POVERTY AND SOCIAL POLICY IN CONTEMPORARY TURKEY

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Poverty is not new anywhere. It has always existed and manifested itself in inferior living conditions and in marginalized social positions of some people. However, there are times when poverty becomes a more pressing social problem and receives more attention. In this regard, it might be useful to compare our contemporary times with the mid-eighteenth century setting when Adam Smith, considered to be the founder of economics, wrote his book *The Theory of Moral Sentiments* (1759). In the *Theory of Moral Sentiments*, written in the 1750’s, Adam Smith approached poverty as something which renders the poor person invisible to other people and hence makes him or her socially nonexistent.

Today we still approach poverty in fairly similar terms, by referring to social exclusion or the inability to participate in society. But the poor today are far from being invisible. On the contrary, we live in a period when the poor are very visible to all, including to the social scientists who are increasingly involved in research activities directed at the analysis and measurement poverty. Relatedly, means of eradicating or alleviating poverty are at the very top of social policy agenda of many international organizations.

This observation about the contemporary significance of poverty in social research and social policy forms the starting point of this paper. Starting from that point, we will first present a discussion on the ways in which poverty is conceptualized. Second, we will look at the recent historical processes which have led to the increase in poverty throughout the world and discuss some contemporary approaches to the problem. Against this conceptual and historical background, we will examine the manifestation of poverty in contemporary Turkey and investigate the nature of the socioeconomic transformations that have led to the emergence of new poverty in this country. Finally, we will present an assessment of the formal and informal mechanisms of social protection that currently exist in Turkey, with special reference to the relative role of central governments, municipalities and local initiatives in the context of current social policy reform processes.
Poverty is closely associated with growth and income distribution. It tends to be especially severe in low-income countries and more serious in societies where income distribution is highly skewed than in others, everything else being equal. However, the relationship between growth, inequality and poverty significantly varies among different countries. For example, starting with the second half of the 1970’s, time series data on different growth trajectories has shown that in some countries absolute poverty had increased while in others it had declined. While in East Asian countries both inequality and absolute poverty had declined with growth, both had increased with growth in Philippines and Argentina. In several Latin American countries such as Mexico and Brazil inequality had increased and poverty declined, while in the case of a country like India inequality had declined but poverty had increased with growth (Fields 1988). Whether it was part of their intention or not, these studies have reflected a clear awareness of inequality and poverty as distinct problems both requiring explicit policy attention beyond standard growth inducing strategies.

As far as its implications are concerned, poverty is associated with deprivation, expressed in different ways. In the 1970’s, concern with poverty was mainly voiced with reference to the problems in basic need satisfaction. The fact that the basic needs of a considerable portion of the population in developing countries were not adequately satisfied became one of the central issues in the development debate of the 1970’s. More often than not, the debate was carried out with reference to the changes occurring in consumption patterns whereby the majority of the population began to acquire consumer durables without having access to adequate shelter with proper sanitation, to clean drinking water and to health facilities, or even without getting the necessary daily calorie intake. The studies on this subject often included long lists of what the basic needs were and the extent to which they were satisfied or not for the poorest segments of the population.

While these studies were undoubtedly very useful in highlighting the fact that development policies in application were in many cases leaving many people in a state of abject of poverty, there was something quite disturbing about the fact that a
group of people, experts and policy makers, were placing themselves in a position to
decide what other people’s needs were. This involved an attitude which totally
ignored the immense complexity of the question of needs. Maslow’s hierarchy of
needs, where the lower order biological needs, such as food and shelter, should be
satisfied before higher order needs, such as respect and self-esteem, was implicitly
taken for granted for the advocates of the basic need satisfaction approach to
development. Hence, it did not only seem easy to pronounce on other people’s
needs, but, even more disturbingly, respectability or self-esteem appeared as
luxuries for the poor.

Of course the problem was less in the content than in the formulation. People
undoubtedly “needed” certain goods and services for their biological survival. But the
fact that people cannot be “reduced to energy consuming organisms” (Strobel 1996:
176) made the basic needs approach highly inadequate to use for policy purposes. It
was therefore a positive development that in time the emphasis shifted from “giving
people what they need” to “preparing the conditions of an expansion in their freedom
of choice”. This development is closely associated with Amartya Sen’s truly path
breaking work, which has made two very important contributions to our
understanding of poverty. First, it has reaffirmed the earlier idea that poverty is a
problem related to but distinct from both the level and the distribution of income.
Second, it has replaced the idea of poverty as a “failure in basic need satisfaction”
with the idea of poverty as “capability deprivation”.

Sen introduced the notion of “capability” along with the notion of “entitlement”. As
Sen defines it, entitlement refers to the set of alternative commodity bundles that a
person can command in a society using the totality of rights and opportunities he or
she has. On the basis of this entitlement, a person can acquire some capabilities and
fail to acquire others. He or she has, for example, the capability of being well-
nourished, literate or healthy. One could also say, it is the failures in entitlement
systems which would lead to poverty as capability deprivation.

In this approach, entitlements refer much more than just income and income poverty
is only one dimension of capability deprivation. This is a point that Sen emphasizes
again and again by writing, for example, that “the entitlement to live, say, in a malaria
free environment is not a matter of purchase with income in any significant way” (Sen 1983: 756). That is why, he adds, “To move from concentrating on growth to supplementing that with an account of income distribution is basically an inadequate response to what is at issue. It is also, in effect, an attempt to refuse to come to terms with the complexity of entitlement relations. The metric of income... is much too crude” (Sen 1983: 757).

Entitlements include access to public health and education services or to public transportation facilities as well as the availability of social assistance in different forms. In all these areas, what determines access or availability is much more than the scarcity or abundance of economic resources. As Sen puts it, “... entitlements related to even purely economic matters ... may actually require us to go beyond the narrow limits of economics altogether” (Sen 1983: 757). One obvious reason for this is the close relationship between the nature of the political environment and the nature of people’s entitlements. To put it in very simple terms, a democratic government is much more likely to be sensitive to widespread poverty than a non-democratic one. Moreover, in a democratic society, information dissemination mechanisms are likely to be more effective than in a non-democratic one, which implies that the pleas of the poor would reach decision makers more readily.

In his early work, Sen approached political democracy mainly as a factor affecting people’s entitlements and capabilities. This instrumentalism has totally disappeared in his later works, where he offered a more elaborate definition of capabilities as the “substantive freedoms a person enjoys to lead the kind of life he or she has reason to value” (Sen 1999). In this context, poverty as capability deprivation involves not only the inadequacy of income, public health care or education, old age pensions or social assistance, but also the lack of protection from crime, unequal treatment by law, political repression, etc. Poverty, in other words, becomes a multidimensional problem which has to do with a multitude of “unfreedoms” that could not be remedied by a mere increase in income or a mere improvement of income distribution.

Such unfreedoms are of course related to the nature of entitlements. However, improving the distribution of income and all the other entitlements might not be sufficient to deal with poverty as capability deprivation. As Sen makes it very clear
people are different from each other and equal assets and opportunities provided to the unequal would not necessarily produce equality of outcomes. The most obvious example that one could evoke to clarify this point pertains to the situation of women who are burdened in their career choices by a whole baggage of discriminatory values and attitudes as well as by the problems of their own self-perception. They are burdened, moreover, by their home-making and child-caring responsibilities. Under these circumstances, it might not be realistic to expect that a given set of entitlements would be translated into similar capabilities for men and women. This suggests that policy makers should go beyond the standard liberal definition of equality of opportunity and support women in ways which would compensate for the factors that create problems in the translation of entitlements into capabilities. The notion of “positive discrimination” thus comes into the picture, further challenging the approaches which make equality central to poverty alleviation.

Sen’s ideas were very significant in the development of perhaps the most influential one of the contemporary approaches to policy-oriented research on poverty. Central to this approach is the concept of “human development”, which is promoted by the UNDP, which has been publishing annual Human Development Reports since 1990. These reports present a ranking of most countries of the world according to their human development index value. The simple index, HDI, incorporates national income per capita at purchasing power parity, life expectancy at birth, adult literacy rate and combined primary, secondary and tertiary school enrollment rate. A low value of the index thus means a state of poverty as capability deprivation since it implies a limited freedom from want, from bad health, from illiteracy or ignorance. In Human Development Reports, we also find a gender-related human development index (GDI), which presents the values of each one of the indicators in the simple index by taking into account the differences between women and men. This is an especially important contribution to poverty studies where it has long been recognized that the incidence of capability deprivation is often more important for women than men, that poverty is not gender-neutral. Incidentally, the empirical observations concerning this type of gender difference present a word of caution about taking the household as the unit of analysis in studies on poverty since resources are not distributed equally within the household.
Apart from the HDI and GDI, the UNDP compiles two indices which are more specifically designed to present interpersonal comparisons of the extent of poverty (see Table I). The first Human Poverty Index, the HPI-1, looks at several indicators of “longevity”, “knowledge” and “decent standard of living” in less developed countries. These indicators consist in the probability of not surviving to age 40, adult illiteracy rate, percentage of people not using improved water sources and percentage of children under five who are underweight. UNDP compares these human poverty rankings of countries in the low and middle human development categories with their “Income Poverty” rankings, by defining Income Poverty with reference to the percentage of people who live on less than one dollar a day. One of the most important lessons we learn from these indices is that there is no direct link between national income per capita and various indicators of Human Development. For example, among 175 countries for which UNDP compiles human development indices, Turkey’s ranking is 96 while the country ranks the 70th as far as its GDP per capita at purchasing parity is concerned. The difference between the two rankings clearly shows that Turkey is not achieving the human development level which its level of economic development could allow. This situation contrasts with the case of Sri Lanka, a country which is much poorer in economic terms than Turkey, with a GDP per capita at purchasing power parity ranking of 112. The HDI ranking of Sri Lanka, on the other hand, is 99, just below Turkey’s. This shows that Sri Lanka’s achievement in human development is very high compared to its level of economic development.

Similar observations can be made with regards to the relationship between HDI and HPI-1 on the other. In Pakistan, for example, income poverty measured by the percentage of population living on less than $1 a-day is quite severe, with the income poverty ranking of the country equal to 87. Income poverty is much less severe in Uganda whose the income poverty ranking is 36. However, when one compares the HPI-1 rankings of these countries, one finds that the difference is much less significant, 60 for Uganda and 65 for Pakistan. This indicates that in spite of a very severe problem of income poverty, Pakistan is able to alleviate human poverty, probably through a more serious commitment than in Uganda to the provision of social services.
**TABLE I. HDI, HPI-1, HPI-2, GDI- Same Components, Different Measurements**

<table>
<thead>
<tr>
<th>Index</th>
<th>Longevity</th>
<th>Knowledge</th>
<th>Decent Standard of Living</th>
<th>Participation or Exclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDI</td>
<td>Life expectancy at birth</td>
<td>1. Adult literacy rate 2. Combined enrolment ratio</td>
<td>GDP per capita (PPP US$)</td>
<td>---</td>
</tr>
<tr>
<td>HPI-1</td>
<td>Probability at birth of not surviving to age 40</td>
<td>Adult illiteracy rate</td>
<td>Deprivation in economic provisioning, measured by: 1. Percentage of people not using improved water sources 2. Percentage of children under five who are underweight</td>
<td>---</td>
</tr>
<tr>
<td>HPI-2</td>
<td>Probability at birth of not surviving to age 60</td>
<td>Percentage of adults lacking functional literacy skills</td>
<td>Percentage of people living below the income poverty line (50% of median disposable household income)</td>
<td>Long-term unemployment rate (12 months or more)</td>
</tr>
<tr>
<td>GDI</td>
<td>Female and male life expectancy at birth</td>
<td>1. Female and male adult literacy rates 2. Female and male combined primary, secondary and tertiary enrolment ratios</td>
<td>Estimated female and male earned income, reflecting women’s and men’s command over resources</td>
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</tbody>
</table>

Another aspect of our contemporary understanding of poverty is that poverty is not just a problem for developing countries. In fact, UNDP has been compiling a separate human poverty index for the richest 17 countries of the OECD. This second Human Poverty Index (HPI-2), also considers longevity, knowledge and a decent standard of living, but uses different indicators to estimate those. Instead of probability of not surviving to age 40, it refers to the probability of not surviving to 60 (see table I). Instead of adult illiteracy rate, percentage of adults lacking functional literacy skills becomes the indicator for assessing knowledge. For decent standard of living, percentage of people living in households below the income poverty line, that is having less than 50 percent of the median disposable family income. HPI-2 uses an additional indicator to measure social participation or exclusion. It looks at long-term unemployment rate, i.e. the percentage of people in the labor force who have been without employment for more than 12 months.

Estimations of poverty in rich countries indicate that those countries, where simple human development index does not show any serious problems of capability deprivation, manifest important divergence concerning the seriousness of poverty. The United States, in particular, appears as a country where poverty is a problem of worrying dimensions.

Of course, it is not for the first time that the presence of poverty in a rich country is being brought to our attention. In the 1960’s, Myrdal had introduced the notion of “underclass” and Oscar Lewis had used the concept of “poverty culture” to point at the forms of human deprivation associated with racial or ethnic differences in the United States. These differences are still very important in America, where poverty is defined on the basis of “inequalities of income and wealth together with inequalities in health, education, security from crime and the types of work accessible to different sectors of the population” (Gray 1998: 74). But in Europe, too, poverty has become more visible than before during the last two decades. In the literature on European post-industrial societies we often hear references to “two-third” societies, where one-third of the population appears to be “marginalized” or “socially excluded” by long-term employment (Hoogvelt 1997: 146-7). “Social exclusion” has in fact become the central term through which the official policy processes at the EU level address new manifestations of poverty in its multidimensional character. The current European
approach against social exclusion provides a set of indicators used by EU members and candidate states against which to measure their progress in combating social exclusion with the instruments that they find appropriate given the society specific manifestations of the problem in their countries. This particular European approach is said to be “nation state friendly” in the flexibility it allows to individual countries in their choice of policy instruments. However, it also has a distinct character beyond societal diversity to the extent that it follows the revised European social charter of 1996, where a rights-based approach to social policy is adopted. Defining poverty in the context of social exclusion, it underlines diverse forms of less-than-equal treatment of different individuals and social groups and aims at their integration in society as full citizens. This precludes different forms of subordination, including the subordination involved in family relations or relations of charity, even where they can guarantee economic security and livelihood of the individual.

CONTEMPORARY CONTEXT OF NEW POVERTY

We live in a period when poverty constitutes the subject of many intense debates that involve policy makers at all levels as well as the academia and the media. Today, poverty appears as a problem of crucial significance and manifests itself in new and more visible forms. One approach to the investigation of this state of affairs could be through the aid of the concept of “welfare regime”. We could suggest, in other words, that the current manifestations of poverty are largely related to the pressures on different welfare regimes throughout the world. The term welfare regime was introduced by Esping-Andersen (1990 and 1999), with the intention of looking beyond the state provided welfare in the assessment of the coordinates of the livelihood of the individual in a given society. As such, welfare regimes refer to the division of responsibility between the state, labor market and the family in welfare provisioning. Esping-Andersen’s original work referred to conservative, liberal and social democratic regime types of which Germany, the United States and Sweden constituted typical examples. Later, this tripartite typology was expanded to include first South European welfare regimes and later Latin American and East Asian ones (Ferrera 1996; Huber 1996; Goodman and Peng 1996). In fact, the concept is general enough to enable us to consider the totality of formal and informal relations which provide social protection to the individual in “risk situations”, that is in situations
such as those of old age, sickness, disability or unemployment. There is of course a close relationship with these risk situations and poverty. In the absence of social protection, poverty would be inescapable for the individual who finds himself or herself in one of these risk situations. Sickness, for example, might be the major cause of poverty.

In developing countries, developmentalist states did not necessarily provide formal protection against these risk categories, but they were instrumental in providing formal employment opportunities either directly in state owned enterprises or indirectly in state-protected private sector enterprises. In many developing countries, a form of “inegalitarian corporatism” (Seekings 2004) provided social protection to a small minority of the population formally employed in the industrial sector. Often agricultural sector, too, benefited from different types of subsidies which supported survival in the rural setting. In addition to the support provided to industry and agriculture, developmentalist states have informally contributed to welfare provisioning through patronage relations, with the family and personal relations of other types playing a major role in providing social protection to the individual. This model worked fairly well in highly protected and controlled economies, in the context of an “import substituting industrialization strategy”.

Starting with the second half of the 1970’s, many of the formal and informal mechanisms of social protection implicit in the ways in which states, families and labor markets functioned throughout the world have come under pressure. Of course these pressures have manifested themselves differently according to the society-specific characteristics of the welfare regimes of different countries. However, it is the totality of these pressures, which define the contemporary context of poverty throughout the world is defined by the totality of these pressures, which include the transition from Fordist to flexible production systems, the advent of post-industrial societies through the tertiarization of economic activity, forces of globalization, and demographic pressures that affect both age structures and family types.

In the aftermath of the Second World War, in developed western countries in the industrial sector in general, and in developing countries in the formal manufacturing sector, “Fordist relations of production” prevailed. There was mass production of
standardized goods in large enterprises and a rupture in the production process was something very undesirable for the management. So stability of employment and income constituted the rule. Recent technological changes have led to the replacement of this system with a system of “flexible production”. In this new system, many arrangements, which were not possible in the Fordist mass production, have become possible. Producing in very small batches, dividing the production process and subcontracting different parts to different producers, stopping and restarting of production, working with close to zero stocks have all become possible. All these possibilities together have led to another possibility, the possibility of highly irregular employment of labor. Stable, full-time jobs providing regular “family incomes” have become increasingly rare in Europe and North America and truly exceptional in developing countries. The feminization of the work force has been another trend on new labor markets where the practice of “home work”, a new version of the nineteenth century “putting out system”, has become an important, with women constituting around 80 percent of home workers across the globe. Notwithstanding the very low wages, irregularity of jobs and the absence of social security characterizing this type of largely female employment, the latter has become an important way of enabling women to assure the sustenance of the family in the face of high rates of male unemployment.

Tertiariarization of economic activity, in the meantime, has defined an economic environment where the bulk of new employment creation occurs in the service sector. While the term “post-industrial society” is often used in relation to the novel significance of professional service sector jobs in design, marketing, finance or consulting, in many countries, in terms of the number of people employed, the real growth has been in personal services or “in the modern equivalent of erstwhile servitude, of butlers, maids, cooks, gardeners and other domestic help” (Esping-Andersen 1999: 105). The latter include tasks previously fulfilled by household which are now market provided, i.e. laundering, cleaning, repairing, entertaining, catering. In fact, it is only through the growth of such personal services that the sector would be able to provide the necessary employment outlets to compensate for the decline in employment in industry. This implies a proliferation of highly precarious low-wage occupations hardly able to provide stable family incomes. Things could only be different in those societies, such as the Scandinavian ones, where public
employment creation in social services such as health and education would offset the polarization between professional service employment with high pecuniary and non-pecuniary advantages on the one hand and much less desirable employment opportunities in personal services on the other.

The implications of tertiarization in developing countries are different and even more serious. One observes, first, that in these countries the historical pattern of structural change has not been the same as it was in today’s developed countries that had industrialized earlier. In the latter, there was a shift from agricultural to industrial employment followed, at a later stage by the increase in employment in the service sector. Industrial sector, in other words, was able to absorb the workforce released from agriculture at the initial stages of economic development. In late industrializing countries of the twentieth century, on the other hand, the common historical pattern was not a shift from agriculture to industry but to services, mainly in the urban informal sector.

It seems quite clear that today, throughout the world, growth is accompanied by the decline in the number of manufacturing jobs. In this regard, the results of an empirical study that were publicized by the Wall Street Journal appear particularly disturbing (Hilsenrath and Buckman 2003). The study in question indicates that in twenty big economies where manufacturing output rose by thirty percent during the period 1995-2002, there was an overall loss of twenty two million manufacturing jobs in the same period. These twenty economies do not only include rich OECD members, but also Brazil, where there was a twenty percent decline in manufacturing employment and China, where manufacturing employment was down by fifteen percent in the period in question. What is particularly striking about these results is that the parallel processes of growth in output and decline in employment in the manufacturing sector also observed in China, a country which one tends to regard as the one where jobs lost elsewhere are to be found.

These results are in conformity with the ILO’s (International Labor Office) last report on Global Employment Trends (2004), where it is indicated that the structural change in China has led to a tremendous decline in employment elasticity in recent years. In fact, the Report presents the employment outlook for East Asia by suggesting that a
lot would depend on the future trends in the relationship between growth and employment in China (ILO 2004: 2 and 11). For the other regions, the Report clearly indicates that between 1998-2003, the fall in unemployment rates has consistently remained behind the average rates of growth and, for some countries and regions, such as the United States, Central and Eastern Europe or Sub-Saharan Africa, growth was accompanied with an increase in the unemployment rate.

There is reason to believe, therefore, that growth currently comes with less employment than it used to in the past. Another disturbing observation pertains to the increase in irregular employment and the informal economy, where the workers “carry a high risk of becoming working poor with earnings insufficient to raise themselves and their families above the US $ 1-a-day poverty line” (ILO 2004a: 1). Hence, working poor has become a frequently used term to describe a significant phenomenon in a situation characterized not only by high unemployment but also the increasing significance of irregular, low paid work that does not constitute a way out of poverty. This observation is by no means limited to developing countries where the informal sector is important. As a study on OECD countries empirically shows, non-subsidized employment does not necessarily reduce poverty. On the contrary, the study finds a strong negative correlation between low pay and the incidence of poverty. What significantly matters as far as the incidence of poverty is concerned seems to be the nature of social policy arrangements prevailing in the country (Cantillon et al. 2003).

However, the problems associated with the increasing fragility of the link between growth and employment on the one hand and employment and income on the other are especially severe in developing countries where the capacity of the industrial sector to absorb the workforce released from agriculture has become even more limited over time as the pace of de-ruralization increased over time. The implications of this state of affairs for the livelihood of the majority of the world’s population is presented in a striking fashion in the 2003 Global Report on Human Settlements of the UN-Habitat entitled *The Challenge of Slums*. As the Report indicates, the cities have absorbed nearly two-thirds of the global population growth since 1950 and have grown in size in a spectacular fashion. In 1950, there were 86 cities in the world with a population over one million; today there are 400 and, by 2015, there will be at least
The size of the urban population has now reached that of the rural population (3.2 billion) and the latter will begin to shrink after 2020. As a result, the cities will account for all future world population growth, expected to reach 10 billion in 2050.

This urban population growth is not accompanied by a parallel growth in employment in the formal industrial sector. In fact, the UN-Habitat Report shows that informal economic activity accounts for 33 to 40 percent of urban employment in Asia, 60 to 75 percent in Central America and 60 percent in Africa. It is indicated that in the cities of sub-Saharan Africa, “formal job creation has virtually ceased to exist”. This current significance of the informal sector as the area where the urban population of developing countries seek their livelihood is also documented by the researchers at the Inter-American Development Bank, who indicate that the informal economy currently employs 57 percent of the Latin American workforce and supplies four out of five new jobs (Davis 2004: 24-5).

Many of these informal sector workers constitute the slum dwellers of developing country cities with grossly inadequate access to health, education and standard municipal services. These slums form, in other words, the ideal sites to find the constituents of the UNDP’s Human Poverty index: high illiteracy, low life expectancy, underweight children, and the unavailability of improved water sources. There, poverty becomes an endemic and self-perpetuating feature of the life of the majority, who cannot even hope to find employment as domestic servants because, in spite of the high inequality of income, there is not sufficient wealth to provide such employment.

Extreme polarization of the urban space has also been highlighted as an important characteristic of developed, post-industrial societies. Many researchers have pointed at the spatial changes that manifested themselves in the declining significance of standard working class areas and the growth of “underclass” neighborhoods where unemployment, youth unemployment in particular, is rampant and any sense of community is pretty well lost (Bryne 1999: 109-124). “Social exclusion” has thus appeared as a self-perpetuating phenomenon, with neither employment creation nor the provision of social services as mechanisms of combating remaining highly inadequate.
Structural changes at the level of productive technology and economic organization were in part responsible for the developments mentioned in the preceding. In the meantime, changing demographic trends and family structures have also been responsible in defining a situation where existing mechanisms of social protection have become increasingly unable to fulfill their traditional roles. In Europe and North America, an aging population currently presents important problems for pension systems by increasing the ratio of dependents to premium paying active workers. Changing family structures, which involve the increase in the number of single parent households and the higher labor force participation of women, too, have modified both the position of male workers in the labor market and the role of the family as a caring institution. One also observes in many developing countries important changes in family structures whereby the nuclear family begins to replace the extended family as the norm, at least in the urban setting. Hence, family support to people in different risk situations, something which most developing country policy makers have long taken for granted in their neglect for social policy, now appears much less reliable than its is assumed to be.

Nevertheless, one should also mention that throughout the world these structural changes and secular trends were accompanied by deliberate policy choices in the direction of liberalization, de-regulation and privatization of economic activity, which have also contributed to the current manifestations of the problem of poverty. The demise of the “welfare state” in developed western countries and of the “developmentalist state” in developing ones occurred in a particular policy environment where a strong faith in self-regulating markets made policy makers to seriously underestimate the need for social policy. In former communist countries, too, social policy remained a much-neglected area in spite of the at times devastating effect of socioeconomic transformation on the livelihood of people.

Socioeconomic insecurity has clearly become a crucial aspect of life for the overwhelming majority of the world’s population under the impact of globalization in a deregulated international economy. Freer international trade is an important aspect of globalization. But a much more significant aspect of contemporary globalization is financial liberalization and the overwhelming increase in international capital flows. In
the 1980’s, most countries released capital controls and allowed the free flow of capital in and out of the country. Given the acute shortage of capital in the highly indebted developing countries, inflow of private capital appeared as a blessing. But it was a mixed blessing as clearly shown by the financial crises that these highly volatile private capital flows have generated in the last ten years, such as the Mexican crisis of 1994, East Asian and Russian crises of 1997 and 1998, and the Turkish and Argentinean crises of the early 2000’s. Each one of these crises has led to massive waves of unemployment and increasing human misery. As a recent report shows, these crises were one factor behind the rise of unemployment. In some of the countries affected by crises, unemployment declined after the crisis, but in most cases not to the pre-crisis level (World Commission on the Social Dimension of Globalization 2004: 40-41).

The crises in question have been instrumental in bringing the seriousness of poverty and the necessity of deliberate policy action to keep it under control on the agenda of some international organizations. The Fiscal Affairs department of the IMF, which had come under serious attack especially after the Asian crisis, convened a conference on the question of equity and economic policy, in which the participants included scholars such as Amartya Sen and Anthony Atkinson who have been arguing for universal entitlements to livelihood and universal entitlements to a participation income respectively. In its emphasis on the need for social protection in a globalizing economy, the OECD report *A Caring World*, which came out in 1999, clearly contrasted with an earlier report published in 1981 by the same organization on the *Crisis of Welfare*, where most welfare state practices were severely criticized. In 1996, the internal reorganization of the World Bank led to the emergence of a Human Development Network and the World Development Report of 2000/2001 was specifically on the problem of poverty (Deacon 2001).

It was the numerous meetings and debates carried out in this setting that have culminated in the United Nations Millennium Summit of September 2000, where 189 countries of the world that participated in the summit adopted the declaration which set the Millennium Development Goals (UNDP 2003). These eight goals are given in Table II.
TABLE II. MILLENIUM DEVELOPMENT GOALS

Goal I: Eradicate extreme poverty and hunger by
halving, between 1990 and 2015, the proportion of people whose income is less than $ 1 a day,
and
halving, between 1990 and 2015, the proportion of people who suffer from hunger.

Goal II: Achieve universal primary education by
ensuring that, by 2015, children everywhere, boys and girls alike, will be able to complete a full
course of primary schooling.

Goal III: Promote gender equality and empower women by
eliminating gender disparity in primary and secondary education, preferably by 2005, and at all
levels of education no later than 2015.

Goal IV: Reduce child mortality by
reducing by two-thirds, between 1990 and 2015, the under five mortality rate.

Goal V: Improve maternal health by
reducing by three-quarters, between 1990 and 2015, the maternal mortality ratio.

Goal VI: Combat HIV/AIDS, malaria and other diseases by
having halted by 2015 and begun to reverse the spread of HIV/AIDS, and
having halted by 2015 and begun to reverse the incidence of malaria and other major diseases.

Goal VII: Ensure environmental sustainability: land and air by
integrating the principles of sustainable development into country policies and programs and
reversing the loss of environmental resources.

The recognition of poverty in its multidimensional character and the setting of specific targets for its eradication constituted an important positive development in itself. There are, however, increasingly serious doubts about the possibility of keeping the promises made and achieving the targets set. The ILO Report of 2004 on Global Employment Trends, for example, is hardly optimistic about the prospects for reducing by half unemployment and poverty by 2015 in conformity with the Millennium Development Goals. According to the Report, in Sub-Saharan Africa, to attain these objectives, growth is required to triple, which would hardly be realistic to expect (ILO 2004: 23). There is also little basis for optimism in relation to the developments in Latin America and the Caribbean, where an average annual growth rate of 7 percent, or a rate 5 percentage points above the average for the last ten years, is required to absorb all the new entrants in the labor market (ILO 2004: 8).

The use of income poverty lines of $ 1 or 2 a day has been severely criticized by several writers who believe that national poverty lines would provide much better criteria for the assessment of both the dimensions of the problem and the achievements made in solving it (Pogge 2004; Morrison 2002). Those who continue using these poverty lines in spite of the criticisms, come up with optimistic results given the decline in the percentage of people living in extreme poverty, defined by an income below $ 1 a day, from one-third of the world’s population in 1990 to one – quarter in 2000. However, the global trend is heavily influenced by two countries, India and China. When they are excluded, the performance in poverty eradication of the 1990’s indicates stagnation, even regression.

It is also argued that 21 countries saw a decline in their Human Development index in the 1990’s, while only 4 countries were in this situation in the 1980’s. Another pessimistic note on the progress toward the achievement of the Millennium Development Goals comes through the historical comparisons of the pace of progress. With regard to the reduction of the under-five mortality rate, for example, there was progress in the 1990’s. It was, however, much slower than the progress made in the same area in the 1970’s and 1980’s. Perhaps more significantly, there are doubts that much of the progress made in some areas by-passed the very poor and those who most needed to benefit from the achievements in human development benefited the least (Vandemoortele 2004: 4-5). Such pessimistic views about the
likely achievement of the Millennium Development Goals usually lead to an emphasis of the need for a macroeconomic policy reorientation with considerably more funding allocated to social spending. Also emphasized, in this context, is the need for a much more serious commitment by rich countries to increase their Official Development Aid budgets, which, for the moment, remain extremely limited for most countries.

POVERTY AND SOCIAL EXCLUSION IN TURKEY

In Turkey, extreme poverty, measured by the percentage of people living on less than $ 1-a-day, does not constitute a statistically significant problem. I underline the word “statistically” to make it clear that even if those who live in extreme poverty are not very important in number, extreme poverty exists and seriously harms those affected by it. According to the most recent findings of the State Institute of Statistics (SIS) released in 2004, those who live on less than $ 1-a-day constitute merely 0.03 percent of population (SIS 2004). According to a World Bank study conducted in 2001, right after the economic crisis that hit the country in the beginning of the same year, the percentage in question is 1.8 when estimated on the basis of consumption and 3 percent on the basis of income (World Bank 2003).

We have already mentioned the questions raised as to the meaningfulness of the $1-a-day measure of poverty. Other estimations of poverty by the SIS include the incidence of food poverty, which is 1.35 percent of the population. SIS also measures “food and non-food poverty” as affecting 22.45 percent of the population. It would be worthwhile to mention that the threshold level of income below which a family of four would be considered in “food and non-food poverty” is currently higher than the officially set minimum wage. The same SIS study estimates the incidence of relative poverty, i.e. less than 50 percent of the median value of per capita consumption in the country, as 14.74 percent (SIS 2004).

Given the status of Turkey as a candidate for membership in the European Union, one should also evaluate the incidence of poverty in this country in relation to the trends prevailing in Europe. According to a study released by the Eurostat in 2004, relative poverty, measured by less than 60 percent of the median income in the country, is 23 percent in Turkey. This is the highest figure among all the older and
newer members of the EU, as well as among the candidate countries. The same comparison unfortunately holds also in the area of income distribution, where Turkey’s gini coefficient of .46 stands well above those for old and new member states and candidate countries. Turkey faces, in other words, a very serious task of eradication poverty and inequality on its way to EU accession.

As we have argued in the first part of this paper, income related estimations of poverty alone are not adequate to evaluate the dimensions and the nature of the problem. In this regard, it is significant that in terms of the indicators of Human Poverty, Turkey lags significantly behind many Latin American countries such as Mexico, Brazil, Peru, Colombia or Costa Rica, where income poverty is very serious. This reflects a less than satisfactory performance in lowering the probability of not surviving to age 40 (8 percent of the cohort in 2000-2005), adult illiteracy rate (14.5 percent of aged 15 and above in 2001), the percentage of population without sustainable access to an improved water source (18 percent in 2000) and the percentage of children under weight for age (8 percent of those under five in 1995-2001) (UNDP 2003: 245).

However, statistical data, even on the dimensions of human poverty, would not be sufficient to understand the nature of the new forms of poverty, whose significance is revealed by some qualitative studies carried out during the last few years (Ayata and Ayata 2003, Erdoğan (der.) 2003, Buğra and Keyder 2003). Current poverty in Turkey seems to be closely related to a series of developments, which have been instrumental in undermining the ability of former institutions and relationships to provide social protection to the individual. What we are witnessing, in other words, is a major transformation of the traditional welfare regime of Turkey, which calls for novel approaches in the area of social policy.

One important aspect of the traditional welfare regime of Turkey is the fact that that agricultural employment has remained important. In the beginning of the 1980’s, agricultural employment constituted half of the active labor force. According to government statistics, about 34 percent of the current work force is still employed in agriculture (OECD 2002). This figure, however, is misleading, because only in a small proportion of this population is it the case that agriculture provides the sole or
even the primary source of income. In many villages close to town centers, households enjoy a multiplicity of sources of income, ranging from small manufactures, transportation, trade, to seasonal employment in the cities, and increasingly in tourism. It is also significant that the agricultural sector in Turkey is largely comprised of small peasant holdings where unpaid family labor prevails in a way to limit the commodification of labor. This does not only describe a situation where urban unemployment and poverty could be controlled by keeping people employed in agriculture; continuing significance of peasantry also implies that rural-urban migration does not necessarily lead to a total rupture of the immigrant population from the countryside. Hence, for a long time, new immigrants in urban centers could continue to rely on in kind, if not pecuniary, income supplements received from their relatives who had remained in the village. Small landownership has also defined a situation where urban workers could seasonally leave their jobs to participate in agricultural production on their family farms (Keyder 1989 and 1993).

As Gough (2000: 8) has recently described in the Southeast Asian context, in Turkey, too, the rural hinterland could support family strategies which have successfully mixed different livelihoods.

The sustainability of such strategies will become more difficult in the context of comprehensive policies changing the way the state related to the agricultural sector, mainly through revoking various programs of agricultural input subsidy, and output price support. However, agricultural subsidies and price support policies probably aggravated inequality in the countryside by rewarding the larger and more successful farmers, who specialized in growing the crops that were the subject of support. The diversified income strategies of the poorer peasants will not be affected as much by the changes in policies. It is important to note, however, that this "reform" itself is only a component of a much wider reorientation of economic policy. Contemporary social policy environment is largely shaped by changes away from the previous import-substituting industrialization model toward a more outward looking and market-oriented strategy of integration in the global economy. Hence, as de-ruralization has gained impetus with agricultural reforms, employment opportunities in the formal manufacturing sector, too, have been squeezed. Demand for labor created by both State Owned Enterprises and private enterprises manufacturing goods for the protected domestic market have been declining since the 1980s. At the
same time, the advent of flexible work relations has introduced a strong tendency toward subcontracting and housework under conditions reminiscent of the nineteenth century putting out system. Outward-looking, market-oriented development strategy in Turkey has thus led to a further informalization of the labor market, whereby the previous separation between the formal and informal sector jobs have been blurred with the increasing significance of relations of outsourcing and subcontracting that link the two sectors together.

The end result of these developments was both the declining chances for an informal sector employee to eventually find work in the formal sector and the increasing precariousness of informal jobs themselves. Today, not only women doing piece work at home but also the workers employed in workshops linked to the formal manufacturing sector through subcontracting relations often receive wages below the official minimum wage and there is a wide-spread tendency among the employers to delay payment of wages under the pretext of a downturn in demand for the product. Hence, informal work today does not only imply lack of access to social security provisions but also the absence of a reliable work contract. Moreover, the availability of even these irregular jobs seem to be increasingly limited for men, with the number of male employees in the informal manufacturing sector rapidly declining for age groups over 35 years.¹

For a long time, construction sector appeared as perhaps the most significant area where unskilled male workers could find informal employment. However, employment opportunities in this sector have begun to be affected by a series of developments in the 1990s. One indicator of the vitality of construction activity is the number of building permits issued for new buildings. This number has steadily declined through the decade, from 147,033 in 1993 to 79,140 in 2000, the year before the major financial crisis which hit the country (SIS 2000: 223). While the Marmara and Düzce earthquakes in 1999 could be evoked to explain the most recent downward trend in the sector, the problem seems to be more structural than conjectural in character. Among the structural factors that are likely to be important in affecting construction

¹ Özar (1996). The observation is also confirmed by the results of our field research in Istanbul.
activity, slowing down of demographic growth in general and of urbanization, especially in the largest cities (notably Istanbul) is one. When considering the developments in the construction sector, it should also be remembered that real estate purchases constituted, for a long time, the most secure and profitable form of investment for savings in Turkey. This situation has begun to change with the economic reforms directed at instituting a market economy, which have led to the emergence of alternative investment outlets. Real estate developments that continued through the 1990s took a different form than the previous ones. Developers were now producing middle class housing or business centers on a large scale by using increasingly more capital and skill intensive technologies, with fewer jobs created per unit of investment. Moreover, such building activity mainly took place on the peripheral land around the cities, which was previously available for the development of irregular settlements by new immigrants.

Developments in the construction sector are not unrelated to the changes that affect these irregular settlements, or gecekondu in their Turkish version, which had long appeared as an important component of the traditional welfare regime of Turkey (Buğra 1998 and Buğra and Keyder 2003). In talking about the non-formal aspects of the welfare regime, the gecekondu naturally takes a primary role. It was the availability of abundant plots of urban public land and peripheral farmland without regular building permits, which enabled new immigrants to find housing opportunities in neighborhoods already settled by migrants from the same village or province. It was often possible to regularize the property of gecekondu basically through a reciprocal exchange of title deeds with promises to vote for the ruling party at the national or local level. Informal networks based on kinship or co-locality ties were of course crucial to the finding the plot, constructing the house and establishing the connections with political authorities. These networks of mutual support then continued to play a significant role in determining the economic opportunities available to those immigrants who were able to take roots in space.

The gecekondu constituted a highly “flexible” form of housing open to conversion into apartment buildings, larger in size and more modern in their building structure. As they thus changed form through time, they did not only provide shelter to immigrant families and their grown up children, but also an additional source of income as they
expanded with the addition of new floors to be rented. This implied, moreover, an ongoing activity of construction creating a fairly stable demand for unskilled labor outside the family members. Not only such construction work but also other types of informal work opportunities created within the area irregular settlements have begun to decline in the 1990’s, as new immigrants have found themselves in intense competition over urban land with real estate developers. New claims on peripheral urban land have thus reinforced capitalist property rights and largely put an end to an important mechanism of integration in the urban society, which had emerged through the interface between the roles played by the state and informal networks within the traditional welfare regime (Öncü 1988; Buğra 1998 and Buğra and Keyder 2003).

Most traditional mechanisms of social protection available to new immigrants have lost their significance as it has become increasingly difficult for them to settle in the same neighborhood with their family members and co-locals. Especially for the Kurdish immigrants from eastern and southeastern regions, the absence of social protection has come to constitute the characteristic feature of urban existence. The decision to emigrate from these regions was often based on “push factors”, such as the threat of violence, the army razing villages in a scorched earth campaign, or the complete loss of livelihood, rather than the attraction of economic opportunities in the city. People no longer came to established networks of family or co-locals that could help them find work or shelter.

The fact that it is no longer easy for new immigrants to settle in the same neighborhood with the members of their family or hometown constitutes one aspect of the changing role of the family and the community in Turkey’s welfare regime. However, even independently of the changing spatial dynamics of the urban setting, these networks no longer seem to be able to carry the burden placed on them within the traditional welfare regime of the country. In this regard, it is especially significant that nuclear family appears to have become the norm at least in urban areas (TUSIAD 1999). In fact, it is often the case that those in a better position leave the poorer neighborhood and put a distance between themselves and their relatives in need. While family ties can still be of significance in finding jobs and setting up business, they appear to be increasingly less significant as a mechanism of social protection in case of destitution.
Recent demographic trends also indicate that the traditional caring function of the family is currently under considerable pressure. While in comparison to other OECD countries Turkey has a young population, statistics show that fertility rates are declining and the population is aging. This demographic trend is translated into two developments, both with serious implications for social policy. First, the number of people potentially in the labor force, i.e. those between fourteen and sixty-five years of age, is increasing in a context where job opportunities are limited by the above-mentioned labor market transformations. This trend should be seen in the context of a still very low level of female labor participation (28.1 percent according to OECD 2004: 296), which is considerably higher in rural areas than in the urban setting. When compared to the EU average or the figures from south European countries, it would seem that female labor force participation in Turkey will inevitably increase, and will likely lead to even higher rates of formal unemployment. Female labor force participation rate is currently 61.3 for the EU15, 48.3 for Italy, 51.0 for Greece, 65.6 for Portugal and 55.7 for Spain (OECD 2004: 296). Second the number of people above the age of sixty-five is increasing in a context where it is no longer realistic to expect family support to continue to substitute for formal social safety nets to provide care for the elderly.

Such an expectation appears to be all the more unrealistic given the current changes observed in gender roles. Louis Moreno’s (2001) analysis of the role of "superwomen" in welfare provisioning in the Mediterranean region finds a striking area of application in the current urban setting in Turkey. These are women who in the current employment climate find themselves in a position to hold jobs, while the males remain unemployed. In addition to bread winning, however, they have to continue fulfilling the traditional female "duties" in the household. Since formal mechanisms of child or elderly care, or even comprehensive school attention to the children do not exist, and since the liberation of men from their "traditional" male roles will not occur in the near future, women end up being taxed to an extraordinary extent. Although it is difficult to provide statistical confirmation to observations pertaining to irregular labor markets, it is likely that labor market participation of women have been increasing with the growth of male unemployment in Turkish cities. Our research in Istanbul leads us to think that irregular work conditions along
with falling wages frequently lead men to leave their places in the labor market to women and children. Employers, too, often prefer a more docile work force comprised of female workers and children. Under these circumstances, women find themselves in a position to earn income through irregular employment in small workshops or by doing piecework at home for extremely low wages.\(^2\) Moreover, in the recently emerging institutional environment of social assistance that we will discuss in the following section, able-bodied unemployed males are often shamed away from applying for social assistance and it is again women who go through the necessary procedures to enable their families to benefit from whatever forms of welfare support available from the central government, municipalities or NGO’s as a natural extension of their traditionally defined responsibility of feeding the members of the household. While women struggle to respond to these diverse demands placed on them as providers of both income and care, it is highly doubtful that they could act, at the same time, in a way to maintain the cohesion of the extended family by following traditional codes of behavior.

In cases of extreme poverty, family solidarity frequently remains limited to the mobilization of female and child labour by the members of the nuclear family. This calls for a serious questioning of the role of the family in Turkish welfare system. In this regard, one observes that the official social policy discourse still refers to the family as the central welfare institution and the role of the government is basically defined in terms of providing support to the family as the latter fulfils the task of assuring social protection to the individual.

**SOCIAL ASSISTANCE SCHEMES IN TURKEY**

The text of perhaps the only truly modern piece of legislation in the area of social assistance reveals how well entrenched the assumption that the family is the central institution of welfare provision in the Turkish social policy environment. Enacted in 1976, the legislation in question introduced a Social Disability and Old Age Pensions regime to be managed by the civil servants’ retirement chest. The beneficiaries are explicitly defined as those uncovered by another social security institution, without

\(^2\) For different examples of this type of work, see Buğra and Keyder (2003).
income generating property and any other sources of revenue, and **without close relatives to take care of them**.\(^3\) Thus, the presence of close relatives, unless they are themselves in destitution, disqualifies the disabled and the elderly as beneficiaries of the regime.

Among the social assistance schemes that were introduced later, by far the most important one is the Fund for the Encouragement of Social Cooperation and Solidarity. The establishment of the Fund in 1986 in part constitutes a response to the increasing inability of the family to carry the burden of care traditionally placed on it. However, it is also more traditionally rooted in spirit and much less systematic in the way it functions than the Social Disability and Old Age Pensions regime. In fact, the parliamentary debates that have led to the establishment of the Fund, the latter was presented as an adaptation of historical traditions of Ottoman charity to the current circumstances. It was clearly hoped that a fundamental characteristic of the Ottoman charitable foundations, which consists in a melange of public and private funds without proper delineation, could be used in a way to mobilize private donations with the initiative and under the guidance of the state and alleviate the burden of welfare provision on the budget.\(^4\) Hence, the Fund was conceived as an umbrella organization covering over 900 local Foundations, managed by representatives of the central government at the district level with the aid of boards of directors that included prominent members of the local population.

However, the development of the Fund did not, or could not, follow this particular model and the institution has come play a significant role in poverty alleviation through the mobilization of public resources. After a major economic crisis in February 2001, which caused a series of bankruptcies and massive unemployment, the World Bank has also begun to contribute to social assistance provision by the Fund through the so-called Social Risk Mitigation Project. In dollar terms, the Fund provided an average of 375 million dollars worth of relief per year between the years of 1997 and 2001.\(^5\) In 1999 and 2000, disaster relief provided to earthquake victims

\(^3\) Our emphasis.

\(^4\) On this subject, see Bonner, Ener and Singer (eds. 2003).
constituted the most important item in the total assistance provided by the Fund. Starting with 2001, the significance of this item in total budget started to decline and support provided for health and education constituted the most important categories of assistance.

Health expenditures constitute the largest item in the Fund’s budget. These expenditures are related to a scheme called the “Green Card program” introduced in 1992, to provide health services to poor people who are not covered by any social assistance program either as direct contributors or dependents. One part of the Fund’s resources spent in this area is allocated to the walk-in treatment, medicine, prostheses, and hearing aids for people who are not covered by any social security organization and who have passed the necessary means testing procedures to be entitled to have access to free health services. Another part is transferred to the Health Ministry to pay for health expenses which are not covered, or not totally covered, by other types of social insurance and which nevertheless surpass the means of people under formal social security coverage. It is estimated that about 13.5 million currently benefit from this scheme (Government Document 2004: 44). The second largest item in the Fund’s budget is allocated to students at different levels, including scholarships, provision of school supplies, meals and snacks for school children.

In 2003, close to 17 percent of fund resources were transferred to local branches to be spent on emergency relief in cash as well as in kind for the satisfaction of needs of fuel, food, clothing, and medicine (Government Document 2004: 50). The size of the local population and local socio-economic development indices prepared by the State Planning Institute form the basis for the allocation of resources to local branches.

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5 This figure, which we calculated on the basis of those given in the official report presenting the activities of the Fund for the period 1997-2001, is below the figures mentioned during our interviews at the Ministry, which were in the region of 500-600 million dollars per year. We do not know if the amount of social assistance provided is actually higher than the figures provided by the report (Solidarity Fund 2002).
In the period after the general elections of October 2002, which brought the current AKP (Justice and Development Party) government to power, the resources spent on projects aimed at employment creation have increased considerably. In 2003, about 1.5 percent of the Fund’s resources were spent on such projects. During the first six months of 2004, for which the figures for the Fund’s allocated budget are available, spending on such projects directed at employment creation reached close to 6 percent of the total spending in the period in question (Government Document 2004: 50). These resources are used for some training programs, credits to small entrepreneurs, and in-kind credit operations in the agricultural sector in the context of the “Rural Social Support Projects” carried out by the Ministry of Agriculture in collaboration with the Minister of the State in charge of the Solidarity Fund. These agricultural projects are regarded by government authorities not only as a mechanism of poverty alleviation but also as an agricultural support policy aimed at slowing the rate of decline in agricultural employment.6

The increasing significance of the item in question in Fund’s total expenditures reflects the view that social assistance should be conditional on participation in productive activity. In fact, government authorities repeatedly stress that social assistance in the form of unconditional grants entail the danger of fostering “dependency” and push the recipient to passivity. “Teaching people how to fish rather than giving them fish” is a slogan, which is constantly repeated in social policy circles, where “right to income” largely remains an alien concept.

This attitude is clearly manifested in discussions around the microfinance sector, recently introduced in Turkey. The idea of microfinance has been received with a lot of enthusiasm among AKP members, not only because it constitutes an attempt to deal with poverty without acknowledging the right to income, but also because it allows for extensive collaboration between the voluntary sector and the financial market institutions.7 The Foundation for Waste Reduction, headed by a member of the parliament from the South Eastern city of Diyarbakir, where the rates of unemployment and poverty are much higher than national averages, has been very

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active in collaborating with international microfinance organizations to develop the sector in Turkey. ⁸ For the moment, other than the Foundation for Waste Reduction, only two NGO's, the Development Foundation of Turkey (TKV) and the Foundation for the Support of Women’s Work (KEDV), are seriously involved in the field of microfinance. The interest rates charged for small loans to the poor are not very low by commercial standards. For example, The Maya Enterprise for Microfinance established by KEDV charges 4.9 percent per month, with an additional 3.75 percent up front fee including administrative charges and stamp tax (Burritt, 2003: 30-32.)

This emphasis of social spending to encourage productive activity reflects a clear choice about the priorities in the allocation of public resources for poverty alleviation, where the problems of those, who, temporarily or on a permanent basis, have no chance to earn their livelihood by working, do not rank very high. This is not because these problems are considered to be marginal. The choice reflects, rather, a particular outlook where family solidarity as well as mechanisms of charity mobilized by municipalities and the NGO’s are seen as the proper means of dealing with destitution, a problem regarded to be beyond the reach of state’s responsibilities.

In this approach, the principal caring institution appears as the family. The centrality of the family to the ruling AKP’s approach to economy and society is clearly seen in the government program and other official documents. As it is stated in the government program, “If Turkish society is still intact after so many problems recently experienced, we largely owe it to our strong family structure”.⁹ Hence, the program underlines the importance of the mechanisms designed to support the role of the family in providing social protection to the individual. The family-centred social policy outlook of the AKP is discussed in more detail in the party program where it is mentioned that new incentives would be put in place to reinforce the role of the family

⁸ One of the two major international conferences on the subject of microfinance held in Istanbul was organized by the Waste Reduction Foundation: The Conference on the Alleviation of Poverty through the Use of Microcredit, Istanbul, 9-10 June 2003. The second one was organized by the International Finance Corporation of the World Bank, Turkish Banking Regulation and Supervision Agency and Bankengruppe: Conference on Microfinance: Global Experience and Prospects for Turkey, Istanbul, 2-3 October 2003.

⁹ “Başbakan Recep Tayyip Erdoğan tarafından TBMM’ne sunulan 59. Hükûmet Programı”, p. 15.
in the rehabilitation of street children and it underlines the measures that would be taken to encourage the caring for the elderly by their children. Where the family appears to be unable to face the challenge of new forms of poverty associated with both the structural changes and financial crises affecting the Turkish economy, the Islamic elements in the ideological orientation of the ruling AKP government appear to be very useful in motivating and mobilizing civil initiatives active in providing social assistance. It is quite clear that local governments controlled by the AKP or the NGO’s of an Islamic character are especially successful in mobilizing charitable donations and channelling them to the destitute. In fact, the activities of by far the most prominent NGO providing emergency relief, Deniz Feneri (Lighthouse), are clearly guided by Islamic values. The organization largely owes its success to its being an extension of a Ramadan program broadcast on TV channel 7, known for its closeness to political Islam. Charitable activities of AKP run municipalities, too, invariably appeal to norms and institutions of Islamic solidarity through which they generate private donations from good Muslims (see also White 2002).

The recent restructuring of the Solidarity Fund’s expenditures reflects, along with the increase in the share of the Fund’s resources allocated to projects designed to engage people in productive activity, a decline in the share of spending on soup kitchens or transfers to the poor on special occasions such as Ramadan and religious holidays (Government Document 2004: 50). While official funds spent on the have declined, these types of assistance have significantly increased at the municipal level. In fact, municipal governments are significant among the new social actors that have recently appeared in the area of social assistance. Since the mid-1990’s, municipal governments have had a very visible presence in this area with the soup kitchens they organize, as well as with often in kind and rarely pecuniary assistance they provide to the destitute.

Other than the distribution of food on a daily, ongoing basis at municipal soup kitchens, municipal support to the poor does not have any permanence or reliability for the beneficiaries. This is in conformity with the nature of the resources available for poverty relief at the level of the municipality. As it is indicated in an official

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government document, no information exists on the magnitude of financial resources used for different municipal social assistance schemes (Government Document 2004: 45). In fact, only a small fraction of the funding for social assistance comes from the municipal budget and for the rest authorities rely on donations from private individuals. Municipal governments thus channel to the local poor the resources, in kind or in cash, provided by charitable donations. This type of activity carried out by political authorities is not without problem, as it constitutes an area where negotiations of a dubious legality or legitimacy are carried out with the individuals who contribute to municipal charity funds. These negotiations might involve cases where authorities agree not to take action against some illegal activity of a business, with charity at least partially replacing bribery. In most cases, it is often difficult to have a clear idea about the use of donations since municipal accounts are characterized by a lack of transparency, easily justified on the basis of Islamic norms of charity according to which alms are to be given discreetly without any display of generosity on the part of those who give. Even in the absence of overt corruption, municipal social assistance could be and probably is carried out in conformity with political interests in a way to maximize the chances of re-election of the party in power. This was at least a widely shared belief among the individuals that we interviewed in several districts in Istanbul during our field study on the project *New Poverty and the Changing Welfare Regime of Turkey* (Buğra and Keyder 2003).

These observations are all the more important to keep in mind in the context of the current public sector reform initiatives in the direction of enhancing the responsibilities of local administrations in the realm of social policy. Assigning a more significant role to local authorities undoubtedly has certain advantages especially since the local context may vary due to the social, cultural, economic, ethnic, and political status of the inhabitants. These different dimensions determine different characteristics of poverty, requiring contextualized welfare and social assistance strategies. Policies will vary according to the city in which a community is located. Inner city poverty in Istanbul, with a service sector dominated labor market, feminization of work, and wide ranging spatial dislocation, will require very different strategies compared to peripheral shanty-town poverty in Diyarbakir. The demographic features of the families in need will also be very different, as well as the political orientations, and the trust and confidence they may feel toward the
authorities. Without being too optimistic about the power of local knowledge, and the expected contribution of traditional forms of solidarity, existing community structures and networks to the formulation of policies, it is still appropriate to advocate a dialogue between more formal central state policies, and more contextualized local applications. It is important to mobilize local resources rather then seeing these as impediments to good policy making.

On the other hand, policies that are overly reliant on local initiative may tend toward discretionary choices and arbitrary decision-making, with the result that principles of equality and universality may be jeopardized. This calls not only for serious measures to keep under control discretionary choices and arbitrary decision making, but also sustained attempts to prevent regional inequalities to be reflected in the allocation of social funds. As we have previously discussed, eradication of poverty in its multidimensional character requires, among other things, the improvement of the accessibility and quality of health, education, and other social services. In other words, regardless of the role of the local in the administration of social assistance schemes, the outcome in terms of poverty eradication would be significantly affected by the share of social spending in the public budget.

The central state is a complex organization which attempts to reach into the society both in order to effectively carry out its policies and also to realize its social control project. As such, it has to constitute, and work in tandem with, its local representations. In as much as these local extensions are in fact part of the strict hierarchy established from the center, policies would be considered as governed by the formal stipulations of the central government. Only if there is room for autonomy and discretion, and decision making based on local particularity, would it be possible to talk about a degree of localization in the conduct of policy. This evaluation applies to the case of social policy as well. Even though social policy, and especially policy regarding social assistance, is intrinsically more in need of local application (for instance, when compared with economic policy), the conceptual differentiation is still possible where we can distinguish between centrally coordinated local implementation as opposed to a degree of autonomy enjoyed by representatives of the central government who are in actual contact with the beneficiaries of the policies.
While sensitivity to these contested issues is extremely important for the outcome of social assistance policies, there are no ideal recipes applicable in all circumstances and it is not easy to come up with well-defined guidelines to delineate the proper role of central and local governments in welfare provisioning since any division of responsibilities would be subject to modification in the lights of social and cultural factors as well as the nature of problems at hand and resources to be mobilized. However, one could argue that a rather loose framework with the following role division could be a useful input to in institutional reform: Central governments should set the policy guidelines in terms of policy goals and basic ethical norms to be respected in welfare provisioning. Financial resources used in assistance schemes, too, should come from central government revenues rather than locally raised funds. Local governments, on the other hand, are better situated to generate the necessary information about the nature of the problems to be solved and to design the proper institutional mechanisms of providing financial assistance and social services. While some overlapping of responsibilities defined in these areas is inevitable, the suggested role division could be useful at least in several ways. Setting of the ethical norms to be respected would be useful in checking the often culturally informed and regionally accepted forms of behavior that lead to the subordination of traditionally oppressed groups such as women, children, ethnic and religious minorities, or simply the poor in general. Centrally provided welfare funds would contribute to an understanding of welfare provisioning as a social right and prevent the emergence of local charity fund raising practices that might involve a dubious exchange of favors between municipal governments and contributors to these funds. Local government input in institutional design and policy formation would, on the other hand, eliminate the problems generated by the absence of knowledge about the local reality and bureaucratic rigidity. In sum, a locally administered, but centrally funded system of welfare provisioning which follows centrally set guidelines, appears to constitute a viable model.

Whether Turkey’s ongoing social policy reform process will be able to find the proper balance between the norms of equality and universality on the one hand, and the sensitivity to local needs and realities on the other is still to be seen. In general, future trajectory of social policies directed at combating poverty in Turkey is not easy
to predict. On the one hand, the dominant political discourse, which tends to regard income support policies as lying beyond the responsibilities of the state, is of a nature to generate doubts about the advent of a rights-based approach to social inclusion. On the other hand, the current reform initiatives recognize social exclusion as a serious problem and include an administrative restructuring whereby the actually existing social security organizations as well as a Directorate of Social Assistance that will be designed to combat poverty and social exclusion would be brought together under the umbrella of a single social security organization. This is indeed a very significant step since, for the first time in Turkish history, we see social assistance approached as one of the concerns of the state at the same level as the rights of the formally employed. Moreover, the reform proposal mentions cash transfers of a particular amount to be deposited in bank accounts of the beneficiaries. This contrasts with the current, mostly in kind and temporary assistance provided on an ad hoc basis without any systematic criteria of eligibility.

Apart from these proposals that could be said to reflect at least an implicit tendency to regard social assistance as a citizenship right, two new measures of social assistance introduced by the present government are also interesting. During the government’s first year in office, elementary school textbooks were made available to all students free of charge. This constitutes a very important step taken to eliminate one of the worst consequences of poverty whereby the education of children would be interrupted because poor families could not pay for school supplies. Perhaps more significantly, through this measure the state assumed the responsibility of making a theoretically free social service accessible also in practice to all citizens, with or without means. At a later stage, the government introduced a means-tested, conditional child support policy, which is now implemented in certain provinces and its nation-wide implementation is expected to follow. The conditionality pertains to regular check-ups and school attendance for the children of the beneficiaries. In spite of its means-tested and conditional character, in the Turkish context this policy, too, is quite significant because it involves cash transfers to families that fulfill certain requirements on a regular basis as a citizenship right and not as a charitable deed.

One would expect Turkey’s attempts in the direction of EU membership to support and sustain such trends toward the advent of modern social assistance schemes.
The prospect of EU membership is bound to make a difference in the prevailing attitudes toward poverty and social exclusion. For example, Turkish government is currently negotiating with the Employment and Social Affairs Division of the European Commission to take part in the preparation of Joint Inclusion Memoranda along with other member states and candidate countries. This involves a systematic effort at data collection and policy design led by the Ministry of Labour and Social Security, which, in itself, implies a serious change in the status of social assistance among the responsibilities of the state.

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