection (Onaran, 2007: 8). Moreover it is important to abandon the neoclassic perspective, which considers economy only and in every condition through the total supply perspective and suggests policies in accordance, and in this scope to present wages as an important component of total demand instead of simply being considered as a cost element.

Increasing domestic savings and preferring technological innovation instead of wage restraints and deregulation of labour markets in international competition (Demir and Erdem, 2010: 24) would result in a change priority. Therefore as the competition variable in international markets, foundation must be laid out for new technologies and quality product preferences instead of cheap labour.

Renewal of the education system and the labour system as a structure that supports/complements each other and designing a socioeconomic structure where employees can develop their skills is the prerequisite of a macroeconomic labour force planning. Supporting neglected social service fields such as education and health as public investment fields and selected sectors as part of the technology policy in scope of industrial preferences (Onaran, 2007: 8) will increase public sector's involvement in production and lay the groundwork for socioeconomic preferences such as self-management.

In this scope it is of critical importance for a more just, extensive, consistent and planned employment policy to be implemented by the public sector. Our (naturally in need of improvement) suggestions are the planning of a new and extensive macroeconomic labour force, spreading of active labour market measures where EU membership process requirements are considered and reforming

of working hours in a manner that helps break the low wage-long working hours link.

### **Macroeconomic Labour Force Planning and Vocational Education**

Turkey is traditionally a country with weak macroeconomic labour force planning. Problem aggravating factors such as rapid population growth and large number of young population and working age population contribute to this issue. However the main issue is the public sector's lack of ability to conduct macroeconomic labour force planning with a long range perspective.

### **Young Labour Force between the Education System and the Labour Market**

The transition from the education system into the labour market is important in socioeconomic terms. The TÜİK (Turkey Statistical Institute) Study on Youth Transition into Labour Force Markets (2009) for Turkey provides important information about the subject:

- In the research period, non-institutional population in Turkey is 70.435.000 people. 33.5% of this population consists of the 15-34 age group. The 10.860.000 persons in the 15-34 age group whom are at least primary school graduates and have worked for over 3 months after graduation: consist 64.5% of males which indicates the continuance of male-dominant quality of labour supply<sup>4</sup>; consist 54.4% of pre-high school, and 28.8% of high school and equivalent school graduates and only 16.9% of higher education graduates which indicates lower education levels of young population; consist 76.7%, and 93.2% amongst higher education graduates, of persons who worked with wages, salaries or allowances indicates the uncommonness of freelancing and small entrepreneurship; consist 16.6% of those who worked first in unskilled jobs and a significant portion of those who worked in

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4. A World Bank report (2008: 25-26) on youth employment in Turkey also supports this verdict: There is a reduction in Turkey in the inclusion of women in rural areas as well as educated women in urban areas in the labour force.

fields other than their educational field displays another aspect of the problems experienced in the transition from the educational system into the labour market.

- Amongst individuals in the 15-34 age group whom have graduated from vocational high schools or universities and have discontinued their education: In the reference week; of those graduated from art fields, 54.1% consisting of employed persons, 17.1% of unemployed, and 28.7% of those outside of labour force; of those graduated from business and administration fields, 63% consisting of employed persons, 15.6% of unemployed, and 21.4% of those outside of the labour force; of those graduated from teaching education and educational sciences; 65.3% consisting of employed persons, 11.5% of unemployed and 23.1% of persons outside of labour forces; of those graduated from health fields, 87.9% consisting of employed persons, 2.2% of unemployed and 10% of those outside of the labour force are indicators of a lack of planning in higher education.

One of the reasons for youth unemployment in Turkey is the lack of skill compatibility in the labour market. The higher rate of unemployment in high schools and equivalent schools and university graduates amongst the youth when compared to other educational groups reflects the aspect of youth unemployment that stems from lack of skill (TÜİK, 2012: 71-72). Another evidence of a lack of skill compatibility is that the rate of persons seeking work for the first time amongst long-term unemployed individuals is about 1/3 of the total number of individuals (Alabaş, 2007: 44). Aside from skill incompatibility, lack of ability, vastly limited job opportunities, lack of knowledge and issues in accessing information are other problems expressed by the young population (World Bank, 2008: 9-15). When considered collectively, these data and findings prove just how important macroeconomic labour force planning and vocational training is for Turkey.

### **Vocational Education and Transition to Labour Market**

Two institutional structures are of central importance in transitions from schools to jobs: Educational system and labour market. Therefore an effective macroeconomic labour force planning will

play an important role in reducing faults in the transition from the educational system into the labour market (Saar et al., 2008: 32 referenced from Kerckhoff, 2000 and Müller 2005). Various measures may be taken in Turkey to improve the current system in scope of the macroeconomic labour force planning. One of these might be the definition of vacancies of university departments educating vocational staff based on the school capacity<sup>5</sup> and labour demand. Another suggestion is for universities to establish and operate an alumni information system. Lastly, when determining curriculum for relevant departments, adjustments might be made that would allow professional bodies, trade unions and business circles to provide comments and contributions (Biçerli, 2011: 126-127).

The clashing point of macroeconomic labour force planning and active labour market policies is the practical branch of vocational education. The common point of many successful practices such as the German system and the Mondragon system is the providing the employee candidate with opportunity and obligation to practice in the process of creating intermediate staff and providing vocational education.

Unlike general education, vocational education and training have not been organized as a homogenous system in many countries. Differences in production structures, labour markets, industrial relations and social systems have caused the vocational education system based partially to the apprenticeship system to be distinguished as well. Therefore these services are being provided to different extents by an educational institutions network consisting of public, civil society organizations, private providers and administrative structures and traditions. The public branch is usually in scope of the secondary and higher education system within the current education with the coordination of ministries of education and ministries of labour (Bosch & Chares, 2008: 428-429).

In capitalist economies, with small variations, the apprenticeship system is essentially based on the cooperation between employers,

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5. An important dilemma that limits system functionality in the higher education system in Turkey is the placement of a higher number of students than the capacity of the relevant school.



trade unions and the state institutions. While the importance of the traditional apprenticeship system has diminished, advanced apprenticeship systems are present in the USA, Canada, Australia and England (Bosch & Chares, 2008: 429). The German apprenticeship system has been stated to be one of the main generators behind the sustainability of German production's competitive power in international markets. Described as the double education system in literature, this system consists of the combination of practical company-based education and the school-based education (Thelen, 2007: 247-248). Along with Germany, other countries with strong unions and corporatist traditions such as Austria, Switzerland, Denmark and Norway are establishing successful apprenticeship programs not only in the production industry but also in the service sector. The main points observed here are the increase in the level of vocational education and the effort in strengthening the ties between general education and vocational education (Bosch & Chares, 2008: 429-430). These examples prove that the vocational high schools creating intermediate staff in Turkey education system are in need of an apprenticeship system that should be performed alongside general education/vocational education for registered students. It is after all not possible for a student graduating with theoretical lessons to enter the labour market as an intermediate staff without practical experience in their field. Therefore these schools, not so different from regular high schools, should be connected with apprenticeship systems.

This connection in the education system could be established with a few important reforms. Renewing the obligatory educational period as a consecutive 12 years is of vital importance at this point. This is due to the fact that such a practice would allow the public sector to monopolize apprentice supply through vocational high schools. The employment of students registered in vocational high schools in both public and private enterprises with all rights and dues as apprentices throughout their school terms is one of the main factors that will ensure the operation of the system<sup>6</sup>. It should be

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6. In Mondragon system are given the opportunity to working and education for students

ensured in this process that the student not only becomes equipped with practical knowledge and manners in their field of specialty but also gets the opportunity to develop financial savings for various entrepreneurship activities including setting up their own business. Moreover the achievement of journeyman/master upon graduating will be significant in the case where these titles have public meanings<sup>7</sup>.

The issue of vocational college being ineffective is more complex than the current problems in vocational high schools. Countries with common problems in relation to creating employees equipped with practical and theoretical qualifications display efforts in creating solutions through increasing the status of vocational training. New apprentice systems are in development in liberal market economies with weak vocational education and in Canada where vocational education is widely provided on a school basis. Meanwhile countries with stronger and more widespread vocational education are in the process of modernizing these systems (Bosch & Chares, 2008: 431). Various indications exist that prove Turkey, which quite like the countries defined as liberal market economies does not have a strong and widespread structure for vocational education and apprenticeship systems, has ineffective vocational colleges: Biçerli (2011: 124) points out relevant schools established without physical infrastructure and lecturers and conveys from Küçükcan & Gür 2009 that these schools have failed to establish successful relations with sectors in the region and neglect the needs of local production. Moreover the inclusion of vocational colleges within universities brings not only various advantages but also certain disadvantages. These schools attempt providing university education, vocational training and (through internships<sup>8</sup>) practical education at the same time and fail to truly

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(Morris, 1992: 12).

7. Despite Turkey approving ILO's no. 138 Minimum Age Convention focusing on eliminating child labour, apprentices, describable as the unsecured layer of the labour market, cannot get regular wages at work, and except the work health and safety provisions are outside of the scope of the Labour Law, cannot be members of unions and cannot benefit from provisions of labour agreements. Moreover according to the Vocational Training Law, where the minimum age for apprenticeship is set as 14, candidates are being employed as children by using the title of apprenticeship.

8. According to Article 17 of the Directive on the Basis and Procedures of Education, Practice and Internships of Vocational College Students in the Vocational and Technical Education

provide any of these factors. Prioritizing practical education at this point would be more suitable to the reason for vocational colleges' existence. Such an intervention on the system would both contribute to the reduction of vacant and unemployed person qualification incompatibility rate which poses an important problem in Turkey and reduce the costs caused by activities for the same purpose such as orientation and vocational training.

The tangible suggestion here might be the employment of students of these schools as part time employees in the labour market. As stated above for vocational high schools, the employment of registered schools throughout their school terms either in public or private establishments as journeymen or masters with all rights and due would render the system functional. Moreover the persons graduating from vocational high schools or colleges should be supported by an institutional body in finding jobs / establishing businesses. At this point the inclusion and contribution of public and private institutions to the system is critical. This is due to the fact that it appears impossible for theoretical school-based education and practical company-based education to be merged. Reviewing the three basic attributes of the German system, Thelen (2007: 255-257) notes this structure. According to this, the first attribute (despite decreasing in the recent period) is the extensive contribution and support of institutions to the system. The second attribute is the national standardization of company-based education. The third attribute is the establishment of a partnership and balance between the public and private sector when it comes to company-based and school-based education.

It must be noted here that in practice, the public sector could lead the private sector when it comes to various product and labour market regulations such as licensing and quality standards (Bosch & Chares, 2008: 429). However the key to obtain a structure fast and adaptable in its entirety while desisting from bureaucracy wherever possible is for the public to be present in this structure through local

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Area, the internship period can range from a minimum of 30 work days and a maximum of 60 work days based on the quality of the student's registered program.

units that are inspectable through methods such as strong financing and elections etc. and where democratic participation mechanisms are rendered operable. For the public branch of the proposed system to consist of central government in a country large in geographical and population terms such as Turkey would limit the functionality of the system, the clumsiness of these units would penetrate the system itself, and the ends would fail to justify the means.

### **Harmonization with European Union and Active Labour Market Measures**

Significant differences exist between EU countries in terms of labour markets and employment policies stemming from institutional heritage, political, cultural and socioeconomic conditions. Despite this the measures and policies suggested in both USA and EU to fight the experienced economic crises since 2008 have been almost the exact same: Neoliberal prescription. Following the financial breakdown in the USA, the economy of Europe has had the relatively fragile countries such as Iceland, Greece, Portugal, Spain and Italy face economic crises. To prevent the entire breakdown of the system and get rid of the crises, governments and international institutions, the implementing parties for these neoliberal policies, have provided these countries with financial support in return for the implementation of regulations that wipe the various gains obtained by labour in the historical process.

On the other hand, one of the indicators showing that EU as a whole has begun opting for neoliberal regulations in social politics and employment is the “flexicurity” approach created with the goal of providing flexibility to EU’s relatively secure structure. Certain relevant studies (Neacsu and Baldan, 2008: 2) and reports (European Commission, 2007: 125) state how flexible security, proposed as a strategy where flexibility and security are attempted to be merged simultaneously in the labour market, is about obtaining success in transitions from school to work, from one job to another, from unemployment to employment and from work to retirement and allowing transitions in the company and between companies, yet

fails to mention how this will inevitably facilitate practices such as severance and subcontracting (Kesici, 2011: 85).

Meanwhile the determination of tools and conditions for the practice of actions defined to achieve goals set in EU for social politics and employment issues has largely been left to member countries responsible for their own employment policies. Member countries acting and issuing regulations in accordance with their own specific conditions in the process of achieving goals and purposes is called the Open Method of Coordination (OMC). In this context, the national employment policy in Turkey, which needs to include not just various regulations in the economy and labour market but also active employment policies, should be created in coordination with the European Employment Strategy (EES) due to the EU membership process but also keep in consideration the country's subjective conditions. Upon Turkey being declared as a candidate country in 1999, the cooperation process in labour markets and employment policies has begun and membership negotiations have been transitioned to in 2005. The critical issue here is how the EU social politics and employment harmonization process will affect the solution of problems of the current labour market and particularly the weak employment performance.

İpek Köstekli, (2006: 23) defines the goal in OMC to be, instead of employment policies through direct interventions, the formation of a learning process for the development and sharing of successful experiences in order to create national policies by the relevant countries themselves in the most suitable form possible. This might, despite being in the EU membership process, provide Turkey with the chance to generate alternative measures to current neoliberal policies and suggestions.

Due to the requisites of the EU membership process and high levels of unemployment, active labour market measures are increasingly getting space for implementation. However the quality and results of these practices are controversial. The authority in implementing active labour market measures in Turkey has been assigned to the Turkey Labour Institution (İŞKUR). İŞKUR, in scope of its active

labour force programs, conducts labour force creation activities<sup>9</sup> and work and profession consultancy services. On the other hand, one can observe that the institution is highly ineffective in its main traditional task of job finding and placement. For example while the job finding channels of the young population aged 15-35 consist 62.6% of “through family, relatives or friends” channels, 27.6% of “direct application to employer” channels, İŞKUR’s share remains merely at 0,3% (TÜİK, 2009). As of 2010 the number of unemployed people registered in the institution is 1.414.641. As shown only 48% of open unemployed individuals are registered to the institution. The number of vacant jobs obtained by the institution in the same year is 368.636 and is much lower than the registered number of unemployed individuals. The number of people placed in jobs in this period has remained at a mere 205.231. Therefore the institution’s job placement rate is at 14,5% (İŞKUR, 2010).

One of the basic reasons responsible for the rise in unemployment rates in the growth process in Turkey is the unplanned dissolution in the agricultural sector taking place due to neoliberal policies causing people to be unemployed (Kesici, 2010: 18). The agricultural sector where this significant dissolution is taking place is one of the areas where İŞKUR proves inadequate. For example in the research by Yıldırak et al. (2002: 27) with traveling and temporary female agricultural workers, it has been found that none of the female subjects received any training on the issue and that only one of the “agents” acting as a mediate in the work of these women had received a prompt training from İŞKUR about employee rights and duties. İŞKUR starting active labour market measures from the agricultural sector, renewing its organization and activities in this manner, might be a step forward in the approach of acting on problems by exploring their roots.

One of the institutions taking part in investment incentives and increasing employment in scope of the active labour markets policies (particularly in regions and cities with development

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9. See <http://www.iskur.gov.tr/LoadExternalPage.aspx?uicode=statisgucuyetistirmekursl> for these training programs.

priority) is KOSGEB (Small and Medium Enterprises Development Organization). With a target audience described as enterprises active in particular fields and classifiable as small and medium in terms of finance and personnel numbers, KOSGEB stipulates various incentives aimed for the employer in order to increase investment and employment<sup>10</sup>. The contribution of small and medium sized establishments to employment is critical particularly for less developed countries<sup>11</sup>. In terms of efforts in the employment increasing approach which Turkey is vying for, KOSGEB takes on an important role. However, despite all of this, various reports from the institution reflects that the system is not operated as well as desired: One of the examples on this subject is the lack of commonplace use of these relevant incentives. This is proven by the fact that incentives implemented by the institution each year have been below the expected incentives in the 2003-2010 period. There is also the issue of an inadequate amount of incentives and number of incentivized businesses. While the amount of incentives implemented in 2010 was approximately TL 186 million, only 51.315 businesses could benefit from these incentives (KOSGEB, 2011: 27-33).

Active labour market measures, comprising of education, training, emplacement, mobility and employment of labour forces, in labour markets where the state is present as a regulator and (in a declining manner) actor, is a point where Turkey proves to be weak. The state, in order to perform these functions, engages in activities with institutions such as İŞKUR and KOSGEB and executes employment strategies and incentive packages. However these neoliberal measures, serving to deepen the unequal structure that is already present, not only further these problems but also do not serve a structural transformation and cause public institutions to shoulder the expenses of the private sector.

At this point it is of utmost importance to create an approach

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10. See <http://www.kosgeb.gov.tr>

11. One must promptly add that the spreading of these firms is critical in overcoming the problems surfacing in the functioning of the capitalist system. One of the tools in making the economic structure flexible and absorbing the effects of crises is to ensure the activity of a large number of small and medium sized enterprises.

that does not neglect the demand side of economy and considers increase in employment to be one of the goal indicators just like price stability and financial discipline. One of the practical suggestions here might be, with the restructuring of the Argentine central bank as an example, assigning central bank, focused on price stability, with the task of increasing employment<sup>12</sup>. Once more as an alternative suggestion to neoliberal policies, ILO's 2009 World Labour Report suggests taxing carbondioxide emissions and reducing labour taxes with the collected resources. This is assumed to prove beneficial both to reducing environmental pollution and increasing employment.

Lastly, in order to create solutions to problems in labour markets of Turkey, where unemployment is high and neoliberal precautions are ineffective, one might suggest public intervention in markets as investors, job creators through action of local units in scope of the active labour market measures<sup>13</sup>. This is the key to reducing regional development discrepancies and normalizing immigration levels. The redundancy of discussing arguments such as resource inadequacies and financial indiscipline in the public sector will be apparent upon stating that resources provided to İŞKUR, KOSGEB and employment and incentive packages are also public resources.

## Working Hours

One of the important reasons behind the employment problems and the lack of adequate interaction between growth and employment in the labour market in Turkey is the relatively long working hours.

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12. It is obvious that decision makers in Turkey do not consider measures aside from neoliberal suggestions. However various alternatives are being presented in this field. For example the task scope of the Argentine Central Bank, assigned inflation targeting, has been redefined in Spring 2012 with a new legal regulation in a manner that will render it more effective in increasing growth and battling unemployment. See John Weeks, (2012). Getting Priorities Right: The New Central Bank Law in Argentina. *Social Europe Journal*, access <http://www.social-europe.eu/2012/04/getting-priorities-right-the-new-central-bank-law-in-argentina/>

13. It is necessary at this point to mention the issue of self management which could be argued as an alternative in relation to form of public intervention. However due to its extensity and volume this issue could only be the topic of a separate study.



The weekly working hours in Turkey, defined legally as 40 hours for public workers and 45 hours for labourers, varies between 51 - 54 hours according to the data in Table 1. EUROSTAT (2011) data states the weekly actual working hours to be even above those displayed in ILO sources. This indicates weekly actual working hours to be around 55.1 in 2006, 53.9 in 2007 and 53.6 hours in 2008. The 2008 data has been confirmed with the report of the Republic of Prime Ministry Investment Support and Promotion Agency (2010: 14).

**Table 1 – Average Actual Weekly Working Hours in Turkey**

2000	2001	2002	2003	2004	2005	2006	2007	2008
51.3	51.4	51.9	52.2	52.1	53.7	54.0	51.8	52.8

*ILO LABORSTA Internet, (2011, October 11). Turkey 1999-2008. Access: <http://laborsta.ilo.org/>*

Aside from this fact, the relevant regulations in new Labour Law have made it easier to make normal weekly working hours flexible and exceedable. In this context the labour section, with weak union support, is in the position of having to accept daily and weekly working hours and overtime that exceeds legal limits due to being in negative economic conditions caused by high unemployment levels (Kesici, 2010: 23). Long weekly working hours are more of an issue for men than they are for women. One must still note however that approximately half of women labourers are affected by the same issue. For example while 65% of labourers in Turkey were working 48 hours and more per week as of 2006, this indicator is 45.6% for women and 71.7% for men (Messenger, 2011: 303; Toksöz, 2008: 35-38).

Working hours in industrialised countries such as USA, England and Japan have decreased about by half between 1870-1992 (Bosch and Lehdorff, 2001: 214-215). Upon reviewing average weekly working hours periodically, one can observe a reduction in many European countries between years 1995 and 2006. This indicator has displayed reductions in most of the EU-15 countries in this particular

period. With the exclusion of Bulgaria, newer members called EU-12, closer to Turkey in socioeconomic terms, have also displayed reductions in this indicator in the same period (Messenger, 2011: 297-299). According to the EUROSTAT (2011) data, as of 2008 countries following Turkey with the highest actual working hours are Iceland with 46.1 hours and Macedonia with 45.4 hours. Actual weekly working hours in European countries range between 39.2 and 46.1 hours. This shows actual weekly working hours in Turkey to be approximately 10 hours more than the relevant indicator in these countries. Lastly indicators about working hours in Turkey do not point to any significant reduction or increase, and as shown in Table 1 average actual weekly working hours have remained between 51.3 hours and 54 hours since year 2000.

Lee et al. (2007: 154) clearly emphasize the interaction between wages and working hours for transition economies and developing countries. Meanwhile Messenger (2011: 303) and Toksöz (2008: 36) point out the connection between low wages and long working hours as one of the main reasons for longer weekly legal and actual working hours in Turkey than any other country in the European region. This link may be utilized in reducing the discrepancy between actual working hours and legal working hours and by thus intervening in working hours reinforcing the interaction between growth and employment. The situation is such that reduction in working hours is a necessity to reinforce growth-employment interaction in Turkey. Turkey implementing a reduction in legal working hours alone will not be enough to reduce actual working hours. Moreover actual weekly working hours should be reduced to numbers close to legal weekly working hours.

First of all the link between low wages and long working hours must be broken. One of the first steps in this issue could be taken by revoking the reservations Turkey has on the requirement “to recognise the right of workers to a remuneration such as will give them and their families a decent standard of living” stated in article 4 item I titled “The Right to a Fair Remuneration” of the Revised European Social Charter and exercising this requirement. A second

step could be taken by undertaking the requirements of the no. 138 agreement of ILO approved by Turkey about eliminating child labour and stop apprenticeship from being the unsecured layer of the labour market. These and similar practices also, as the instigators of a change in paradigm, might in international competition pave the way for the questioning of opting for cheap labour as a competitive variable in the export-based industrialism/development which Turkey is vying for and replace this choice with the quality labour/quality product variable.

## Conclusion

2000s in Turkey are a period of notable developments in relation to growth and employment. Upon separating this process into the 2001 and 2008-2009 crises and the “high growth stage” in between, one might have an idea of the growth. However the course of employment in this process, in other words the weak employment performance surfacing in the intermediate period where high growth performance was attained, makes it a must to question this period in terms of the growth-employment interaction.

Many studies have begun to state that particularly starting from the 1980s, and 2000s in the private sector, the interaction between growth and employment in Turkey has weakened and even that no such interaction exists between growth and employment. Economy and labour market indicators also attest to this situation.

Various demographic and socioeconomical factors influence the appearance of these results. Some factors at the first glance are, the newly employed population being larger in number than newly created jobs despite the low LFPR; spontaneous dissolution in the agricultural sector; high increases in labour production; the growth consisting largely of labour saving and thus having labour intensive sectors remain low while capital/technology intensive sectors obtain higher rates of growth; intermediate goods created also with the effect of anti-inflationist policies and an external trade composition based on the import of investment goods and the inadequacy of

internal savings; increases in production and export largely stemming from capital/technology intensive sectors; capital flow generally entering the country with the goal of purchasing through passage of titles or privatization or merging; working hours being above international standards both legally and actually; public sector having actually withdrawn from investment and production fields and the effort to transfer their responsibilities to the private sector; and in conclusion the lack of a planned national employment policy.

In this country where decision-makers are opting for a pure market economy, the suggestions are employment strategies consisting of the spreading of financial and commercial liberation, minimizing manufacturer costs and neoliberal legislation encouraging deregulation, while the assumption is that employment will increase alongside the improvement of other indications in economy such as growth, decrease in inflation and financial discipline. This approach spreads and benefits from the preconception that the labour market in Turkey is not flexible and employment thus cannot be created. However various factors exist that indicate the claims of the labour market of Turkey being inflexible are false. Meanwhile the results derived in regards to the labour market point to the ineffectiveness of solution proposals and practices.

At this point inclusion in the process is essential in order to be able to create alternative suggestions within the system and to build paths leading to the humanization and improvement of the system. Before making basic suggestions, what needs to be done first is to change the perspective on this subject in a manner that allows for the creation of alternative solutions: The basic framework is the establishment of a more fair, extensive, consistent and planned employment policy by the public, largely done by local units. In this scope, a brand new and extensive macro labour force planning as an alternative to flexibility practices, the spreading of active labour market measures where EU membership process requirements are also considered, and the readjustment of working hours in a manner that allows the low wage-long working hours link to be broken, comprise three important stepping stones.

It is of vital importance for the public to undertake macroeconomic labour force planning and for the vocational education system to be renewed with a long-term perspective. The higher education system and high schools and their equivalents, along with schools raising vocational staff are in need of new legislations regarding vacancies, curriculum and practical education. The critical factor here is the practical side of vocational education and with this premise the vocational education system must be renewed in its entirety by making use of international experiences and examples.

The Turkey education system needs to connect vocational schools, not so much different than other schools, to the apprenticeship system. In other words these schools, which are meant to raise intermediate staff, require an apprenticeship/mastership system to be implemented for registered students along with general education/vocational education. This is due to the fact that students graduating with theoretical knowledge cannot enter the labour market as an intermediate member or small entrepreneur without practical experience in their field and financial resources. The tangible suggestion here might be to employ the students in these schools as part-time employees (journeyman/master) in the labour market.

Active labour market efforts, described as the education, assignment, mobility and employment of labour forces in labour markets, is a weak point for Turkey. At this point the main suggestion is to consider active labour market policies at a more extensive manner and create an extensive national employment policy. This is due to the fact that the creation of an approach that does not neglect the demand side of economy and considers increase in employment to be one of the goal indicators just like price consistency and financial discipline. At this point the practical suggestion could be to add taking necessary precautions to increase employment to central bank's job description. On the other hand, the national employment policy in Turkey, which needs to include not just various regulations in the economy and labour market but also active employment policies, should be created in coordination with the EES due to the EU membership process but also keep in consideration the country's

subjective conditions. In conclusion in Turkey, where unemployment is high and neoliberal precautions are ineffective, in order to create solutions to problems in labour markets, it is inevitable for the public through the local units to intervene in the market as investors and job creators in scope of the active labour market precautions. This is also the key to reducing regional development discrepancies and normalizing immigration levels.

One of the main reasons behind long working hours, one of the factors weakening the growth - employment interaction in Turkey, is low wages. In this scope working hours need to be reduced in order to reinforce the growth - employment interaction in Turkey. In order to do so, Turkey reducing legal working hours would not be enough to reduce actual working hours on its own. Actual weekly working hours should also be reduced to numbers around the legal weekly working hours. The priority here is to break the link between low wages and long working hours. One of the first steps in this process could be taken by Turkey revoking the reservations in the article on fair remuneration of the Revised European Social Charter and realizing the relevant requisites. This trend can also, as the instigator of a change in paradigm, might in international competition, pave the way for the questioning of opting for cheap labour as a competitive variable in the export-based industrialism/development which Turkey is vying for and replace this choice with the quality labour/quality product variable.

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# **A Critical Analysis of New Work Relations and Flexible Specialization: Are You Among Those Whom We Could not Alienate?<sup>1</sup>**

*Orkun Saip DURMAZ<sup>2</sup>*

## **Abstract**

The approaches of new labor relations which can be identified with some concepts, such as total quality management (TQM), quality control circles (QCC) and flexibility concerning with organization and management of work, assume an interesting and assertive claim as overcoming alienation in capitalist labor process. Actually, the theoretical approaches which analyze new labor relations of the last two decades as improvements in terms of labor-capital relations, hinge upon certain deductions; such as, workers have more control over the work due to the flexible specialization or ‘TQM and QCC enable workers to join in decision-making processes’. Concerning with the issue, two question become prominent: The First is as following: Does flexible specialization re-skill the worker as it is argued by the above mentioned theoretical approaches? And the second question is that Does TQM really enable worker to join indecision-making process . In this study, those questions are going to be argued in the axis of alienation debates? As a reply to the thesis of those theoretical approaches, this study will argue that the characteristics of new labor relations do not certainly transform or even smooth the essential features of capitalist labor process. On the Contrary, they are designed and applied to increase labor productivity which was one of the indispensable characteristics of capitalism. The alienation of worker from his/her own product, his/her self-being and his/her social environment, is still fundamental characteristic of the new labor relations

**Keywords:** *alienation, flexible specialization, total quality management, quality control circles, labor process*

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## Introduction

Although the term alienation can be defined, in common use, as human being's loss of control over the things which originally belong to his/her and human's dependence on these things, in turn this article will depend upon Marx's theory of alienation which derives from the antagonistic feature of the relation between labor and capital. Hence, this study will not benefit from other alienation theories focusing on different antagonistic relations, such as Hegel's and Feuerbach's theories of alienation.

Marx's theory of alienation, at first, attempts to resolve the subject-object dichotomy in philosophy. According to Marx, it is neither true to conceptualize alienation as something occur outside human mind and against human being's essence; nor this concept refers to a process which is the product of ill-directed human mind. Marx accepts that there is an external world independent from human consciousness; nevertheless, it can only be entirely comprehended through its relation with human activity which is realized by human labor. Through only labor activities, Human being could transform the external world, and he/she transforms him/herself by transforming the external world, conversely. This is the revolutionary feature of the human labor, for Marx. In this sense, alienation, according to Marx, refers to a process which eradicates the revolutionary potential of human being who engages in labor activities.

The theoretical approaches to new labor relations, which became widespread in the last few decades, asserted that the current developments in the industrial relations were significant steps to overcome alienation. These approaches (Piore and Sabel, 1984) claim that the workers have more knowledge about the different aspects of the production processes due to flexible specialization. By applying this more comprehensive knowledge in the production process, workers become more qualified. As a result, the modern workers look like the artisans of the pre-Fordist period rather than unskilled or unqualified workers of the Fordist period. Furthermore, the approaches to new labor relations argue that workers join in the decision-making processes through total quality management

(TQM) and quality control circles (QCC), and the outcome of such participation is the integration of production and management processes in the workplace. This development, according to them, combines with the decreasing significance of class struggles and even class distinctions in the modern world. At this point, this study aims to demonstrate that alienation continues to be experienced by the new workers with its all rigor under the new labor relations unlike the assumptions of these approaches.

For such an aim, flexible specialization arguments will firstly be evaluated in this study by associating it with labor process. Secondly, the main points of the Marxist alienation theory and the contributions of the following thinkers to the theory will be analyzed. The third section of the article, as an intersection of the first and second parts, will try to discuss the relation between flexible specialization and alienation. The fourth and also the last part will deal with new management practices; such as, TQM and QCC which will be evaluated by depending upon the Marxist theory of alienation and empirical findings of two field researches.

### **Flexible Specialization And The Differentiation In Work Force**

The concept of flexible specialization was utilized by Piore and Sabel (1984) as an alternative to the Fordist production system which is defined with the notions of large-scale factories, production line, standardized products and mass production. The authors who reflect on the impacts of flexible specialization argued that workers who did not need any skill under the previous production system such as Fordism or Taylorism developed their skills under the new labor relations. For example, Dicken (1998: 168) claims that flexibly specialized workers who are charged with various duties in the production process have more knowledge and thus more authority over the production processes as a whole.

There are two different perspectives about the impacts of flexible specialization on the labor force. The first perspective asserts that flexible specialization has positive effects on the labor force by hinging

upon some thesis as following: flexible specialization necessitates qualified workers and enables them having control over the work. Consequently, alienation is considerably disappeared by the way of various managerial practices; such as, team work and self control mechanism. Piore and Sabel's study (1984) can be considered as a good example for this perspective. In this context the first perspective states that flexible specialization is a humanistic method. On the other hand, the second perspective which focuses on the negative results of flexible specialization point out the fact that the qualified labor force is subject to a strict managerial control due to the practices of flexible specialization. Pollert (1991: 20) describes characteristics of flexible specialization as expanding of work description for workers. And, Hyman also called it as expanded portfolio of competencies for employees (as cited in Parlak, 1999: 88).

Therefore the second perspective claims that flexible specialization and its results can be regarded as managerial method to increase control over labor process and thus workers. Besides, the second perspective highlights a re-skilling process for the vast majority of the labor force apart from the core workforce does not take place (Dicken, 1998: 171). As a result, it emphasizes that flexible specialization do not provide a work organization preventing the labor from being alienated.

It is remarkable that the approaches which lean towards a positive opinion about flexible specialization, generally select the qualified labor as their case studies. Indeed, the study of Piore and Sabel (1984) which proposes a flexible specialization model, based on the analysis of a qualified labor. However, the work force in the real life is not only composed of qualified labor. In fact, for the worker in the periphery countries flexible specialization means to work without a proper work description. Such workers, may work firstly as a cleaning worker, then as a security staff, then as a dishwasher in the same work place. This situation, which is conceptualized as the flexibility of the relations between the firms by Öngen (1995: 284), can be described as flexible specialization for the peripheral workforce. At this point, one critical question has to be answered with regards to the topic of

this study. The question is that “does the flexible specialization affect the peripheral workforce positively?” Responding the question affirmatively means to accept the positive stance which assumes the abolishment of alienation independent of the property regime to flexible specialization. In this sense, firstly, the relation between labor process and alienation should be explained briefly.

### **The Theory of Alienation**

Marx developed the theory of alienation by criticizing the theories of his predecessors, Hegel and Feuerbach. He defines four moments of alienation: Human is alienated from the product of his/her labor emerging as a result of his/her productive activity; alienated from the act of producing -that is, the labor process- in which the product is created; alienated from his/her species being -that is, his/her creative essence- which differentiates human being from the animal; and lastly alienated from his/her social environment and from him/herself as the laborer begins to work under the capitalist labor process (1988:76-78). Alienation corresponds with labor process and thus with labor relations in the Marxist theory. Besides, both labor process and labor relations are characterized by capitalist mode of production and capitalist social relations. When the works of Marx are carefully analyzed, it is obvious that the act of work in itself or every labor process in which human is involved is not subject to alienation. Alienation becomes an issue if direct producer, namely worker in the capitalist labor process- loses control over the work and becomes dependent on the capitalist. This also refers to the deskilling of direct laborer (Thompson, 1989:40-41).

The alienation process refers to a gradual loss in one's own creative skills which are embedded in being a human. The first step, alienation of the human being from his/her labor and from the product of his/her labor, refers to the situation that the direct producer is bereft of means of production. Consequently, human could no longer own the goods produced by his/her own labor or take a control over these goods. The second step, alienation of human being from the labor process, is related with the capitalist control and management

methods over the labor process. Such a human being neither has his/her product nor has control the labor process in which he/she is involved. The third step, alienation of human being from his/her species, is the erosion of the self creative activity of human being which differentiates him/her from the animal. The forth and last step is the alienation of the human being from himself/herself and from his/her social environment because of the former steps that threatens human being's sociability and culminates in the social isolation of human who becomes human with only his/her social action (Marx, 2000). Hence, it can be said that in Marxist theory alienation with capitalist labor process is explained; but, it does not remain in it and extends it to other social areas; such as, relations among individuals outside workplace.

Seeman adds a socio-psychological dimension to the Marx's theory of alienation. According to him, alienation means socio-psychological corruption and the vanish of the self creation ability as producers, as well as isolation and disentangle of work itself and workers. He describes the term of alienation with its three aspects which are powerlessness, isolation and self-estrangement (as sited in Çetin et al., 2009: 122). Powerlessness implies the workers' loss of psychological control over the labor process and ending of the decision authority over the work. This loss describes the situation in which worker feels him/herself as worthless over the labor process and cannot see the relation between his/her labor and the end product. For Seeman, the isolation of producer refers to the failure of workers in the establishment of successful relations at work place. He evaluates this situation by giving the example of prohibiting workers from talking between themselves during the working hours of. Lastly, his argument called as self-estrangement corresponds to the separation of the worker from his/her work and labor process and feeling him/her as an alien (Blauner, 1964, 18-26).

Both Marx's theory of alienation and the other theories of alienation developed after Marx generally focuses on labor relations and specifically on labor process. As another common point of these studies, they refer to blue collar employees when they talked about

them. This situation led to a debate about the validity of the alienation theory for the workers -called as white collar workers- which became to enlarge from beginning with the second half of the 20<sup>th</sup> century. Daniel Bell, in his book *The Coming of Post-Industrial Society*, asserted that relations between labor and capital lost its influences in the social formation which he defined as information society. In this society the activities to reach information gained importance and human relations become more valuable, as a result. According to Bell, it is expected in the information society that the white collar workers whose share increased in the employed population would feel close to each other and have a more friendly work environment. Moreover, job satisfaction among workers would increase and alienation would largely disappear since laborer would have more control over labor process (as cited in Çetin et al., 2009: 123).

Braverman (1974), criticized identifying working class as white and blue collars, objected to Bell's claims by emphasizing that alienation is certainly related with the worker's loss of control over labor process. The white collar labor is deemed more qualified compared to blue collar labor by the most scholars. However, as an inevitable result of capitalist labor processes, white collar laborers just like the blue collars lost control over their labor process, became deskilled and more dependent on capitalist class beginning from the middle of the 20<sup>th</sup> century. Capitalist labor process makes this division insignificant gradually and alienation becomes more effective labor classes as a whole. White collars, like other laborers, are subjected to capitalist labor process in which exploitation is a reality, are disentangled from his/her service. As a result of all these processes, the white collars are alienated to themselves like the blue collars (Fine and Saad-Filho, 2004:47).

### **Flexible Specialization Against Alienation?**

Relating the discussions of alienation, in addition the discussion of flexible specialization, one must focus on two types of workers. The first refers to greatly demanded workers in the market, although supply is extremely low. They are included in core workforce, high



skilled and cannot be easily fired. This is a type of worker that Piore and Sabel (1984) mentioned, and it is be a kind of craftsman which is not alienated. Therefore, according to Piorre and Sabel, it may be said that it is a model worker to challenge Marx's alienation theory. However, the second refers to a type of worker, for whom demand is relatively low and supply is extremely high in the market. Those are included in peripheral workforce, unskilled and who can be fired easily.

In order to understand what extent the first type of worker has been alienated to labor process, the main principle of Marx's theory of alienation should be taken into consideration. The main principle of the theory is definitely based on property relations. In the capitalist mode of production, direct producer is separated from both the labor process and the product, and the control of the labor process with the property of product belongs to capitalists. In other words, however qualified the worker is, he/she is subjected to a process of alienation as he/she is working for an employer. The worker may be qualified, or he/she may be assigned for more than one aspect of work or he/she may perform certain technical and administrative duties; however, in the final analysis the real dominant actor in labor process is not worker, but employer who -directly or indirectly- controls the decision-making process, plans the process of production, and forms a budget plan for organization/company. In capitalist labor process, the dominant actor cannot be any person but capitalists who is basically defined as the owner of means of production. In addition to this, it is also significant to reflect on the class position of producer. If a producer, who is included in the core workforce, works for him/herself like an artisan or owns the property of means of production, it means that we are not talking about a worker, but an artisan or even a petty bourgeois in capitalist labor process (Nielsen, 1991:13). Therefore, it is not true that every producer is worker!

It is relatively easy to detect the process of alienation for the second type of worker. By depending upon findings of a field survey, the process of alienation to which workers are subjected can

be demonstrated: In that field survey, the blue-collar laborers and their working conditions in an automotive factory were observed (Yücesan-Özdemir, 2000:247). In that factory, there was a bulb lamp, which had been attached with a rope to turn on the wick, above the each people working on the production line. And the worker was responsible for not only performing given task, but also informing his/her supervisor or foreman, by pulling the rope, about the problems caused by him/herself or other workers in the production process as soon as he/she noticed. Of course, it is not possible to say that pulling rope could be given as an ideal example of flexible specialization which Piore and Sabel (1984) pointed out. However, it would not be wrong, at the same time, to talk about a model worker, which has exposed to flexible specialization, and participated in both production and organization parts of the work. Nevertheless, such a model cannot represent core workforce in total. As a result, it can be said that flexible specialization, which is transformed to adopt the second type of worker, provides the capitalist with opportunity of control over the labor process and workers by using such a self control mechanism without employing any extra labor force for supervision. Some scholars support this model since they think it enables worker to gain control over the labor process as a result of having more roles in the organization of the work (as cited in Berggren, 1993:47). However, the practice of bulb lamp can be given as a good example for a worker who is working hard and having problems with his/her job rather than for a worker who is responsible or specialized in many areas of the work (Yücesan-Özdemir, 2000:260). At this point, it is important to argue the importance of self control mechanism in the labor process. In that factory, self control mechanism has a critical role in favor of capitalist control over the labor process since worker pulls the rope to turn on the wick to control him/herself or his/her friends in the name of the capitalist. To conclude, it is meaningful to argue that capitalist labor process hides its alienating aspects. Moreover, the workers employed in that factory were aware the effects of alienation without using any term or concept of alienation. A worker talking

about the control mechanism at work said that: (Yücesan-Özdemir, 2000:249):

“...our works were closely supervised. However, close supervision does not necessarily mean that you are supervised by a man next to you. In our factory, what I have called as the rigid supervising is processing in that way: As soon as you did just one mistake, no matter how minor it is, they find you immediately...”

According to Yücesan-Özdemir (2000:250) it is very clear that workers felt uneasy owing to that control mechanism:

“...When you are working, you see promptly that a supervisor is coming towards you with serious and rapid steps. Then, you understand you have made a mistake at work. Receiving a rap over the knuckles makes you ashamed when everybody watches you...”

In the factory where the survey was conducted, organization of the work was regulated in accordance with the principles of teamwork that was defined as a type of work organization to join workers to the decision making process. However, what is needed is not to define teamwork, but to demonstrate its effects and to determine the actual meaning of it in the capitalist labor process. As mentioned above, in a capitalist labor process, any attempt to enlarge responsibilities of workers does not refer to an improvement making worker less alienated; on the contrary it results in a condition in which workers become not only responsible for his/her own specific task, but also responsible for his/her friends' tasks. In fact, teamwork refers to the expansion of work (Yücesan-Özdemir, 2000:248). It may be realized that workers' extra responsibilities concerning with the organization of work mean that those workers are flexibly specialized in the labor process as a result of teamwork. Nevertheless, workers' control over

the labor process as against the interest of capitalist is not something possible in a capitalist labor process. In a capitalist labor process, if there are more responsibilities or more tasks the workers have to pursue, or if there is a task that must be performed by the collective labor of workers, it definitely implies that laborers become more and more dependent to capitalist since not only their individual and manual labor but also collective and mental labor begin to subject to capitalist. Besides, capitalist never pays workers for their collective and mental labor.

It can be argued that the relation between flexible specialization and alienation is more complex because the division of labor to which white-collar workers are subjected is more differentiated in considering the laborers who are called as white-collar or the workers performing in capitalist labor process with their mental labor. For instance, the work assigned to a blue-collar worker in factory may be to stand near the production line and screw something into another thing. What it means that, as a result, the work given to manual laborer is more standardized. However, for a white collar worker work definition is more differentiated and detailed. He/she may be responsible for answering phone, arranging employer's appointment or following correspondences regularly. That is, worker using his/her mental labor is generally responsible for more different tasks without any given extra work. In other words, white collar workers' work definition in itself does not have a single task, like screwing; rather, white collar has to function different tasks and fulfill different duties. In considering the problematic of this study, the task differentiation, namely flexible specialization, can already be found in routine processes of mental labor in itself, at least not in the meaning of Piore and Sabel's conceptualization, but in terms of its effects on worker's experience. For the example mentioned above, the worker or the employee has responsible for more than one specific task although it cannot be said this responsibility lead him/her to control over the labor process. In other words, the task to answer the phone, arrange employer's appointments and follow correspondences is already controlled by a capitalist or a supervisor

serving for capitalist. In conclusion, there is no challenge to the Marx's theory of alienation in terms of labor process. In this context, Peker's (2007:1-7) findings from his field survey are important and functional for this study. He interviewed with some bank employees who had been responsible more than one task in their works. In those interviews, the bank employees talked about their working conditions. It is not difficult to recognize the alienation process they were subjected from their answers to the question of what your daily routine is. They answer as drafting letter of guarantee, dealing with interest rate and interviewing with customers. "...Sometimes I am asking where I am, what I am doing... When I come to the bank, I am talking to the same people, saluting them by the same way and doing the same things in every day, on every morning and at all hours..."

Contrary to the arguments which assumed a skilled labor force an active employee in the decision-making process, the bank employee experiences a very monotonous working life. Consequently, employee has been alienated to his/her species being and creative activity as well as to labor process and the product of that process.

### **Total Quality Management, Quality Control Circles And Alienation**

Another aspect of the new labor relations, assumed to challenge the process of alienation, consists of approaches and applications regarding the organization and management of the work, such as 'total quality management' and 'quality control circles'. In addition to be a management technique of work and labor process, Total quality management (TQM), is described as a new management philosophy and a new paradigm. TQM, which is identified as an human oriented approach, is analyzed by the new labor relations literature as being influenced from human relations approach and similar behavioral approaches. TQM, as a part of new labor relations, is considered as a process making workers more skilled. Besides, Brown (1997: 12) claims that TQM refers to a crucial managerial change in capitalist labor process, since it leads to develop social cooperation between workers and employers rather than conflicts and struggles. In this sense, TQM is a synthesis of the approaches concerning the

management and organization of work (Yenersoy, 1997: 40).

The major features of TQM's management perception are towards customer orientation or customer satisfaction, improvement and development of goods and services. Those features are realized in relations between firms and employees as workers' loyalty for their firms or employers. The firms which implement TQM as a managerial model ask their employees to give more importance for their job than they do for their family or children (Edwards, 1997: 387).

Quality control circles (QCC), which can be defined as the application of TQM's main principles on labor process, are composed of small working groups to discuss the problems of an organization or a firm such as efficiency, performance and quality and to solve emergent problems if there is any (Şahin, 1999: 104). The groups are composed of 5-10 persons and employees who work at these groups, take part in them on a volunteer basis. There is no payment to the participants for their contribution to the quality control circles which are generally gathered as one hour in a week within the working hours. The only benefit of the workers would be to get a moral satisfaction as a result of the feeling of joining in decision-making processes (Belek, 1993: 95-96). While laborers are assumed to contribute to decision making process by generating ideas in line with the aims and goals of firms, they cannot create any QCC about the issues related with them as 'laborers'. In other words, working groups cannot be formed in regard to the personnel policies such as working conditions, wages, dismissals and the representative bodies such as labor union etc. Therefore, the QCC's accounted in a kind of alienation which demands a loyalty from workers, who cannot generate ideas about their basic working conditions or join in decision-making process, to the firm/enterprise and securing a sense of belonging to the firm/enterprise (Şahin, 1999: 104).

The relation between alienation and TQM-QCC stems from this contradiction. In this respect, it is remarkable for a management approach, whose most important claim is providing workers with participating in decision-making processes, restraining the participation in terms of the aspects of employee's personnel rights.

As a result it is possible to say that TQM cannot be abstracted from power relations in workplace (Knights and McCabe, 1999: 221). Starting from this point of view, it can be said that actual aim of the TQM is not to provide the workers with joining in decision-making process, but instead using the mental ability of workers without making any payment in the organization of the work or in the production processes.

It is identified in Yücesan-Özdemir study (2000:249-258) that laborers were aware of the fact that the new management style, which replaced traditional employee-employer relations, was an illusion. In other words, even though workers did not express with the same words, they were aware of the alienation process to which they were exposed. Laborers know that their manager's paying attention to them by trying to spend time together or getting their opinions are not related with manager's love of employees, but instead related with the aim of increasing performance and productivity. On this subject, a worker said that: "...they want to see us as problem-free functioning machines. The interest and concern to us look like machine maintenance..."

Yücesan-Özdemir (2000:256) pointed out that the laborers chose to say these cynical phrases for the QCC and similar practices: "... we are going to roll a hoop. Come and join us... some of our friends have the motivation and energy... (to do)... everything. Nobody can stop them. God gave them ... power..."

After all, laborers are aware of their value in the capitalist labor process. As Marx (1988:72) says, "...The worker puts his life into the object; but now his life no longer belongs to him but to the object. Hence, the greater this activity, the greater is the worker's lack of objects. Whatever the product of his labor is, he is not. Therefore the greater this product, the less is he himself."

While the human oriented approach which is one of the principals of TQM approach, firstly created an illusion over the white collar workers in the banking sector, this was not enough to cover the fact that the working conditions are not really human oriented; on the contrary, they are profit-oriented. At Peker (2007: 6)'s study,

the interviewed workers said that they worked in a lively working environment, they could go out for dinner or for drinking beer with managers after work. Nevertheless, this situation does not refer any improvements in their working conditions. Despite the illusion of democratic relations in the workplace, the invisibility of a naked authority refers to a more institutionalized control of capitalist or supervisor in shop floor.

In Peker's study (2007: 1-6), an employee expressing his ideas about the control mechanism in the workplace said that: "... there is not anyone that you can stand against and say that 'my brother you are exploiting me'... everybody warns with quip somebody who lay down on the job... control is not done from outside but done from inside ..."

This situation can be evaluated in this way: First of all, there is a hierarchical relation at work places which progress with consent rather than oppression. Assuming to work in a lively and flexible environment and experiencing the authority which takes its sources not from a single center are the concrete instances of this situation. However, alienation is still felt by workers who do participate in the decision-making mechanisms. As stated above, the distribution of authority to different mechanisms or persons at workplace does not mean that workers have control over the labor or service providing processes; rather it means that workers self-controls themselves on behalf of capitalist.

## **Conclusion**

This study evaluates the relation between the approaches of new labor relations and capitalist labor process. Within the scope of the new labor relations, some important concepts such as, flexible specialization, total quality management and quality control circles were described in accordance with the problematique of the study and they were ultimately critically analyzed by depending upon the Marxist theory of alienation.

The first part of the study, briefly discussed to what extent the



approach of flexible specialization and its implementations became influential on the re-skilling of workforce. At this part, it was emphasized that flexible specialization is actually influential practice both for the core workforce and for the peripheral workforce. In this study, it is focused on negative impacts of flexible specialization. The second part of the study looked at the Marxist theory of alienation as a theoretical framework in brief. The relation of alienation process through labor process was explained at this part and further contributions to the theory were evaluated. At the third part, first and second parts of the study are combined with each other; and so, the relation between alienation and flexible specialization is examined. The fourth part, then, described the concepts of total quality management and quality control circles and dealt with the importance of these concepts for the new labor relations.

In conclusion, this study asserts that labor/capital antagonism which embedded in labor process cannot be overcome through the approaches and practices of new labor relations. As a result, alienation would continue to exist as the capitalist property regime maintains. In this context, the main function of the new labor relations and their concepts/implementations is nothing but another way of increasing the productivity of labor as similar the conventional labor relations. Finally, it is possible to respond the question included in the title of this study in such a way that: “Congratulations. We are among those you could alienate”.

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# Place-Branding As a Strategic Tool For Market-Oriented Urban Planning

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## Abstract

In the last decade, place-branding has gained importance within the national and local policy circles in Turkey. It is observed that the “branding discourse” is to a large extent utilized for the legitimization of the rapid and intensive transformation process that the Turkish cities are currently going through. This study proposes that neo-liberal urbanization requires the re-organization of the urban planning regime and its main objective is to elaborate on the nature of this re-organization by focusing on the recent tourism development in Bursa. By shedding light on the urban planning process behind this development, this paper identifies the centralization of urban planning rights, the effective insertion of public land into the neo-liberal urbanization project and the strategic use of popular discourses, such as place-branding, as the main pillars of the re-organization of the existing urban planning regime. The study concludes that this re-organization indicates a critical diversion of urban planning from its ontological roots since the balance that urban planning is supposed to find between public and private interests over land is shifting in favor of the latter by the very intervention of the neo-liberal state.

*Keywords:* neo-liberal urbanization, urban entrepreneurialism, place-branding, urban planning, tourism development

## Place Branding As a Strategic Tool For Market-Oriented Urban Planning

With the accelerated flow of capital all over the globe since the late 1970s, local features have been given a central role for accommodating this fluid capital. The role ascribed to the localities basically involved the utilization as well as the enhancement of local resources and assets to sustain their economic development. The change in the

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scope of the developmental strategies from national to a more local/ regional scale has been generally conceptualized under the term “urban entrepreneurialism”, which is strongly linked with the neo-liberal discourse of the inevitability of inter-urban competition. In other words, “repackaging and repositioning cities” according to the requirements of the global economy is seen to be an indispensable part of today’s urban governance (Bianchini, 1991).

In this sense, place-branding has come into prominence as a part of the local/regional development policies, which are directed at the promotion of local peculiarities for gaining competitive advantage *vis a vis* other localities. It is observed that such policies usually focus on the creation or the enhancement of tourism activities. The restructuring of local economies with a “consumer-service” orientation results in the rapid transformation of the built-environment to symbolize pleasure, fun and excitement in an attempt to reconstruct the city’s “public image” (Lash and Urry, 1996). It is not hard to reckon that such an intensive restructuring of the built environment requires a much more flexible urban planning regime.

In other words, urban planning, which can be seen as a “remedial reform” in Dear and Scott’s (1981) terms, tends to evolve in the direction of establishing or reproducing the hegemony of private interests in the production of urban space, as the strategies aimed at marketing the cities to temporary visitors and investors gradually unfold. Thus, I argue in this paper that place-branding, which is often presented as a local economic development strategy benefiting the entire urban population, in fact, primarily serves certain interests (over land) and fosters a market-oriented urban planning process. I will discuss these arguments by examining the case of Bursa, one of the nineteen provinces included in the “Branded Cities Project” initiated by the Ministry of Culture and Tourism of Turkey in 2007.

This research focuses only on the provincial center, Bursa henceforth. It adopts the qualitative research approach and mainly relies on secondary data sources such as development plans, official documents and databases as well as newspaper archives. A complementary source is the interview made with an urban planner employed in

Bursa Greater Metropolitan Municipality (BGMM). The following section includes a critical literature review on the concepts of “urban entrepreneurialism” and “place-branding”, with reference to the restructuring of capitalism involving the reorganization of production and consumption patterns, the relation between the state and the capital under neo-liberalism and in particular the link between place-branding strategies and a flexible urban planning regime. The discussion section is organised in two parts. In the first part, I will outline the latest tourism strategy of the Turkish national government. Here, I will evaluate the institutional and regulatory factors that are influential upon the “actually existing neoliberalism” (Peck et al., 2009) with regard to the development of a flexible urban planning regime in Turkey. In the second part, I will demonstrate the recent tourism development in Bursa by examining three remarkable instances of a flexible urban planning regime.

## Literature Review

At the outset the concepts of “place-marketing” and “place-branding” are related to the emergence of urban entrepreneurialism as a local political strategy, which reflects the shift of focus from demand-side to supply-side policies, as Harvey asserts (2005). The neoliberal development paradigm lies behind this policy shift which involves the utilization of the local resources and assets and the increased involvement of local business actors in decision-making processes through new mechanisms of participation. In this respect, Griffiths (1998: 41 quoted in Kavaratzis, 2004) states that “entrepreneurialism as a mode of urban governance came about as a response by individual cities to the collapse of the Fordist social democratic arrangements that had facilitated the spread of managerial forms of governance”.

This new developmental paradigm championing urban entrepreneurialism seeks its legitimacy on two basic grounds: the increased mobility of capital and people on a global scale, and the obstacles that state’s direct involvement in the economy has brought about such as the inefficient use of resources and the falling rates of profit.

The neoliberal ideology's utopian vision of market rule and idealized conception of competitive individualism have engendered the local development paradigm which substitutes redistributive regulatory logic with a competitive one (Peck et al., 2009). In other words, the increase in global trade, foreign direct investments and global movements of finance, which indicate a more fragmented and flexible type of production and circulation on an international scale termed as "disorganised capitalism" by Lash and Urry (1996), are intertwined under the neo-liberal ideology.

The growing centrality of the tourism sector (international tourism in particular) in localities' economic futures and the emergence of place-branding as an important part of this local developmental policy is closely related with the rise of "economies of signs and space under disorganised capitalism" (Lash and Urry, 1996). It is hardly surprising that almost all national and local governments are pursuing strategies for enhancing international tourism since its steady growth and relatively lower costs of entry make it an attractive investment option for the private sector as well as a desirable sector for the direction of state incentives due to the employment volume it creates (Lew, 2011). As one of the most crucial transformation in the production sphere is related with the increasing component of "sign-value" of goods or, in other words, the "image" embodied in material objects (Lash and Urry, 1996), city images are (re)created through the use of branding techniques and an attempt is made to capture and shape the city as a product (Donald and Gammack, 2007).

The academic works on place-branding have originated from two distinct disciplines of marketing and urban studies rather than flourishing in an interdisciplinary manner (Dinnie, 2011). The rise of corporate branding studies in marketing discipline has paved the way from place-marketing to a more peculiar concept of place-branding. "The development of marketing in non-profit organisations, of social marketing and of image marketing" (Kavaratzis, 2004: 59) are at the root of the concept of corporate branding. The corporate brand can simply be defined as an umbrella that encom-

passes all the brands in the firm's portfolio (Keller, 2000 cited in Parkerson and Saunders, 2005). In this sense, creating a city brand implies the manufacturing of an image and a narrative through which people perceive and experience the city. Hence, this attempt mainly relies on the (re)production of a symbolic and emotional infrastructure by experts (Donald and Gammack, 2007). Similarly, Stigel and Frimann (2006: 245) define that "in the very last instance, the brand is an intangible, symbolic, and physically non-existing entity. In other words, the tangible product may become a secondary thing in relation to the intangible and symbolic product". Therefore, the first thing to emphasize about place-branding is that the image of the city perceived and experienced by tourists, outsider investors and potential residents is likely to have significance over the city lived by its existing residents.

It must be added that "the imageability of cities" gains priority and is counted as the most important success factor for place-branding when the main aim of city marketing is the promotion of tourism activities (Hospers, 2011). What builds this strong link between tourism and place-branding is the "tourist gaze" (Urry, 2003) that is constructed through signs. Tourists are temporary migrants and they direct their attention "to the features of landscape and townscape, which separate them off from everyday experience" (Urry, 2003: 3). Therefore, the development of "image carriers", such as the built environment, hallmark events and famous personalities has become crucial for capturing the tourist gaze (Hospers, 2011). The blending of the promotion of the tourism sector with the process of place-branding means that certain key features of the locality are captured and encouraged while others are excluded or renarrativized (Donald and Gammack, 2007).

Thus, on one side, place-branding "provides a base for identifying and uniting a wide range of images intended for the city and meanings attributed to the city in one marketing message, the city's brand" (Kavaratzis, 2004). However, on the other side, the existence of a wide range of stakeholders and target groups with different interests and expected benefits and the diversity of lifestyles and ur-



ban engagement make it hard to create a clear and integrated city brand (Donald And Gammack, 2007: 3). The difficulty of reaching precision in the production of city brands is a clear indication of “the competing claims of the city as a place for everyday life, as an imaginative site of extraordinary fantasy, and as a focus of aspiration, nostalgia and political power” (Donald and Gammack, 2007: 56). In a similar vein, Bianchini (1991) argues that although branding campaigns may revive local pride and interest in the locality, they never primarily aimed at fostering the rediscovery of a city by its residents. He also assert that the brand images and strategies are not legitimized through genuine public consultation. This core of place-branding, which relies on the “exclusiveness of the particular”, is also evident in its tendency to encourage the production of “customized urban environments” (Bianchini, 1991: 37).

Local authorities are given a central role for examining the trends in the social and economic environments and determining where the opportunities, skills, resources, and capabilities lie within the city for the construction of a proper brand. This governmental strategy is supposed to provide “the best blend of those skills, resources, and capabilities that can be expressed as relevant benefits to each of the targeted groups” (Middleton, 2011: 15). It is argued that the clarification of the city brand gives local authorities a “planning process advantage”, which expresses the strategy to be followed for the allocation of scarce resources to the areas with the highest likelihood of return (Middleton, 2011). Similarly, “taking on-brand decisions and making on-brand investments” (van Gelder, 2011: 41) are seen essential for a successful and sustainable city brand. It is possible to rationalize such statements from a pure marketing point of view. However, the process of branding a city, which is by all means integral to enhancing localities’ competitive capacities in attracting the globally mobile capital and people, is an inherently exclusionary process. The idea of branding does not treat the city as an organic whole, but tries to highlight and develop those parts or assets of the city which may be most “profitable”. This implies that central and local governments are actually effectuating policies which favor certain interests

(like that of real-estate developers, construction firms and financial investors) when they “brand their cities” and followingly “take on-brand decisions”. In this sense, city branding is likely to produce zero-sum outcomes rather than enhancing the socio-economic well-being of all its residents, especially under the current hegemony of neo-liberal capitalism.

“Mega-projects” provide a concrete example of the short-comings of the idea of city branding in creating “just and liveable cities”. It is found out that visible and in most cases monumental investments, which are generally attributed symbolic meanings like sports stadiums, contribute little to consumer spending or government tax revenues (Delaney and Eckstein, 2007 cited in Insch, 2011). This result clearly indicates that such investments do not necessarily bring economic gains for local governments though the appropriation of extra revenue by these institutions are directly linked with an increase in the welfare of urban residents during the publicizing campaigns of mega-projects. These findings strengthen the mistrust towards the claims that public financing of big urban projects, which are more often than not introduced with an accompanying discourse of place-branding, will be a solution to urban malaises (Insch, 2011). Therefore, place-branding strategies including mega-projects may well be a waste of resources and a setback for the improvements to be made in the quality of public services which are necessary for the enhancement of resident welfare.

As mentioned above, the (re)development of the built environment constitutes an essential component of the place-branding strategy because the urban fabric both provides the necessary physical infrastructure and the symbolic value (created primarily through architecture) that are vital for building a city image. In this regard, effectuating a legal and practical urban planning framework compatible with the requirements of the branding process is crucial besides the attempts for attracting major events, stimulating local entrepreneurship, utilizing local history and encouraging alliances and public-private partnerships (Middleton, 2011; van Gelder, 2011). I have argued in this paper that such compatibility

involves the flexibilisation of the urban planning regime through the use of existing tools or the introduction of new regulatory rules in a way to facilitate the flow of private investments into the built environment.

It is worth noting that urban planning in capitalist societies has always been about finding a sort of balance between the satisfaction of private interests on land and the provision of collective urban services. However, as the increased pressures of the (monopolized as well as financialized) global capital are confronted by the neo-liberal state, the urban process which can be conceptualized as “the composite reflection of a system of public and private land-use decisions in the specific context of capitalist mode of production” (Dear and Scott, 1981: 3) is gradually controlled by the private land-use decisions. In other words, the nature of urban planning is undergoing an explicit change due to the changing role of the state under neo-liberalism.

To put it differently, the transformation of urban planning and the urban process in general may be positioned at the intersection of the “post-market” and “pro-market” perspectives characterizing different neo-liberal approaches (Madra and Adaman, 2012). At least for the Turkish case, the pro-market perspective is explicit in the privatisation of public land. The post-market advocacy, on the other hand, can be discerned in the emergence of partial amendments made in the development plans as a “natural” part of the planning process as well as new regulatory tendencies involving the centralisation of the planning rights<sup>2</sup>.

## Discussion

### Turkey's Tourism Strategy and The Project of “Branded Cities”

Before outlining the government document manifesting Turkey's recent tourism strategy, it is worth making a brief evaluation about

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2. The post-market perspective is defined to reinforce the design and implementation of “incentive-compatible” mechanisms to reconcile the interests of the interacting (economic) actors and, in this sense, calls for state intervention as long as it is economically sound. On the other hand, the pro-market perspective advocate the opening up new markets while resisting the interventionist and redistributive efforts of the state (Madra and Adaman, 2012).

the emergence of “economies of signs and spaces” in the country from a broader historical perspective. As a defining moment for Turkey, the year 1980 marks a radical shift from an economic regime based on import-substitution towards an export-oriented growth strategy in concordance with the global tendencies. Since the immediate aim under such a strategy was the integration of the national economy with the global markets, 1980s and a considerable part of 1990s witnessed the first wave of structural reforms which mainly focused on deregulation policies aiming at rolling back the state’s role in economy and pulling down the labor costs (Ercan, 2005).

Although the share of manufacturing industry within the country’s export volume and its labor market structure has increased during the 1980s and 1990s (Köse and Öncü, 2000) under the new economic regime, it was a growth characterized by intensive use of labor, low-tech production process and consequently low levels of value-added. Therefore, private sector found real profits in shifting the investments primarily to the construction related activities such as housing, transportation –as well as other infrastructure- and tourism (see Appendix A). This striking shift was pioneered by the state and the (re)production of urban space was utilized in an effective way for opening up new and profitable investment areas for the capital (Şengül, 2009).

While “economies of space” was set off as of the early years of the 1980s, the development of “economies of signs” is seen to be far from keeping a steady pace. Although both are intertwined, this distinction is made in order to draw attention to the divergence of Turkey from developed economies that Urry (1996) refers. Firstly, Turkey due to its position in the international division of labor has serious short-comings in the development of design-intensive production and remains as a country which provides competitive advantage for labor and resource intensive industries (Köse and Öncü, 2000). Secondly, while there is a constant increase in the share of service sector employment (32%, 40% and 48.6% in 1988, 2000 and 2008 respectively), in contrast with the de-industrialized

countries of the developed world, employment has also increased in the manufacturing industry (the shares of manufacturing industry in total employment have been 15.8%, 17.7% and 19.9% for 1988, 2000 and 2008 in sequence). Yet, the most compelling figure relates with the still high rates of agricultural employment (25.2% by 2008) (Tansel, 2012).

In relation with these results, it is seen that the contribution of the tourism sector to the gross domestic product (GDP) shows a fluctuating pattern (see Appendix B) since its rise in the first half of the 1980s as an investable area for capital. What is remarkable is that the decline in the share of housing sector in private sector's fixed capital investments since 2000 is accompanied by a considerable rise in the share of the tourism sector (see Appendix A). This result clearly shows the shift in the form of capital investments directed through the built environment from residential to commercial buildings, such as hotels, office buildings, convention centers, shopping malls, sports stadiums etc.<sup>3</sup> A complementary result can be inferred from the contribution of producer and consumer services including tourism to the GDP between 1998 and 2012 (see Appendix C). Although the share of tourism in the total fixed capital investments made by the private sector has risen during the 2000s, the contribution of hotels and restaurants, which are at the heart of the tourism activities, to the GDP has fallen in the same period.

All in all, on one hand, the results concerning the position of Turkey in the international division of labor and the overall characteristics of its labor market point out serious drawbacks for the development of “economies of signs” generating high value-added in the production sphere. On the other hand, the emergence of “economies of signs” in the consumption sphere seems evident. However, there are also sufficient grounds to argue that the escalated flow of capital to the tourism sector in the last decade is closely linked with the two-interrelated tendencies following the

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3. By 2009, through an amendment in the related law, service activities were included within the scope of the state incentives given to small and medium sized enterprises. This is thought to have an effect on the move of capital towards “tourism investments” in the last few years in Bursa.

2001 economic crisis in Turkey: the financialization of the national economy and the integration of the country with the global real estate market (see also Appendix C).

The government document named *Turkey's Tourism Strategy 2023* revealing the recent national tourism strategy of Turkey needs to be evaluated within the general economic framework provided above. This document was prepared and circulated in 2007 by the Ministry of Culture and Tourism. It declares that the strategic aim for the enhancement of the tourism sector in the country is to “bring about public-private partnerships as a part of the governance principle and open out the management and execution of strategic planning approach in the tourism sector” (The Ministry of Culture and Tourism, 2007: 1). It is argued in this document that although Turkey has unique opportunities for the development of various types of alternative tourism beyond sun and beach tourism, this potential is not rationally and effectively utilized. Thus, with a neo-liberal undertone, it is stated that a “strategic step” has to be taken.

Having this neo-liberal rationale behind, the document adopts “branding” and “image-making” as the basic marketing and publicizing strategies at the national, regional and local scales and initiates the project of “branded cities” in nineteen provinces. Fifteen of these provinces have local natural and historical potentials for advancing alternative tourisms and four (İstanbul, İzmir, Ankara and Antalya) already have substantial tourism bases. However, the document does not include crucial information like the criteria upon which the “to be branded” cities are chosen, whether feasibility and impact analyses are made for these provinces or a general financial scheme (Tek, 2009).

In terms of state incentives, the document of *Turkey's Tourism Strategy 2023* maintains the already existing tools like different kinds of tax exemptions-the value-added tax in particular- and land allocation. Actually, planning is counted among the strategic dimensions for future tourism development in the country. In line with the good governance principle that the document affirms, planning process is defined to be “flexible”, transparent and accountable as well as

participatory and sustainable. Though most of these tenets have regrettably become buzzwords, it can well be claimed that flexibility is already an apparent feature of the Turkish urban planning practice. On one hand, effective mechanisms for coping with the pressures of private interests over urban development have not been established throughout the experience of modern Turkey. In this sense, Turkish urban planning process is prone to frequent interruptions by political interventions and/or attitudes<sup>4</sup>.

On the other hand, a consistent execution process has not been realized in terms of the common urban planning tools such as expropriation and the use of public land. There are several cases in which state institutions (especially the municipalities) have difficulties in paying expropriation costs to individual property owners in the implementation of development plans and thus render them dispossessed<sup>5</sup>. There are also numerous examples showing the use of public land for solely individual purposes (as will be presented in Bursa case) although such property is associated with the principle of public interest. It is worth noting that public land has been central in Turkey's urbanization experience; as Keyder (2009) puts forward at the beginning of the 21st century 2/3 of all the land in country was publicly owned. The role of the existence of a big amount of public land is not only limited to the state's easy disposal of land to its citizens in the first decades of the modern Turkish Republic to enable economic revitalization. Besides, it served to the multiplication of the level of acquired land rent by the economic elite of different periods.

In brief, practices of a certain kind of flexible urban planning already exist in Turkey. Besides, in the relative absence of high returns in the productive sectors, gaining land rent has been crucial for capi-

4. For example, the mushrooming of illegal housing development, mostly in the form of squatters, has been an overlooked issue roughly between 1950 and 1980 both for balancing the economic differences between social classes and gaining political support. After 1980, this attitude was directed towards the support of big capital interests in parallel with the changes in economic and social policies (Sengül, 2009; Tekeli, 2009).

5. It is remarkable that 17 % of the violation judgments given by the European Court of Human Rights against Turkey is related with the subject matter of "the protection of property rights".

tal accumulation. It can be stated that these two structural features are translated into the recent tourism development strategy adopting place-branding as the basic practical tool. Tourism's close relation with construction- related activities and the relatively cheap entrance costs to the sector make it quite profitable for capital and place-branding provides the basic legitimizing discourse for the increased flexibility in urban planning regulations that is required for higher rates of return on investments in the built environment. In other words, by referring to the earlier discussion, place-branding serves as a facilitator of flexible urban planning which may well be perceived as a necessary state intervention from a post-market perspective.

In light of this conceptual framework, the words of the interviewee commenting on the rapid tourism development taking place in Bursa in the last few years are worth quoting. He has both implied that the recent tourism development policy in Bursa is linked to the general tendency of enhancing the construction sector and mentioned the unplanned and uncoordinated manner in which this policy is carried out:

*"In Turkey, we think that if we built hotels, tourists would come. Now, a number of 3-4 star hotels are being built in this area<sup>6</sup>...In the near future, we will see whether there is enough demand for these hotels. Bursa certainly needs more accommodation facilities but whenever a need is spoken out (and the suitable conditions arise) one investment follows another in a short period of time, but the net result is just an open-ended question. Everyone jumps into the sector. It is not solely the problem of the tourism sector; it is also the case with agriculture. The thing is that there is no precise state policy to plan the future economic development. Why these hotels come to be opened now, but not before when there was also a need? (interviewed on 05.09.2012)."*

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6. Here, he refers to the Odunluk district in Bursa.



## The Recent Development of Tourism in Bursa

Bursa is recently experiencing a tourism development which has resulted in a rapid increase in the supply of international hotels, convention centers, prestigious office buildings, residential complexes which Bianchini (1991) calls as “flagship projects” as he refers to the adoption of similar images and metaphors by city governments. In this regard, it may well be identified that the prospects of the document of the *Turkey's Tourism Strategy 2023* are reflected into the strategic plans prepared by the two leading local government institutions: Bursa Special Provincial Administration (BSPA) and BGMM.

The national tourism strategy identifies Bursa as “a city to be branded” through the enhancement of culture tourism as well as as a future destination for congress and fair tourism. The strategic plan prepared by BSPA (2010)-legally associated with the Bursa Governorship-emphasizes the priority of developing thermal, nature and congress tourisms. Moreover, BGMM (2010) puts forward that the strategic aim of the institution is “to make Bursa a planned, healthy, liveable and modern tourism city”. In line with these strategic aims, the metropolitan Mayor and the Governor have frequently declared that Bursa needs to shift its economic base from manufacturing to tourism activities and to put effort in branding the city in alternative forms of tourism. While this future perspective for the local economy has found considerable support among the local economic elite, there were also some distinct voices stressing on the impossibility of ignoring the industrial as well as agricultural identities of the city and defining its economic future solely around tourism<sup>7</sup>.

As soon as the national tourism strategy was declared by the Ministry of Culture and Tourism, local government leaders (The metropolitan Mayor and the Governor) in Bursa have eagerly commenced the development of “big projects”. The Merinos Atatürk Cultural and Convention Center project which was based on the renovation

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7. The interviewee told that although the metropolitan Mayor was quite insistent on the mere tourism perspective to be specified as the future vision for the city in the 1/1000.000 scaled master (provincial) plan for Bursa, the outcome of the focus group meetings organised during the preparation process of the plan in 2011 and 2012 have resulted in a vision built on the “diversity of economic sectors”.

of the old Merinos textile factory (a former state enterprise) was completed in 2010 and the restoration of the historical buildings and the urban fabric was set out<sup>8</sup> in the same year by the Metropolitan Municipality. As understood from the local newspapers, the Merinos project, which is designed as an initial step for the development of congress tourism, is expected to trigger new investments for hotels which may serve to the main target groups having high level of consumption potential and demanding high-quality services such as business people and other professionals. Meanwhile the Bursa Governorship has concentrated on the enhancement of nature tourism through the Dağyenice Thermal Tourism Project.

Three incidences of recent tourism development in Bursa are chosen for detailed examination for this study. The Odunluk district is significant in showing the role of amendments made in development plans for the (re)development of the built environment in case of high pressures by capital. Dağyenice Project addresses the issue of centralization, particularly with respect to urban planning rights, since the project is managed and executed with a top-down approach<sup>9</sup>. In this sense, it particularly designates how cities could be equipped with pre-determined brands rather than the creation of these brands in a collective manner at the local level contrary to what the literature offers. Lastly, the land owned by BGMM is crucial for presenting how public land is utilized for private purposes through the invention of new land-use categories for by-passing the court decisions. This incidence commonly appeared in the local and national media under the name of “BOİ land” since the land belonged to Bursa Otobüs İşletmeleri (BOİ)- Bursa Bus Enterprise which is an affiliated company of BGMM.

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8. “A contract was signed between BGMM and the Italian architect Massimiliano Fuksas regarding the redevelopment of the Bursa’s Historical Khans and Bazaar District in order to render the city to be integrated to the world tourism market”. Retrieved from [http://www.ekohaber.com.tr/Tarih\\_Kenti\\_Bursaya\\_dogru-ekohaber-5-haberid-10714.html](http://www.ekohaber.com.tr/Tarih_Kenti_Bursaya_dogru-ekohaber-5-haberid-10714.html)

9. BSPA, Bursa Governorship, Ministry of Culture and Tourism and the Council of Ministers are the leading figures in the project. Although Bursa Special Provincial Administration has a publically elected executive body, the Governor is the head of the administration. Thus, whereas it is a tier of local government in the Turkish administrative system it is under direct tutelage of the central government.

**Odunluk District.** Except for a shopping mall which was opened in the second half of 1990s, the district remained as a vacant land for nearly a decade. By the second half of the 2000s, the area began to be populated by commercial buildings. However, the leap of construction activities in the district began just after the declaration of the Tourism Strategy 2023 document and the related efforts by the local governments in the way to make Bursa a brand in the international tourism market. A comparison between the aerial views of the district in 2007 and 2011 clearly reveals the increase in new building development in the form of hotels, offices, business centers and luxury residences after 2007 (see Appendices D and E). This rapid development was accelerated by the initiation of the new sports stadium project after the championship of Bursa's football team in the premier league for the 2009-2010 season<sup>10</sup>. In order to show how the branded cities project has affected the urban planning process, the 1/5000 development plans of Odunluk District as of 2008 were examined (see Appendix F).

The most controversial of these changes, which occupied the local agenda for some time, is certainly the one made for enabling the construction of the Sheraton and Aloft Hotels. The plot on which these hotels were built was formerly assigned as "municipal service area", because the plot was within the boundaries of the light rail maintenance station of BGMM. By the plan change this plot was reallocated for recreation purposes with a plan note stating that "accommodation facility could be allowed"<sup>11</sup>. The disputable character of the hotel construction also relates with the decision concerning the latest zoning category of the plots. Inconsistent with the legislation, the content of "recreation category" was considerably extended to include accommodation facilities and the maximum height for the buildings in this category was exceptionally increased.

Another remarkable plan amendment in Odunluk district is re-

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10. The catchword used for publicizing this new investment is "Bursa, you are a brand with your new sports stadium".

11. The change also enabled the plot's sale to a local firm by BGMM. Under the former zoning category (municipal service area) the plot could only be used for administrative purposes.

alized for the construction of Harmony Towers. In this case, the building density for certain plots was increased from 1.25 to 1.75. In fact, plot ratios are not designated through 1/5000 scaled development plans which are within the metropolitan municipalities' realm of authority, but through 1/1000 scaled execution plans under the responsibility of the sub-metropolitan municipalities. Nevertheless, as the 1/1000 execution plan set the plot ratio to be between 1 and 1.25 which was probably insufficient for the realization of the Harmony Tower project<sup>12</sup>, BGMM by-passed the sub-district municipality and facilitated the building construction. In this example, political effects can be easily perceived as the greater and sub-metropolitan municipalities are under the control of opposing political parties.

**Dağyenice Area.** Similar to the Odunluk district, Dağyenice Thermal Tourism project is remarkable for the use of public land for private purposes, but is peculiar for the pioneering role of the central government<sup>13</sup>-especially the Governor himself as central government's local agent. In this regard, it should initially be noted that this project is closely related with the national level policy to attract the "Gulf capital" into Turkey. The first conceptual master plan, which the Bursa Governorship had contracted out to an American firm, clearly indicates that the primary target of the project is to attract investors and tourists from the Middle Eastern countries<sup>14</sup>.

While this evokes some objections related with the existing controversy between the Islamist and the secularist views in Turkey, the main line of opposition concerns the use of a large amount of forest and agricultural land for developing a tourism center including

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12. It was not possible to get the reason behind the plot ratio change since the interviewee has certain hesitations to talk about such exceptional changes. However, as the Harmony Tower has a relatively wide floor space when compared to the surrounding buildings, it is plausible to relate the change with the architectural project of the building.

13. The realization of the project is, in the first place, requires a strong association with the central government because as it is about opening a 933 ha. land to tourism investments, the project area needs to be designated as a "tourism area" by the Ministry of Culture and Tourism according to the existing legislation.

14. This plan, for example, proposes the development of an "Islamic neighbourhood" within the project area.

luxury residences for rent and sale. Nearly 50% of the project area is forest land and public ownership of land in the project area having a total size of 933 ha. is approximately 55%. Besides, since 45% of the land in the project area is under private ownership, the realization of the project requires a large sum of expropriation cost (the official declarations reveal that this cost is estimated to be between 80-100 million TL.). So far, the main strategy to meet this cost have been to split the implementation process into phases and opening public land to investments in the first place. Besides, in order to raise money especially for the expropriation costs a firm named “Dağyenice Tourism Investments Management Company”<sup>15</sup> was established in 2011.

The extended scope of (central) state intervention in the Dağyenice project is mostly reflected in the total disregard of previous planning decisions concerning the area. The project area was labelled as “forest land”, “agricultural land” and “land with special crops” in the former 1/100.000 scaled provincial plan prepared by BGMM and BSPA, and approved by the Ministry of Public Works and Settlement. Moreover, in line with these plan decisions, land consolidation were made for certain parts of the Dağyenice area in order to enhance agricultural production. Besides, the Dağyenice pond was formed by BSPA in 2005 for facilitating agricultural activity in the area. The self-violation of the planning decisions by BSPA relates directly with the change of the centrally appointed Governor.

**BOİ Land.** Regarding the conversion of public land into privately owned land, the case of BOİ land resembles the incidence about the construction of Sheraton and Aloft Hotels in Odunluk District. However, it is a striking example of how court decisions about urban land uses are surpassed by local governments through manipulations made in the development plans. According to the declaration made by the Chamber of City Planners on 09.02.2011, the land use of the area was turned into “special project area”<sup>16</sup> from “administrative

15. As a typical example of public-private partnership-especially for projects in which local government institutions are directly involved-, the 48% of firm's total shares belong to the Geothermal Company founded by BSPA which is the institutional partner and four local business people as individual partners partake the 52% of the total shares.

16. The category of “special project area” is not precisely defined in the existing planning

center” by the BGMM Council’s decision on 10.09.2009. As mentioned before, the use of administrative center can be attributed to the plots only if they are owned by public institutions. Therefore, designating a new land use for the area was necessary for enabling its sale to the private sector.

While the Chamber of City Planners’ demand for a stay of order regarding the mentioned plan change was accepted by the court, this negative situation for the sale of the BOİ land was surpassed through a new decision of the municipal council. The area was declared as “tourism facility area” and after a short while the land having a size of 3,67 ha. was sold to a firm for a price of 53 million TL (Gündoğan, 2012). While there is no official declaration by the firm about the future development in the area, its latest land use category, as well as its close location to Odunluk district, reveals that the rise of another hotel and luxury residences is quite likely.

## Conclusion

The (re)production of the built environment as a symbolic product has become an indispensable part of local economic policies, especially when these policies are directed towards the enhancement of tourism activities. Creating a proper city brand, on the other hand, is seen as an effective tool for the successful realization of such developmental policies. The identification of a coherent brand is an exclusionary process in the sense that it prioritizes the perception and the experience of the city by tourists, outsider investors and potential residents rather than current urban residents. Besides, as place-branding ultimately aims to boost the competitive advantage of the city’s economy, it is generally the local economic and political elite who determine the course of action during the branding process. In this sense the existence of different claims

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legislation but began to enter the planning notes after 2005 when the first wave of urban transformation targeting the deteriorated city centers was commenced by the central government. This land-use category usually indicates an expected mixed-use in the designated area and the development of the area is based on a newly prepared urban design project. It is this obscurity that is much subject to objections about “special project areas”.

and priorities of different groups of inhabitants are likely to be overlooked. In other words, as city branding targets the creation of “customised urban environments” with a hardly comprehensive and participatory approach, it is gradually becoming difficult to grasp the city as an organic whole.

The flexible urban planning regime which is required for the creation of customised urban environments is characterized by partial amendments made in development plans and the extensive use of public land for private purposes in Turkey. As “a neoliberal state is not necessarily a less interventionist state; rather, it organizes and rationalizes its interventions in different ways” (Peck, 2001: 447), the transformation of the urban planning regime through the reorganization of its basic tools may easily be identified as exemplified in Bursa case. This transformation involves the enhancement of the hegemony of private interests in the production of built environment through the development of post-market mechanisms such as the effective insertion of public land into the neo-liberal urbanisation process. The utilization of place-branding as a strategic tool for legitimizing the generation of market-oriented land-use decisions appears as one of the leading ideological elements in this process. In addition, centralization of planning rights, which is frequently used as a facilitator of the realization of capital’s demands on urban land, has emerged as a powerful tendency. While the domain of current urban planning is primarily shaped by the rapidly changing requirements of capital, the discipline gradually diverges from its ontological roots and loses the legal and practical grounds for creating collective spaces in Turkish cities.

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## Appendix A

The share (%) of some selected economic sectors in total fixed capital investments made by the private sector in Turkey\*

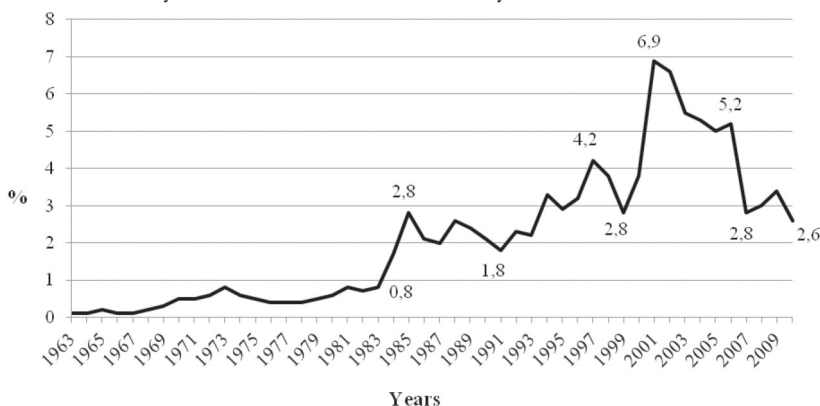
Years	Manu- facturing	Energy	Trans- portation**	Tourism	Housing	Health
1978	36.9	0.3	10.2	0.4	37.5	0.2
1979	28.7	0.4	12.2	0.5	45.4	0.2
1980	30.0	0.4	9.7	0.6	44.7	0.2
1981	34.1	0.5	15.3	0.7	30.1	0.2
1982	33.6	0.5	16.2	0.7	29.5	0.2
1983	32.9	0.5	16.9	0.6	29.2	0.2
1984	32.9	0.5	17.2	1.1	30.0	0.2
1985	31.9	0.4	17.0	1.8	32.3	0.5
1986	31.8	0.8	13.8	2.5	37.0	0.6
1987	25.2	0.7	11.7	3.1	45.7	0.6
1988	21.4	1.5	9.1	4.0	52.6	0.5
1989	19.6	1.9	8.6	5.3	54.1	0.7
1990	26.2	1.3	10.7	5.0	46.0	0.9
1991	25.3	1.9	10.8	4.7	46.4	1.4
1992	24.3	1.0	14.7	3.5	45.9	1.4
1993	23.6	0.8	18.8	2.4	44.5	1.3
1994	23.8	0.9	11.5	2.3	51.5	1.5
1995	26.2	0.8	16.4	2.4	43.0	1.2
1996	26.1	2.9	17.4	2.3	38.7	1.8
1997	22.9	6.4	21.6	2.5	33.4	2.9
1998	23.4	5.3	20.7	3.7	32.0	3.6
1999	24.5	4.6	20.8	5.5	30.0	3.2
2000	25.9	3.7	27.5	4.7	23.9	3.6
2001	24.4	9.5	23.4	6.1	20.9	3.8
2002	32.8	4.1	16.8	6.5	23.3	3.8
2003	36.3	2.8	15.9	7.5	21.7	3.5
2004	41.4	1.6	19.0	7.0	15.3	3.7
2005	44.4	2.1	19.3	7.4	11.4	4.6
2006	46.0	2.8	17.4	6.7	12.0	4.5
2007	46.1	3.3	16.9	5.1	14.5	4.6
2008	45.3	3.9	18.3	5.8	12.6	4.9
2009	39.8	7.2	22.9	6.5	11.5	3.3
2010	38.1	5.6	20.3	6.3	17.1	3.1

\*The shares seen in the table is calculated on the basis of the “Economic and Social Indicators (1950-2010)” data compiled by the Ministry of Development of Turkey.

\*\* “Construction” per se is not a category used in sorting the data about fixed capital investments; construction of physical infrastructure such as roads, railways and all kinds of buildings (hospitals and schools, private residential dwellings, and commercial and industrial buildings etc.) forms just one dimension of such investments. Thus, “transportation”, “housing” and “tourism” are leading categories which are positively correlated with the volume of construction activities.

## Appendix B

The change in the share of the tourism sector within GDP between the years 1963 and 2010 in Turkey



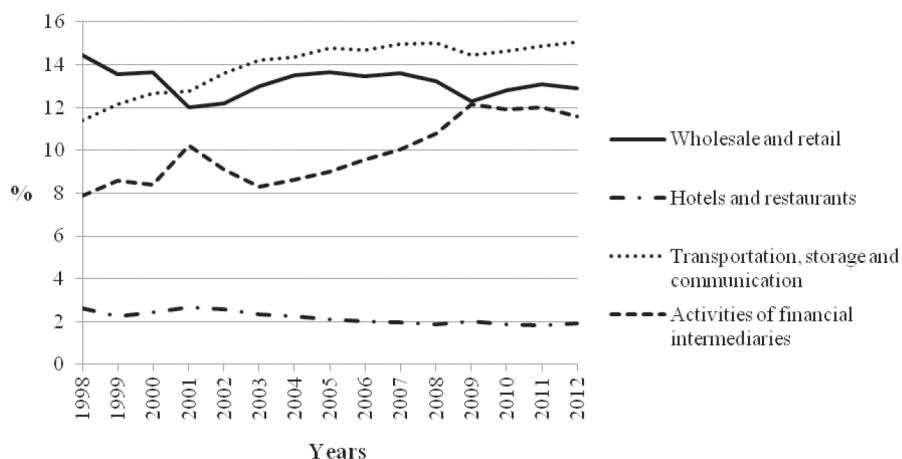
## Appendix C

The data on the shares of different economic sectors within the total GDP is a good indicator of the emergent areas having high levels of investibility for capital in a certain period of time. Below are the figures based on the GDP generated in the producer and consumer service activities with regard to their priority for investment decisions.

by using the fixed-weight compensation method by Turkish Statistical Institute. The figures shows the change in the relative weight of different producer and consumer service activities with regard to their priority for investment decisions.

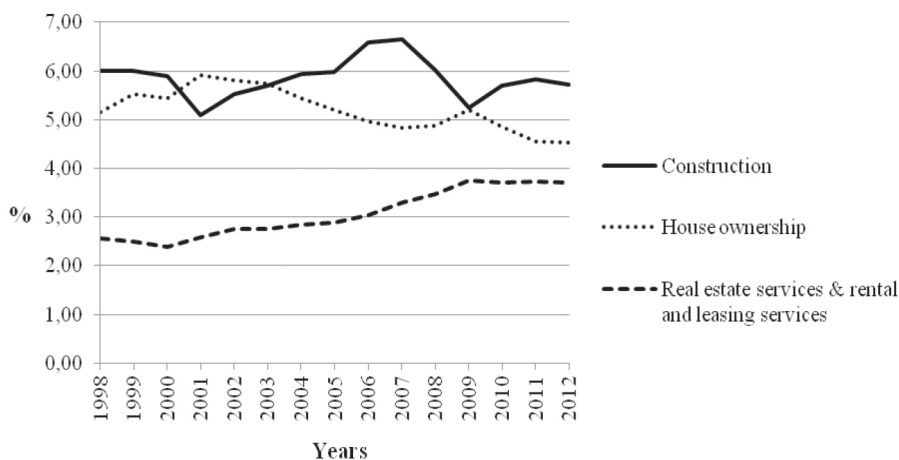
### Figure C1

The share of some producer and consumer service activities within the GDP between the years 1998 and 2012 in Turkey



**Figure C2**

The share of producer and consumer service activities, which are directly related with the production of built environment, within GDP between the years 1998 and 2012 in Turkey





## Appendix D

Aerial view of Odunluk district in 2007

### *Legend*

- 1 CarrefourSA Shopping Center
- 2 The velodrome
- 3 The building of Union of Academic Chambers
- 4 The buildings of a company headquarter and a pharmaceutical warehouse



## Appendix E

Aerial view of Odunluk district in 2011

### *Legend*

- 1 The new sports stadium
- 2 Bauhaus shopping mall
- 3 Buildings of office and mixed-use; luxury residences
- 4 Sheraton and Aloft Hotels
- 5 Crown Plaza Hotel
- 6 Buildings of two company headquarters
- 7 Harmony Towers (An integrated development of luxury residences, shopping mall and offices)
- 8 Building of a company headquarter

## Appendix F

Table F1 and F2 demonstrate the partial amendments made in the development plan for the Odunluk district between 2008 and 2012.

**Table F1**

Changes made in 1/5000 development plan of Odunluk district between 2008 and 2009

Zoning Category in 2008	Zoning Category in 2009	Existing Use
Mixed use of residential and commercial	Commercial	-Gold Hotel (In use) -Business Center (Construction continues)
Municipal Service Area	Recreation	Sheraton and Aloft Hotels (Construction continues)
Non-residential Urban Working Area	Administrative Center	
Administrative Center	Ex-residential Urban Working Area + Technical Infrastructural Area	
Non-residential Urban Working Area	Green Space	

**Table F2**

Changes Made in 1/5000 development plan of Odunluk district between 2009 and 2012

Zoning Category in 2009	Zoning Category in 2012	Existing Use
Private Medical Service Area (the land is owned by Turkish Red Crescent Association)	Commercial	Business Center & Office Building (Construction continues)
Residential	Secondary Business District	Business Center (Construction continues)
Residential	Secondary Business District	Vacant

# Precedence Analysis of the Relation between the Evolution of the European Population and the Transport Infrastructure

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## Abstract

This paper examines the changes in population and the transport infrastructure of the European countries. It analyses grows and falls of the selected variables in European countries in given time intervals and compares relative changes with these selected variables in neighbor countries. These changes are represented by using precedence matrixes. By the calculation of multiple precedences, the population flows between the bordering countries are being found. Their count and length is being measured. Using the same method the changes in traffic infrastructure are being compared. Precedence analysis allows us to compare dimensions, which are normally hardly to compare by using classical analytical methods. Analyzed areas are the elements of the system. When regions have a common border, then these elements have defined as elements with relationship. Using relationships we are able quickly to find paths among them. Precedence calculation enables to find paths on which there are given dimensions always growing (resp. not decreasing). We are searching paths in system of different length, given by the crossing borders among particular investigated neighbor regions. The differences in precedences are being found by using this method. In given time intervals the amount of precedences and also the multiplicity of particular countries precedences are being compared. The matches in precedences and disproportions in traffic infrastructure and the changes in population are searched using this method. Analysis is a part of the research of the influence of the logical infrastructure and the regional changes.

**Keywords:** *Precedence, Incidence, Matrix, Model, Infrastructure, Employment.*

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## Introduction

This article describes the precedent analysis applied in researches which run at Silesian University in Opava, School of Business Administration in Karvina.

The researchers studied possibilities of analyzing heterogeneous quantities. The precedent analysis allows us to study how particular quantities behave in time and space. It is based on system analysis methods and the graph theory. It also permits to analyze how changes in certain quantity values influence the surroundings.

Influence of the transport infrastructure on further development of a region is studied and analyzed in the experimental part of the research. We calculate with the following quantities within the framework of the region development analysis: unemployment rate, level of education and standard of living.

This article partly presents results of the research and experimental methods which were used within the framework of the research, analysis of the European Union member states in particular. In this analysis – for population analysis, data of the US Department of Commerce, United States Census Bureau were used. Other data of United Nations Economic Commission for Europe or Statistic European Commission EUROSTAT were used.

## Theory and model

The precedent analysis is based on comparing several quantities. If there is a relation between the quantities, the incidence matrix can notice it and record. The incidence matrix is marked with “1” (in the definite column and row), if there is the relation between the quantity in the column and the row.

We also study relations within the framework of the research. There is an inter-element orientation assigned to each relation. The element preceding the other element, which appears in the definite relation's orientation, is called a precedent (a predecessor). Multiple precedents (it means precedents of various lengths) may be defined in the analogous way. The precedent is indicated by the precedent

matrix (P-matrix). The multiple precedents are counted as multiple powers of the precedent matrix (it means P<sup>2</sup>-matrix, P<sup>3</sup>-matrix, etc.). If a binary precedent exists, we mark “1” in the row and the column the precedent exists between. We only record the existence of one precedent in this case. However, more precedents may exist between row elements and column elements. Such case occurs in the multiple precedents in particular. If we take the frequency of existing precedents into account, we enter the number (the frequency) of precedents into the definite row and column (instead of “1”). It is called the numerical precedent.

There are mathematical operations which have been defined and intended for the binary precedent matrix. The vector and matrix multiplied by the matrix is one of the elementary mathematical operations. This theory and these principles described Borje (1981), farther Graph Theory e.g. Diesel (2005), method used e.g. Bakshi (2008). In the Czech Republic these principles described Unčovsky (2005). The multiplication operation also results in the binary precedent matrix. Applying the standard operation of matrix multiplication, we come to the numerical precedent matrix.

This article illustrates how the precedent was applied in the analyses of employment, unemployment rate, level of education and the analysis of highway and railway infrastructure development. Principles of this analysis are described e.g. Andřýsek (2013), Botlík, Botlíková (2010-2013). System elements are represented by individual states. Relations within the system were analyzed and defined in two different ways. The first one defines the relation between countries

European countries	country code	States bordering	countries reduced	reduced adjacency
Albania	1	7, 8, 24, 36, 47	33	33
Armenia	2	12, 42	33	33
Austria	3	12, 22, 28, 42	33	33
Belarus	4	31, 32, 33, 34, 46	33	33
Belgium	5	13, 71, 81	33	33
Bulgaria	6	34, 42, 43, 44, 47	2	3
Croatia	7	13, 51, 51.1, 56, 57	2	3
Cyprus	8	35, 35.1, 35.2	4	4
Czechia	9	52, 53, 117	3	3
Denmark	10	54, 54.3, 102, 127	6	24
Estonia	11	40, 122, 26, 30, 46, 112	2	3
Finland	12	47, 39, 51, 51.1, 51.2, 135	36	47
France	13	46, 47	33	33
Germany	14	47	27	27
Greece	15	47, 123, 144, 39, 97	33	33
Hungary	16	35, 47	33	33
Iceland	17	121, 74, 91	33	33
Kazakhstan	18	33, 47	33	33
Kosovo	19	33, 35, 47	33	33
Latvia	20	30, 35, 29, 42	33	33
Lithuania	21	38, 12	33	33
Luxembourg	22	34, 46, 33, 33.1, 41	12	12
Malta	23	13, 56, 61	33	33
Montenegro	24	13, 56, 61	33	33
Netherlands	25	47, 26	33	33
Norway	26	47, 39, 51, 51.1, 51.2, 135	33	33
Poland	27	47, 47	33	33
Portugal	28	36, 23, 39, 44, 133	33	33
Romania	29	47, 46, 56, 143	21	21
Slovakia	30	47, 123, 144, 39, 97	33	33
Slovenia	31	47, 123, 144, 39, 97	33	33
Spain	32	16	33	33
Sweden	33	33, 34, 33, 33	33	33
Switzerland	34	33, 33, 34, 45	26	26
Turkey	35	23, 34, 34.1, 35	33	33
Ukraine	36	34, 124, 97	33	33
United Kingdom	37	33, 34, 33, 33	33	33
Uzbekistan	38	33, 34, 33, 33	33	33
Venezuela	39	23, 34, 34.1, 35	33	33
Yemen	40	23, 34, 34.1, 35	33	33
Zimbabwe	41	30, 35, 147	33	33
European Union	42	12, 28, 33, 33, 34	27	27
European Free Trade Association	43	6, 14, 67	33	33
European Economic Area	44	47, 35, 33, 34, 36	33	33
European Council	45	33	36	36

as the common physical border (not the maritime one). The second method defines the relation between countries as existing common data. Each state has its own number within the system, starting with 1 and ending with 32. Surroundings of the European Union have no. 33 and sea has no. 36, absence or incomplete data was adjusted.

Figure 1 demonstrates a difference between several incidence matrices (the matrices comprising all the relations are on the left, the matrices represented by the borders are on the right). The second row comprises the precedent matrices relating to the definite type of the incidence matrix we have chosen.

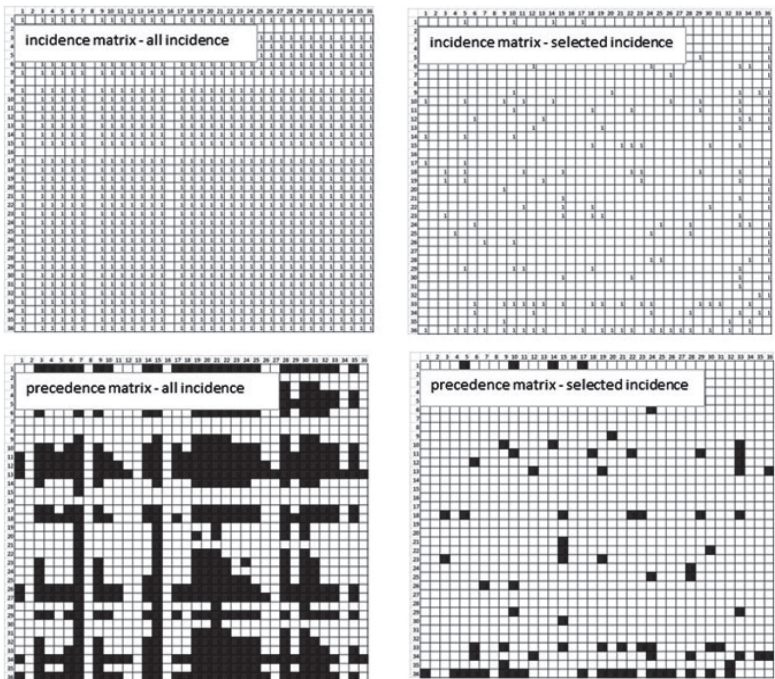


Figure 1 Basic matrix

All modifications made in the highway infrastructure between 2000 and 2010 are shown in the figure. The precedents have been put in red color to be highlighted. The matrices demonstrate the initial precedents.

We change all the separate existing data into the oriented graph, one analyzed quantity to another (in both cases). Differences in every quantity values between the beginning and the end of the certain period of time are found out. Such difference is related to the beginning of this period of time and indicated in percent. Differences are related to individual elements within the system, and the existing relations are suppressed and converted to the oriented ones. Such orientation leads from the element characterized by a slight increase to the element characterized by a more significant increase.

### **Research inputs and analysis data**

Research itself is based on analyzing and comparing a wide range of variables relating to the population and the logistic infrastructure. Critical points, identical items and time changes in the precedent of individual quantities are searched. The quantities have been selected, reflecting the population changes having seemingly nothing to do with each other. We have based the research and this article on the following assumptions:

- There is an interdependence between the employment and the unemployment rate.
- There is an interdependence between the employment (the unemployment rate) and the level of education.
- There is an interdependence between the infrastructure development and the employment (the unemployment rate).

We suppose a hypothesis saying if there the above-mentioned interdependences exist, there is also the same pattern describing all of them (despite of being very different quantities).

We search for incidence elements related to every value of each element, having a lower quantity value which does not increase any more. All paths of various lengths may be found for each element in this way; we are interested in the paths the certain quantity value keeps decreasing (or stays the same at least). The longest paths may also be found for each element; we can even find the elements having the longest paths. The paths indicate the quantities becoming “empty” (considering fictitious or

real emptiness); the empty quantities occur close to the element which the quantity value has increased more than it did at another elements. The more precedents the element has, the more significant changes this element makes in a certain period of time (it makes bigger changes than his neighbor elements). Analyzing the number of precedents and the length of precedents allows us to study the systems from two different (elementary) points of view. The number of precedents reflects an intensity of impact the changes happening in the system have on a certain quantity's surroundings (this happens in a short – the first and the second – precedent). Considering a long precedent, we can study a relative impact of quantity changes. We can find out whether the increase in a certain quantity value is noticeable or not.

The precedent analysis of employment, unemployment rate, level of education and transport infrastructure modifications have been selected for the definite system. Data have been gathered between 2000 and 2010. Three different time periods have been chosen for every quantity: 2000 – 2005, 2005 – 2010 and 2000 – 2010.

## Conclusion

The precedents are indicated by surface contour graphs in the analysis. Graphs demonstrate the precedents we have detected by analyzing the European states. Surface contour graphs have been used as they provide precise information; the first axis is represented by states, the second axis and its color are represented by and indicate counted precedent values. The graph items are demonstrated in rows and represented by states (they are expressed by an arrow there). The first axis is represented by states in the other graphs and the second axis is represented by studied quantities; the color indicates the number of precedents (the depth axis). The next figure demonstrates employment and unemployment rate. The numerical precedents and the number of binary precedents relating to the studied quantities compared precedents of a various length evenly and apparently relate to individual states within the matrix (see Figure 2). The graph lying on the left demonstrates how the numerical precedents lay out, whereas the graph lying on the right demonstrates how the binary precedents lay out.

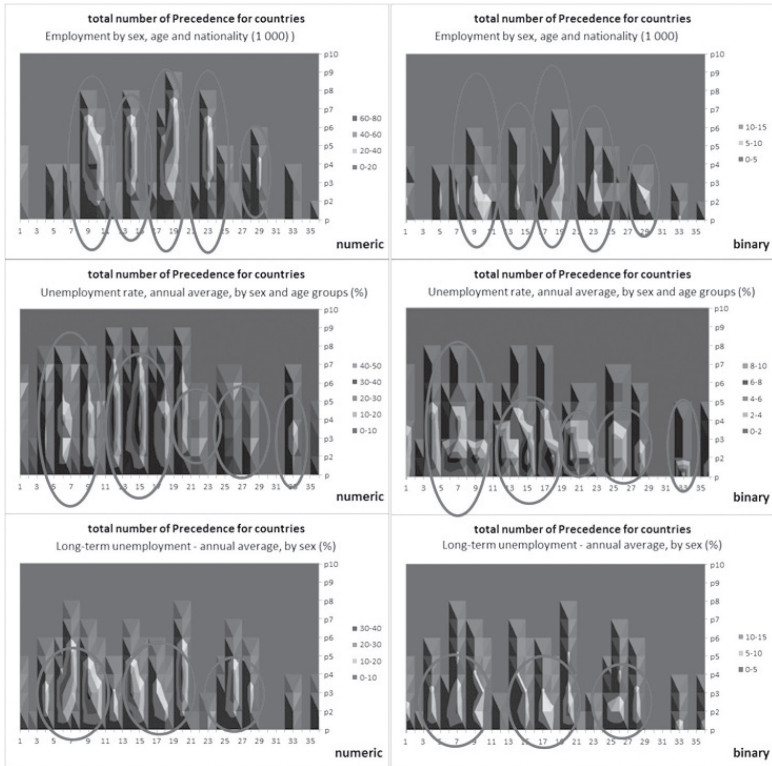


Figure 2 Precedence numbers, unemployment, employment

There is also a seeming disproportion in the number of precedents of a various length. The second and the fourth precedents prevail in the binary precedents. The fourth and the sixth precedents prevail in the numerical precedents. The longer the path is (and the higher the precedent degree is), the more combinations of paths appear within the numerical precedents. However, the number of precedents declines, if the path is too long, as the network diagram can involve a limited amount of elements. If there are not any cycles within the network diagram, the longest path in the oriented graph is limited by edges.

Partial disproportions may also be provoked by incomplete missing data (when certain statistical figures are not available). In such case,

particular states are excluded from the analysis. The missing data have been approximated and counted in some cases (if possible). These disproportions appear in both the numerical and the binary precedents.

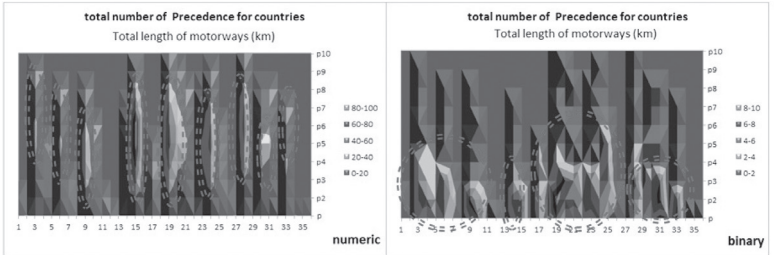


Figure 3 Total number of Precedence

Only transport infrastructure, motorways, are partial disproportions. They can be explained by the fact that highways (backbone roads) have precipitously been constructed in post-communist states as Poland, Romania, Czech Republic, Slovakia, whereas any related and relevant infrastructure has not been constructed at the same time. The similar situation has been dominating in Spain (see Figure 3). Next set of graphs shows the number of Precedence. Available

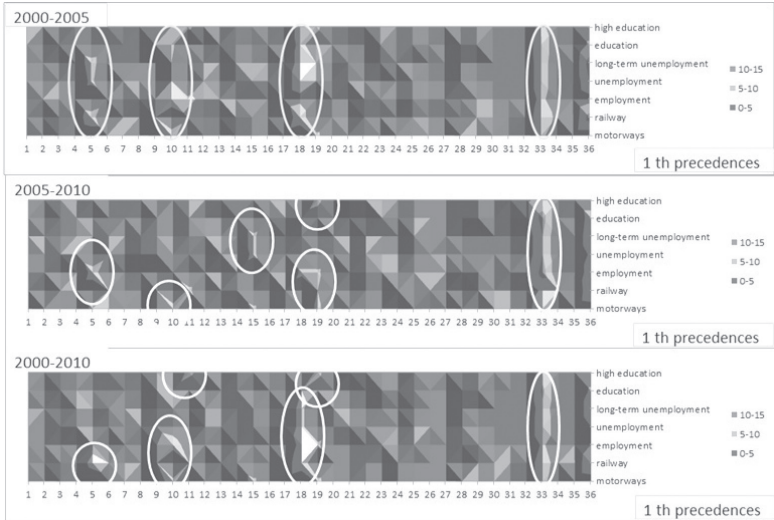


Figure 4 1 th precedences



intervals are compared one by one and we are studying how two individual intervals influence the layout of precedents within the overall interval. The first and the tenth precedents have also been compared in order to provide more precise and detailed analysis (next pictures show an example the first and eighth precedence). There were not any longer precedents existing within the system. Or there were only a few longer precedents of particular elements. We compared the precedents in identical time periods. The following graphs demonstrate the points where a large amount of precedents of particular length occurred.

Concerning the first precedents, changes in elements no. 5, 10, 18 and 33 dominate (it means Germany, France, Austria and non-European states). The unemployment rate considerably increased in Germany (it did more than in the other states) between 2000 and 2005. On the other hand, the employment rate considerably increased in Germany (it did more than in the neighbor states) between years 2005 – 2010. Figures fluctuating during the overall period of 2000 – 2010 have been compared to each other and evaluated. It practically means the relative increase in these quantities might not been most significant within the system. It has been more significant than in neighbor states anyway. Increase

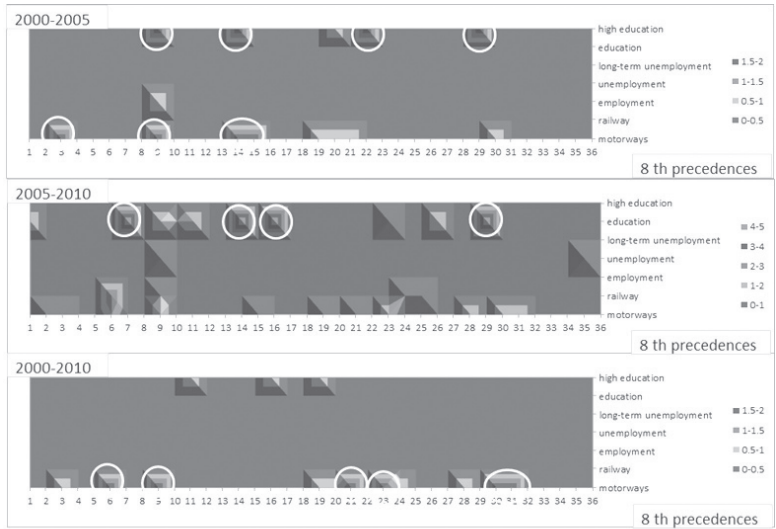


Figure 5 8 th Precedences



or decrease in particular quantities occurring during the overall period of 2000 – 2010 were similar to neighbor states. If e.g. the unemployment rate increased in Germany between 2000 and 2010, it would increase in neighbor states too. Modifications in the railway infrastructure which were carried out in Germany between 2000 and 2005 have also reflected in the overall period of 2000 – 2010. It means the German railway infrastructure developed a lot, more than the neighbor states' one. Looking at the fourth and the fifth precedents, we can see Germany having a large amount of precedents of the same length in the period of 2000 – 2010.

Therefore, the changes in the German railway infrastructure were significant enough to influence the neighbor states. There are the fourth and the fifth paths where the railway infrastructure development increases towards Germany. Therefore, we can suppose the German railway infrastructure development has provoked the railway infrastructure development also in the neighbor states. A large amount of precedents occurring in the above-mentioned states is, nevertheless, caused the fact that there are a lot of other states bordering on them. This article demonstrates some of the possible conclusions and outputs. Silesian University in Opava, School of Business Administration in Karvina is being intensively studied and evaluated (Grant SGS 5/2013); we are currently analyzing the number and the length of precedents occurring in various time periods. We are also studying via this method how constant the influence of changes in a certain quantity is on changes in the other quantity.

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# The Impact of the State Interventions on the Traffic Infrastructure Financing

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## Abstract

Development of the traffic infrastructure is being combined with the economic growth, raising employment and investors' interest. Lately in Czech Republic it is more and more connected with lack of funds, decreasing of the state budget of State Fund for Traffic Infrastructure (hence forth only SFDI), reducing or stopping traffic constructions. Some of the main income items of the fund are taxes and toll and they have been many times changed by political decisions. These decisions have not provided the expected increase of the income items of SFDI. Increasing fuel excise tax hasn't increased the income as it was assumed. The Czech Republic becomes the transit country, transporters and traffic actors are finding alternatives due to this fuel price increase. Similar effect could be seen also about toll income item. According to opinion of analysts, subsequent increase of the rates hasn't brought the expected income. When we are creating particular income items and during determine their value it is necessary to calculate with more factors like price of oil, fuel price, traffic intensity and so on. It is necessary to define significance and characteristics of each factor. Subsequently it is possible to define mutual relationships and according to these characteristics make estimation of the income in a case of other changes. If there are nonsystematic interventions in tax items and the road toll remain, it is not possible to make financial sources for subsequent growth. In this paper the analysis is made based on regression analysis of the chosen dimensions.

**Keywords:** *Analysis, Diesel, Infrastructure, Tax, Toll, Transport*

## Introduction

Transport is associated with the development of economy and one of the factors for the growth policy. One of the conditions for the development of transport infrastructure in the Czech Republic is the development of road infrastructure in line with European conventions

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(ie, to build links to European transport corridors). Long-term development plans include government priorities for completion of the backbone transport network that is the completion of the motorway network and expressways forming the junction between the north - south and east and west, further improve the parameters of inland road routes, ie to improve the capacity, space and security parameters of transport routes, create a greener transport system, such as the construction of bypasses of urban estates and improving access frontier zones, and others.<sup>2</sup>

## Method

Aim of the study is to identify factors had affect the amount of tax and non-tax revenues SFTI. If we define these factors, then we determine the regression model. The aim is to find a linear dependence. Publications (Botlíková & Čemerková, 2012) deals with similar issues depending toll.

## Financing of transport infrastructure

Development of transport infrastructure is limited by social, ecological, primarily the economic limits. Funding is provided by the State Transport Infrastructure Fund, whose budget is approved by the Parliament of the Czech Republic and the EU operational programs and the EIB (European Investment Bank). The appropriations are income tax and tolls (the funds generated from the use of transport infrastructure), the funds of the European funds and the funds of the state budget.

## Tax Revenues and Toll

Tax revenues and toll revenue are the share of excise duty on fuels and lubricants, 100% of the revenue from road tax, 100% of the proceeds from the sale of highway stamps and toll revenue. Deciding

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2. Data for this article are available from these pages (see references): [www.kurzy.cz](http://www.kurzy.cz) (2012), [www.sydos.cz](http://www.sydos.cz) (2012) [www.sfdi.cz](http://www.sfdi.cz) (2012).

the amount of taxes and revenues generated for the use of transport infrastructure is in the hands of individual governments. The government predicts the budget for a period of 3 years in advance

## General Characteristics of Tax Revenue and Toll

Real tax revenues since 2008 rather stagnated. Since 2008 it was not complied with the state budget SFTI in tax and non-tax revenues. The increase in real income it was not, although there was an increase in taxes, increase in prices of tolls and road widening (higher number of paid miles, extending to vehicles over 3.5 tons). Then you need to consider whether there is over-budgeting SFTI or measures do not cause rather negatively. Also, the amount of toll revenue in 2010 reached the budget values. Total income, i.e. income and tax revenue, and the toll showed in 2009 and 2010, lower than the budget SFTI, in 2011 there is a budget fulfillment.

## Transfers of shares of revenues from excise taxes

The excise tax is a fixed amount of money constituting the price of fuel. From 2004 it was diverted into SFTI 20% share of the excise tax on fuel lubricants, then, the share to 9.1%.

The excise tax on fuels and lubricants is an indirect tax. This tax is included in the product price payment of excise duty on fuel is an indirect tax. Customers pay it directly in the price of fuel. It has failed to meet a budget of charging excise duty on fuel in recent years. As one of the factors in the failure of the budgetary framework of charging excise duty on fuels specialist public sees in the development of fuel prices, the price of fuel in CZ defines as (1):

$$\text{Fuel price} = \text{price} + \text{dealer excise duty} + \text{VAT} \quad (1)$$

where:

*Price dealer*      cost of purchase + shipping costs, selling costs, etc.

*Excise duty*      rate fixed by the Ministry of Finance

*VAT* value added tax rate fixed by the Ministry of Finance and underwent changes:

- » In 2010, the increase in VAT from 19% to 20%,
- » In 2010, the increase in excise duty on petrol from 11.84 CZK to 12.84 CZK,
- » In 2010, the increase in excise duty on diesel from 9.95 CZK to 10.90 CZK.

This fact together with rising oil prices do not signal a return to the fuel prices of 2009-2010, in 2013 due to an increase in the VAT rate from 20% to 21%.

Fuel sold in the Czech Republic carry up to about 50% of the tax burden; fuel prices are the most expensive in the European countries and this leads to the development of shopping tourism to neighboring countries such as Poland, Slovakia, etc.

These facts and non-budgetary framework led government during August 2012. It was submit a proposal for the House of Commons on changes in the law on excise taxes to reduce the excise duty on diesel by 2 CZK. Government was reduced excise duty of diesel, government looks skeptical on this. It is inclined to the theory that a reduction in excise duty will result in only a slight decrease in prices, which eventually returns to the original boundary in favor distributor margins. Government officials believe that a lower price of diesel is preferring road transport at the expense of greener transport with negative impacts on the environment.

## **Other items of tax revenue**

The road tax is required to log in Czech Republic business entities using the vehicle for business. Road tax is also an obligation to pay foreign vehicles at the border crossing. The amount of tax is based on engine size or engine capacity or gross vehicle weight and number of axles for foreign vehicles is the amount determined by the ratio of days of stay in the Czech Republic and vehicle parameters. Currently, the tax so determined to stimulate environmentally favorable to buy cars and new vehicles in an effort to restore the outdated fleet of CZ. (discounts for the purchase of new vehicles bearing the EURO 5 and vehicles according to the shooting date)

Revenue from road tax in recent years 2008 - 2011 do not like the excise revenue budget values, the largest decrease was recorded in income from taxes levied in 2009 and 2010, this year 2011 were recorded growth tendencies, yet the revenue from road tax at the border budget reached. A large drop in income was due to termination of business activities in road transport and check-out obligation to pay road tax reasons of the crisis.

### **Revenue from time fees - toll stickers**

These revenues are generated from the sale of highway stamps. These fees for the use of motorways and express roads are selected as time fee with annual, monthly or 10-day responsibilities.

These fees are subject to designated roads by 2006 all vehicles, since 2007 with pricing applies to vehicles up to 12 tons, and since 2010 the vehicle is lower 3.5 t. During the years 1995 - 2012 there was a gradual increase in prices of toll stickers. The amount of income, as one of two items recorded during the years 2007 – 2011, is growing and during these years was crossing the budgetary framework and even the time (2010) when there was a price increase and transferring some users to the obligation to pay toll (vehicles from 3.5 tons).

### **Revenues from tolls**

In the Czech Republic since 2007 there were introduced charges for vehicles above 12 tons, i.e. payment for the use of motorways and expressways for actually mileage. In the first period, the amount of tolls differentiated according to the season and the environmental burden during the years 2010 and 2012. In 2010, the extension of the obligation to pay tolls on vehicles from 3.5 tons, had an obligation to pay tolls only vehicles 12 tons in this year. In 2012 there was further increase of tolls and the extension of touches EURO V vehicles (by this time freed from toll payments) with completing the various sections of the motorway and road network is expanded number of sections subject to toll charges. Since 1997, when the fee was about 1160 km, it is charging already covers about 1.300 km road network (which is about 2% of the total length of road infrastructure).



## Analysis of income tax and tolls

The works investigated the dependence of tax revenues and income from tolls and affecting influences. The individual data were examined in the research. A linear relationship between the variable and independent variables with respect to the probability is include possible between individual characteristics:

- » transport performances,
- » the price of oil,
- » the dollar and the euro,
- » the number of registered vehicles (used and new),
- » number of registered vehicles up to 3.5 t
- » wages.

For testing there was used software Gretl.<sup>3</sup> On the basis of the formation of linear models to the 0.05% level of significance (i.e., an explanation of the data in the range of 90%) and following these testing models homoscedasticity, autocorrelation using the Durbin-Watson test were created by individual models depicting relationships among factors influencing the amount of tax revenue and on tolls.

## The Road Tax

The test was found a linear relationship (2) between the revenue from road tax and the number of new registered vehicles (trucks and tractors) transport performance and the price of oil, the price of oil and fuel.

Road tax= 61297 - 82552,8 x diesel + 315,83 x new vehicle +205.85 x trtransport performanceut (2)

The created model is not sufficient, exhibits autocorrelation (with p-value =  $P(F(4;12) > 6.95293) = 0.00389326$ ), which can be caused by incorrect choice of model, the lagged variables, or incorrect data, and thus failed to find a linear relationship between the given characteristics and revenue from road tax.

## The toll stickers

For the analysis of the earnings of the highway signs were excluded

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3. See: <http://gretl.sourceforge.net>.

characteristics used and new vehicles registered N2 and N3 (vehicles from 3.5 tons), due to the fact that the payment had been replaced since 2010 ie the toll charge power and performance. The analysis was instead characteristic wages, given that the toll stickers to use extensively by private entities, and to assign to the characteristic of new and used vehicles up to 3.5 t, which are obliged to pay the fees for the period of use of motorways, expressways and selected I. communications class.

The investigation was not in any of the characteristics found a direct correlation with income from vignettes at a significance level of 0.05. In the future, considering the abolition of vignettes and their replacement time i.e. toll fee.

### The excise duty

Characteristics in the table below show a linear relationship with revenue from the excise tax (formula (3), Figure 1).

$$\text{Excise duty} = 366_e + 09 - 521,74 \times \text{used vehicle} - 51,95 \times \text{oup put} - 9,49_e + 07 \text{ USD/CZK} + 9,8 \times \text{registration (MI;NI)} \quad (3)$$

It can be seen that the amount of income decreases with an increase in the number of used cars, which is probably caused by reduction of transport volumes, number of journeys. The reasons for the influence of these characteristics, however, should be analyzed in more detail in the future, because we cannot clearly determine its effects.

Furthermore, the lowering of excise duty revenue the courses Czech currency to the dollar, the weaker is the crown, thereby increasing the price of fuel and shippers are trying to reduce costs so we purchase in countries where they are cheaper fuel or try to use alternative fuel A similar effect has the increasing transport performance when increasing transport performance (traffic volume x kilometers), there are the result of lengthening routes and here is a great probability of migration of customers to the countries of the cheaper fuel. In direct dependency of the increase in excise revenue due to increase in registrations of new passenger vehicles and vans (M1, N1).

Figure Model Excise tax, software Gretl

Model: OLS, using observations 2007:1-2011:4 (T= 20)					
Dependent variable: EXCISE TAX					
	Coefficient	The standard error	t-portion	p-Value	
const	3,66245e+06	352688	10,3844	<0,00001	***
TRANSPORT PERFORMANCE	-51,9497	14,5817	-3,5627	0,00283	***
REGISTRATION M1,N1	9,80334	4,28729	2,2866	0,03717	**
\$CZK	-64949,6	11865,6	-5,4738	0,00006	***
USED VEHICLE	-521,737	104,862	-4,9755	0,00017	***
Mean value of the dependent variable	1846276	Standard deviation of dependent variable		125508,3	
The sum of squares of residues	6,71e+10	The standard error of regression		66866,99	
<b>The coefficient of determination</b>	<b>0,775913</b>	Adjusted coefficient of determination		0,716156	
F(4, 15)	12,98457	P-hodnota(F)		0,000092	
The logarithm of likelihood	-247,7112	The criterion of Akaikov		505,4223	
The criterion of Schwarz rho (autocorrelation coefficient)	510,4010	Hannan-Quinn criterion		506,3942	
	0,461621	Durbin-Watson statistic		1,054871	
Transport performance					
Test of normality residues –					
Null hypothesis: The errors are normally distributed					
Test statistics: Chi-square (2) = 0.564909					
with p-value = 0.753931					
Breusch-Pagan heteroscedasticity test –					
Null hypothesis: there is no heteroscedasticity					
Test statistic: LM= 1.75558					
with p-value = P (Chi-square (4)> 1.75558) = 0.780599					
LM test for autocorrelation up to order 4 –					
Null hypothesis: no autocorrelation					
Test statistics: LMF = 2.19281					
with p-value = P (F (4.11)> 2.19281) = 0.136783					

## Toll

Based on previous exploration has been observed linear relationship between the amount of income tax that is the time of the toll and the number of registered vehicles and the price of diesel.

$$\text{Tool} = -371218,72 + 80823 \times \text{diesel} - 620,19 \times \text{used vehicle} \quad (4)$$

This equation shows that an increase in oil prices would likely attempt to transport companies to minimize transport costs (shorter route) and travel times in order to increase competitiveness. Increasing the number of used vehicles will lead to the above table, the OLS model (4) to reduce the amount of tolling. Poor investment situation of some transportation companies lead to the acquisition

of an older vehicle fleet and subsequent routing off roads are paid in an effort to reduce operating costs. It is clear that the flow of these vehicles runs through the village and town centers and negatively affects the quality of the environment.

Whether the positive effect of a rise in oil prices on the overall toll, but it is possible to determine, on the basis of mutual assessment of the impacts of tolling and excise tax for fuel. But it is not clear whether the increased toll on the increase in fuel prices will cover any declines in revenue from a tax on diesel due to reluctance to buy at a higher price.

## Conclusion

Based on reviews “Analysis of financing transport infrastructure”<sup>24</sup> consists of individual income items below the percentage of the budget structure of SFTI. According to this assessment, each item should show an increasing trend. A substantial increase in tolls is associated with the cancellation time charge (toll stickers) for charging power in 2017 and expansion of the highway network (D1-charging section Ostrava-Bohumín).

If it wants the Ministry of Transport and SFTI create sufficient financial resources to cover the development and renewal of transport infrastructure, you will need to change the amount and structure of the individual items to take into account the evolution of the characteristics which have a direct impact on their level. In determining their structures should turn their attention to the price of oil and the exchange rate, which are directly dependent on the development of oil prices and exchange rates USD and EURO, then the registration of vehicles and transportation procedures.

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As the outcome of the fourth international conference of political economy, the papers in this volume, cover a range of topics, related to the conference theme of “flexibility”, from social movements to subcontracting and reforms in public administration, urban labour to flexibility and alienation in employment and labour relations, place-branding to transporting and traffic infrastructure. Despite the wide range they come from, many of the papers in this book emphasize the radical changes concerning flexible practices and policies spreading worldwide and point to neo-liberal globalization, emerged as a solution to the crisis of capitalism in the 1970s, as one of the most important sources of these processes. We think that it is possible to display the dynamics of this transformation concerning flexibility and to develop alternative policies and practices across the world, as the papers in this collection attempt to do. So, we hope that, this would provide significant contribution to solving the problems caused by flexible practices and policies.

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