



ARGUING FOR BASIC INCOME IN TURKEY: MAIN CHALLENGES

Ay e Bu ra, Department of Economics, Bogazici University, Istanbul

Ça lar Keyder, Department of Sociology, Bogazici University, Istanbul

Paper prepared for the 10th BIEN Congress in Barcelona, September 2004



This paper discusses the challenges involved in arguing for basic income in the context of Turkey. Turkey is a low-middle income country where some formal welfare institutions have been in place since the Ottoman times. The formal component of the welfare regime is dominantly corporatist and conservative, but also partial in its coverage. It concentrates on pensions and health care, both related to employment in terms of coverage. State employees are the most privileged group who receive the biggest share out of all social expenditures, followed by workers in the formal sector. Peasants, informal workers in urban areas, and the self-employed (who constitute by far the majority of the working population) enjoy rudimentary coverage. Pensions in this group depend on voluntary contributions to a pension scheme, while health insurance is often absent, unless it is accessed as a dependent of a state functionary or a formal worker. Needless to say, unemployment insurance, with conditions that have to be fulfilled regarding payments into social security for specified lengths of time, is not a category that would apply to this group who have only sporadic encounter with formal employment. As a consequence, there is pressing need for institutions designed to provide support to those in need, especially to those segments of the population who are relegated to the lower rungs of the corporatist hierarchy.

This is all the more so since modernization and urbanization of Turkish society have created a situation where the limits of traditional solidarity mechanisms in providing social protection to the individual have been reached. In an increasingly complex society, where family and community ties are difficult to sustain, the need for formal, citizenship-based approaches to poverty alleviation have come on the political agenda even if these are not in conformity either with the prevalent platforms of the "left", or with the ideological inclinations of the ruling politicians. In fact, as it will be discussed in this paper, the governing Islamist party in Turkey (which seems set to rule unchallenged in the foreseeable future) has recently had to introduce several social policy measures, which are not fully in line with the traditional Islamic notions of community, charity, and subsidiarity. Nor do they follow in the steps of the statist ideas of privileging certain groups considered to be in the forefront of



modernization, while leaving others to the purview of charity. In other words, the circumstances seem to force a reconsideration of cherished notions concerning social assistance, but entrenched ways of thinking about the social order and the modes of social integration constrain politicians and social movements alike in their approach to the novel phenomena. In order to discuss the *mentality* which has to be overcome in order to introduce the notion of a citizenship based basic income in Turkish political discourse, it is necessary to review the history of attitudes toward welfare and social protection.

STATISM AND VOLUNTARISM IN EARLY REPUBLICAN ERA

Historians and social scientists often characterize Turkey as a society where the state has an overwhelming control over economic, political, and social domains, which curbs civil society initiatives and fosters an attitude of excessive reliance on the state for the satisfaction of individual and social needs. While this description is to a certain extent accurate, it applies more to the proscribing capacity of the state than to its ability in prescriptively regulating the society. To use Michael Mann's distinction, the Turkish state was certainly infrastructurally strong in those segments of the society that it found an interest in controlling, while in the vast majority of the social practices it had to leave beyond its reach, it attempted to exercise a despotic rule. Its infrastructural capacity was limited in extent. This division coincided with its conservative modernization strategy: the privileged sectors to be modernized in the desired manner were also subject to the instruments of social control, among which figured mechanisms of formal welfare; while, outside of those sectors, the dominant mode of interaction was one of policing. This latter portion of the society was not considered the worthy object of state welfare, and was instead relegated to the workings of informal mechanisms of risk insurance.

Through the experience in economic development and modernization since the foundation of the Republic, the Turkish state has emerged as an important employer in the public sector and civil servants have constituted a privileged group in terms of



stability of employment and income as well as access to social protection in sickness, disability and old age. One could suggest that the “respectability” of the living standards of active and retired government employees appeared as an important sign of modernization and social progress. At a later stage, after the Second World War, social security benefits were extended to blue-collar workers in State Economic Enterprises and in the formal private sector, albeit within a hierarchical corporatist approach where their health service benefits and pensions were often inferior to those enjoyed by state employees. Public sector employment in state economic enterprises was around one-half of all formal manufacturing employment, while the remaining part of the formal employment in this sector was largely in enterprises whose survival was guaranteed through the state protection of domestic markets from competition. To be fair to the dominant mentality of the era, the implicit guiding assumption of these practices was that eventually the entire working population could be absorbed in the formal sector and would thus gain status in protected institutions. Since this assumption was shared by Marxists, modernization theorists and development practitioners alike, state policies in the same vein did not receive much criticism.

Before the fulfillment of that elusive promise, however, there was the practical problem of the vast majority of the population who remained outside of the formal institutions of welfare. At this level, making abject poverty invisible appeared to be a very important concern of the early Republican state elite. This was not a very easy task given the social and economic destruction of the war years preceding the formation of the Republic in 1923. The Kemalist cadres had first to cope with reconstruction of a war-ravaged country and, soon after, with the impact of the Great Depression and the War. Controlling rural-urban migration was the main pillar of the strategy adopted to accomplish this difficult task. To serve this end, the agricultural tithe was abolished and agriculture was practically left exempt from taxation with the express intention of supporting the survival of small peasant holdings. Allowing the reclaiming of state land also helped check the emergence of landless peasants as a factor which would have exacerbated rural poverty and,



sooner or later, translated into urban misery. At later stages in republican history, Turkish governments continued to follow a similar strategy by providing subsidies to farmers as well as by systematically intervening in redistributive conflicts between small and large landowners in a way to prevent the former to be swallowed up by the latter (Keyder 1989 and 1993).

In the early republican era, as attempts to keep rural-urban migration under control continued, parallel measures including forced deportation were taken to protect cities from the unwanted presence of poor migrants in search of work or simply food. In Istanbul, where urban destitution was particularly important, there was only one public institution of charity providing shelter to abandoned children, the disabled and the elderly, and it was far from adequate in its capacity to deal with indigence, especially in the dimensions the latter had reached during the Great Depression and the Second World War.¹ Yet, state authorities intended to remain oblivious to poverty, especially the poverty of adult males, although a paternalist statism was declaredly a central and defining attribute of the regime. Turkish statism was interpreted as developmentalism in a technocratic mode; it was suspicious of gestures toward the popular classes, and did not extend to the realm of social policy. Even in the case of child poverty, which was recognized and discussed as a major social problem, policies that involved the use of public revenue were not seriously considered.

Instead, early republican attempts to cope with poverty involved persistent appeals to voluntary initiatives to mobilize private acts of benevolence (Bu ra 2004). The favored solution, the one which seemed to be in closest conformity with official ideology, was the establishment of “semi-official civil society associations”, which worked in close cooperation with and received partial financial support from the state to generate funds and coordinate their distribution to the needy. These associations were regarded as modern, hence more desirable, alternatives to traditional Islamic charity and they were often organized and directed by prominent members of the ruling party. The Institution for the Protection of Children, Red



Crescent, and the Association of Philanthropists constitute the three most important voluntary initiatives of this type, which all functioned in a way to shift the burden on the state of poverty alleviation. Notwithstanding sustained references to the spirit of voluntarism which guided their efforts, these associations were non-governmental only in a very limited sense since their membership overlapped with the ruling party's, and their activities were strongly marked by the dictates of official ideology. Moreover, the first two organizations were entitled to public funds through earmarked state revenues. The third one, the Association of Philanthropists, basically a women's organization aiming to assist women through the generation of income earning activities, did not have access to such public support until the 1980's. However, it also benefited from its close links with the state authority, for example through army contracts for the supply of socks and underwear for soldiers which made possible the marketing of the products of its workshops where the beneficiaries of social assistance were employed. Fund raising activities of all three associations, which were supposed to generate the bulk of the resources to be used in fighting for the alleviation of poverty, were far from being successful. Even the instrumental use of charitable donations by businessmen who wished to maintain amicable relations with political authorities did not translate into a reliable flow of funds. In this setting, the uneasiness generated by dismal scenes of indigence, which were impossible to overlook especially through the years of the Great Depression and the War, was expressed less by reminding the state of its social responsibilities than by blaming the well-to-do for turning a blind eye to the plight of their fellow citizens, of small children in particular. The obvious advantage from the point of view of the republican state of these "voluntary" associations was that they affirmed the status of social assistance as a sporadic charity, which would not be allowed to gain permanence, and would therefore never risk transforming into an enforceable social right.

STATE-SOCIETY RELATIONS IN POST SECOND WORLD WAR POPULISM



After the Second World War, the single party rule ended and single-party rule was eventually replaced with the Democratic Party government, which was more sensitive than its predecessor to economic and cultural demands of the popular masses. In the post-War era, state-society relations took a new turn. The public sector continued to provide employment opportunities in civil service, as well as in mining and manufacturing, and the private sector benefited from considerable state support. The overwhelming majority of the population, however, remained employed in agriculture, services and small manufacturing, outside of formal labor relations. Even today, the self-employed and unpaid family workers constitute over half of the labor force (OECD 2002).

Due to the prevalence of small ownership and state protection of petty commodity producers, for a long time the agricultural sector appeared as an “employer of last resort”. Many workers could maintain their ties with agriculture even after migrating to the city. Workers in manufacturing or construction would seasonally leave their urban jobs especially to participate in the harvest. Agriculture was not the only source of income for those families who could successfully mix income-earning strategies in rural and urban areas. However, supplementary income from agriculture, either in cash or in kind, could help to keep urban poverty under control in the absence of stable employment with social security coverage. Perhaps more significantly, the fact that rural-urban migration did not lead to the severing of ties with the village enabled, at the social and cultural levels, the continuation of extended family structures and traditional solidarity mechanisms, which would normally be difficult to sustain in an urban society. Traditional networks thus continued to provide support to their members, not only in situations of risk and destitution, but at a more general level in a way to facilitate socioeconomic integration in the urban society (Bura and Keyder 2003).

By far the most significant mechanism which both facilitated the process of taking root in the city, and served as an investment whose value would grow, was to build a house on public land or peripheral plots without a proper building permit. This informal housing pattern evolved in a manner that is familiar from similar contexts



elsewhere in the world, distinguished perhaps by the fact that legalization, in the form of official recognition of the fact of possession, often arrived rapidly. Thus, an immigrant would occupy a plot of land in the same area as his network group, defined by ethnicity or place of origin, and gradually build a house that could be expanded over time. After having acquired a semi-official status, this house, known as *gecekondu*, would be transformed into a multi-storied, multi-dwelling building. Opportunities for irregular housing extended beyond the simple feasibility of finding shelter to enlarging the houses in a way to earn additional income from rent. With informal work opportunities in and around the locality, irregular settlements appeared as well-developed sites of self-help activities. Ties of kinship and co-locality were of course very important in determining the extent to which a given individual would have access to such opportunities. However, the space that the state opened for the development of irregular settlements and self-help activities around them was also crucial in this regard. It is in fact possible to refer to the existence of a particular moral-economy framework shaped by an informal contract between the Turkish state and popular masses whereby access to irregular housing was guaranteed. Furthermore, since *gecekondu* settlements were necessarily regularized through eventual granting of property deeds and provision of municipal services, the dwellers did not risk marginalization but could successfully integrate in the urban society. Clientelistic relations that significantly involved exchange of votes for such “favors” constituted an important aspect of these mechanisms of socioeconomic integration, of which the lower class city dwellers could make perfect use (Bu ra 1998; Keyder 1999; Öncü 1988).

The *gecekondu* phenomenon was significant not only in providing an informal mechanism of shelter, and because of the construction and reproduction of communities in the urban framework, but also because such housing translated to a ready store of value as the city expanded. The earlier shantytowns became valued property as newer ones were constructed in the newer peripheries. Istanbul, for example, grew from a population of one million in 1950 to five million in 1980 and nine million in 2000, and the mode of growth almost exclusively depended on the



expansion of shanties. The earlier immigrants accumulated much urban rent during the process. For them, even if formal employment did not materialize as expected, the value of their real estate, and perhaps rental income accruing, constituted sufficient insurance against most risks they might have to face. It may be argued that informal housing construction by immigrants, in its multiple dimensions, was the most significant mechanism of social integration during this period; and, as such, it constituted an implicit “social contract” whereby the absence of formal mechanisms of social assistance toward the majority of the population was compensated by the leniency with which the state accepted and ratified the development of informal housing and surrounding activities. This was a particular mechanism of controlling poverty and assuring socioeconomic integration.

END OF THE OLD SOCIAL CONTRACTⁱⁱ

In the historical processes that we have briefly described, citizenship rights did not significantly figure as a factor shaping state-society relations and the nature of the country's welfare regime. In this regard, the authoritarian approach of the single party regime and the populist approaches of subsequent governments in the multi-party era were not fundamentally different. The early republican state unsuccessfully attempted to replace social charity relations embedded in traditional culture with voluntary initiatives that were ideologically manipulated and controlled, but its statism did not extend to welfare provisioning and poverty alleviation through formal redistributive processes. Populism of elected governments in the post-World War II era was different in its willingness to accommodate culturally informed relations of solidarity with the potential to alleviate the social responsibilities of the state. The burden which the early republican state placed on ideology in its modernizing attempts was later supplemented by the real rewards of development, distributed by the state in the form of support for the rural sector, and the implicit subsidies to urbanization in the form of informal development of shanty towns. Within the immigrant communities in the growing cities, clientelism through local politics was combined with reliance on reciprocity relations based on ties of kinship and co-



locality. Social rights of the individual citizen were equally marginal in both environments of social policy. In spite of the developments of the last two decades, which have seriously challenged the traditional nature of state-society relations, formal citizenship rights still remain marginal within the political value system in which popular demands from the state are articulated and negotiated.

It was in part the dynamics of the worldwide expansion of the market society in the 1980's that led to a thorough questioning of the basic tenets of state-society relations in Turkey. In this context, in conformity with the general trends prevailing across the world, the extent of state intervention in the economy was the first item to be problematized. There was a generalized call for the retreat of the state, which was expected to be followed by the immediate expansion of the market. The self-regulating operation of the market has in fact expanded rapidly and this has brought along novel opportunities as well as unprecedented social problems. The latter mainly pertain to the increasingly obvious inadequacy of the country's welfare regime, rise of poverty in new forms and widespread corruption permeating almost all levels of public administration. These problems also had roots in certain political and social developments specific to Turkey. Military conflict in the Kurdish region in the Southeast, in particular, was of crucial significance in both the emergence of new poverty and the spreading of corruption in a hitherto unknown manner.

As the liberalization of foreign trade, de-regulation of factor markets, and attempts at the privatization of state enterprises proceeded in the post-1980 environment, the role of the state in the economy was necessarily modified. The informal pact between the state and popular masses could no longer be sustained in an open economy integrated in the global market in the age of flexible production. Formal employment opportunities (both in the public and the private sector) became limited, while irregular labor practices considerably expanded through subcontracting relations between large firms, small enterprises and organizers of work at home, mainly performed by women at extremely low wages. In this general environment characterized by informalization of employment, finding a permanent, full-time job at



a family wage has become a very remote possibility for the bulk of the non-agricultural workforce in Turkey.

Secondly, another mechanism, which had reliably functioned as an employment opportunity of last resort, has also become much less accessible. During the modernization period starting in the 1950s, as new neighborhoods were added to the urban fabric, new owner-operated small businesses and shops had also opened. Each neighborhood had several grocers, haberdasheries, bakeries; on every street there were carpentry, plumbing and other repair shops. Since the 1990s, however, larger scale supermarkets have penetrated the neighborhood economies; there are *hypermarchés* and *grossmarkts*, and plenty of do-it-yourself purveyors. It is much cheaper to purchase replacement items than have them repaired. Hence, most of these shops which had provided an opportunity for family employment and a minimum livelihood have disappeared. There is no room any longer for a person to become a self-employed entrepreneur as an alternative to inferior employment opportunity.

While these factors undermining the stability of work and income have made informal support mechanisms all the more necessary for the livelihood of people, these informal mechanisms, too, have lost their significance through the modification of state-society relations. First and foremost, it has become almost impossible for new immigrants to acquire a *gecekondu* and take advantage of the opportunities provided by irregular settlements. Large scale housing developments and big business centers have limited the previous forms of informal access that the urban poor had to homeownership in the city. With new and rather spectacular rent opportunities in the urban setting, previous tolerance of central and local governments for irregular settlers within the traditional moral economy framework of the country has pretty well disappeared. New immigrants have to become tenants, their temporary solutions to the housing problem also making it difficult to establish the neighborhood community required for the effective operation of networks.



The opportunities that new immigrants could find in the city also depended on the character of the immigration process itself. To the extent that new waves of migration were related to the military conflict and its impact on the Kurdish population, the process of socioeconomic integration was further complicated. In the 1990's, many Kurdish villagers had to leave their homes in Southeastern Turkey either under threat of violence or due to loss of economic sustenance. Theirs was often a forced migration and, unlike previous immigrants, they did not find established networks of relatives or co-locals that could help them to find a plot to build a *gecekodu*, seek employment or even establish a small business of their own. Their relations with the countryside they had to abandon were also different and economically much weaker.

In fact, the weakening of social ties with the village appeared as a countrywide phenomenon. The ability of the peasant farms to provide support to the family has been declining both because of the further decimation of land with each generation and the impact of economic stabilization and structural adjustment programs which have significantly limited the agricultural subsidies contributing to the survival of peasant agriculture. This points to another dimension of the modification of the former state-society relations in which poverty could be kept under control in the absence of formal social assistance schemes based on citizenship rights.

ISLAMIC POLITICS AND SOCIAL POLICY

While the challenge of poverty in its new forms and dimensions is not overlooked in contemporary Turkey, it is difficult to suggest that the challenge is met through policies informed by a modern perception of social assistance as a citizenship right. Not only universalistic, basic-income oriented programs, but even formal minimum-income schemes targeted at poor families are opposed, often by appealing to rhetorical and technicist arguments concerning fiscal constraints. We argued, however, that reluctance in this regard stems less from material constraints than the prevailing perceptions of state-society relations that reflect the legacy of a particular



statist tradition, where political platforms aiming to emancipate individuals from arbitrary state beneficence are unfamiliar. The mentality of this state tradition, which opposes a rights-based conception of social assistance, has recently been strengthened by the content and the natural inclinations of the Islamic tradition. The inadequacy of the traditional mechanisms of welfare and the social bargains that developmentalist and populist policies had espoused, led, after the 1980s, to a growing wave of discontent. Since all other political movements shared in the premises of statist developmentalism, and the left in particular lacked the vocabulary for addressing the concerns of the new poor, the Islamic movement emerged as the main opposition able to rally the urban popular classes. This movement captured the municipalities of the largest cities in 1994 before it won the general elections in 2002. There is, therefore, an ample record on which to base an evaluation of its approach to social policy in general and toward poverty in particular. As we will show, Islamist politics also reject citizenship-based notions of right to social assistance.

Perhaps the most significant feature of the Islamic platform has been its unwavering support for market orthodoxy. In this capacity, the Islamic movement belongs within a populist line of opposition in Turkish politics, which embraces the market as a leveling force against the state-elite's exclusionary prerogatives. This tradition sees the market as a potential liberator from the state. The unexpectedly successful neo-liberal revolution of the 1980s reinforced this conviction. It was against this background that the Islamic political movement re-affirmed its belief in the tenets of market liberalism. This dominant mentality, which tends not to question market outcomes, implies that discussions on social assistance are sidelined in favor of talk on employment creation in order to alleviate poverty. This is the point where the Islamic party diverges from economic liberalism: they would like to engage in Keynesian employment creation, probably with the added attraction of the prospect of state provided rents. Currently, however, the Islamic party's attempts in this regard have been frustrated. The IMF preaches austerity and the neo-liberal credo, that the state must shrink as much as possible and not squander public funds for



“populist” aims. The dominant media, which reflect banking and finance-capital interests, toe the IMF line and unquestioningly support measures of monetary orthodoxy. The problem is that, without a more deliberate government policy, it does not seem likely that economic growth by itself will create the desired employment. There has been a respectable growth performance since the worse days of the economic crisis in 2001, but unemployment continues unabated.ⁱⁱⁱ If the concerns of poverty are going to be addressed through employment creation, a targeted policy is required, which the ruling party is not allowed to engage in. This is not to argue, of course, that the new kind of poverty characterizing Turkey's social situation, *can* be addressed only through economic policy.

There is less ambivalence within Islamic politics in the realm of social policy. It is interesting that Islamic politics, with the principle of subsidiarity it easily embraces, often serves to support and sustain neo-liberal aversion to state involvement in poverty alleviation. Hence, Muslim notions of communal solidarity and liberal enthusiasm for the role voluntary sector could play in poverty alleviation reinforce each other in constituting an important obstacle against right-based models of social assistance. The pro-market forces and the Islamic movement share one fundamental tenet concerning social assistance: it should be in the form of charity to the deserving poor. Thus, there is a basic hostility to forms of social assistance which potentially may develop into social rights. It is curious that there is a meeting of minds on this issue between the old left, which thinks of social assistance as a neo-liberal ploy and concentrates its energies on employment creation, and the Islamic right which joins the neo-liberals in regarding the transformation of charitable assistance to citizenship rights with utmost suspicion. In this political context, the formation of coalitions which will foreground basic-income oriented programs is a difficult task. If the state tradition (including the old left which resolutely supported it for so long) is one major challenge against the introduction of basic-income oriented programs, a second challenge derives from the populist opposition's entrenched faith in the market.



This rather curious combination of views and platforms, where the Islamist party is both the expression of popular resentment and the most successful proponent of market orthodoxy, is situated in a particular international conjuncture where trends toward de-regulation of economic activity dominate the attempts at de-commodification of labor and enhancement of individual autonomy through the provision of social citizenship rights. It is also a conjuncture where the boundaries between political, economic and cultural aspects of social life are blurred and identity politics has assumed a novel significance, often overshadowing material concerns. In fact, it is possible to interpret the current importance of religious or ethnic forms of social belonging as a response to growing socioeconomic insecurity associated with the global expansion of the market economy. This constitutes a word of caution against putting too much emphasis on either societal specificity of the Turkish case or an essentialist interpretation of Islam in a discussion of the challenges of arguing for basic income in Turkey. When Hayek (1960 and 1948) defined conservative liberalism with reference to the belief that social institutions such as the family or religion constitute mechanisms of support necessary for the smooth functioning of the free market economy with minimum state intervention, he obviously did not have the Turkish family or Islam in mind, but what he wrote constitutes an accurate description of the role these institutions are expected to play in Turkey's transition to a free market economy.

There are also more conjectural conditions that have to be taken into account. The rise of political Islam was situated in a context where the neo-liberal attack on state intervention in the economy was accompanied by rampant corruption and the growing discontent of many different segments of the population with the nature of state-society relations. The latter development had diverse sources and expressions and was far from constituting a homogenous reaction emanating from the society at large. In fact, it is possible to suggest that Islamic politics largely owes its success to its ability to combine and to give voice to frustrations and expectations of different groups including both the losers and potential winners in a changing economic and social environment. The rhetoric of Islamic justice could thus appeal both to



marginalized masses, such as the salaried or self-employed lower middle classes and new immigrants in urban centers, and the newly emerging entrepreneurs who felt that they had a disadvantaged position relative to the old business elite who had grown rich through their privileged relationship with the state. Along with the complaints and expectations of an economic character, Muslim reaction against the cultural politics of the Republican state, which was more about controlling expressions of religious faith than simply following a secularist orientation, has of course been crucial to Islamic resurgence in Turkey. The anti-State position of the Kurdish population that had been subjected to severe forms of repression during the military conflict in the Southeast came to reinforce the Islamic political opposition against different forms of injustice associated with the role of the state in Turkish economy and society (Bu ra 1999).

Islamic politics could unite these diverse groups through the effective use of a “language of social disadvantage”, but two crucial elements of a modern social policy approach were absent in this joint platform. There is, first, a quasi-total disregard for conflicts of interest among different classes or social groups and mechanisms of conflict resolution. As in the case of the early Republican political authorities, ideal society according to the Islamic movement was a homogeneous entity unified around common moral values. One area where this denial of the reality of social conflict is clearly reflected is industrial relations where labor union activity, strikes in particular, are regarded with suspicion or even hostility and workers are expected to reciprocate the justice and affection of good Muslim employers with devotion and hard work (Bu ra 2002). Second, in this particular social policy approach references to citizenship rights are clearly dominated by an explicit appeal to communal solidarity with an underlying belief in the principle of subsidiarity. Notwithstanding all the apparent differences between the language used by the Kemalist founders of the Republic and the discourse of Islamic politics, it is possible to observe a strange commonality between the two, which is constituted by the shared ideal of a conflict-free society and the marginalization of citizenship rights as guiding principles of social policy.



Moreover, the Justice and Development Party (AKP), latest representative of political Islam in Turkey, came to power in the aftermath of a major financial crisis when the economy was under the tutelage of the IMF. The IMF-guided stabilization program in implementation imposed severe limitations on social spending. What is interesting is that the AKP was much more successful than all the previous governments in meeting the IMF requirements of austerity and was well appreciated by the representatives of international financial institutions for its firmness in resisting popular demands in the use of public funds.^{iv} In a context where alternatives to the neo-liberal model remained powerless to influence the course of economic and social policy, Islamic appeal to traditional forms of solidarity appeared to be quite potent in dealing with social and human problems without putting too much burden on public resources.

In fact, family and social networks constitute an important aspect of AKP's social policy outlook. Apart from the emphasis it systematically receives in public speeches of the prime minister and other members of the government, the centrality of the family to AKP's approach to economy and society is clearly seen both in the party and the government programs. As it is stated in the government program, "If Turkish society is still intact after so many recently experienced problems, we largely owe it to our strong family structure".^v 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-centered 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 in the rehabilitation of street children. The program also underlines the measures that would be taken to encourage the caring for the elderly by their children.^{vi} 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, AKP appears to be especially well placed to motivate and mobilize civil initiatives active in providing social assistance. In fact, 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 channeling them to the destitute.^{vii}

Quite surprisingly, one observes a similarity between the Islamist AKP rule and the single-party rule of the early republican era: both in the emphasis placed on the role voluntary initiatives in dealing with poverty and in the blurring of the boundaries between the activities of the NGOs, central and local government agencies, and the party. Examples to this effect are found in J. White's (2002) study on the *Islamist Mobilization in Turkey* where she discusses the symbiotic relations between AKP, municipal government, charitable foundations and associations.

INCOME SUPPORT POLICIES

Two mechanisms of social assistance outside the formal social security system, both antedating the dominance of Islamic parties in local or central government, have been of some importance in the Turkish context. One of them involves monthly transfers to disabled people and people over 65 years of age who have no sources of income and no close relatives to take care of them. One could easily see that the wording of the legislation reflects a particular approach where kinship ties supersede individual citizenship rights in settling the questions of agency and responsibility in poverty alleviation. Apart from this policy measure, which has been in implementation since 1976, there are also different kinds of benefits provided to the poor by a social assistance organization called the Social Solidarity Fund. The Fund was created by a law enacted in 1986 to provide emergency relief to all residents of Turkey, including legal and illegal immigrants. Especially since the mid 1990's it has distributed a non-negligible amount of resources to provide health and education support as well as to satisfy urgent needs of those in extreme poverty, mostly through in-kind transfers of fuel or food. It also provides small interest-free credit, in cash or in kind, especially to the rural poor. The establishment of the Fund was in many ways a response to a series of international and domestic developments which have modified the socioeconomic environment and led to the emergence of new



forms of poverty that could no longer be managed by the existing, basically informal mechanisms of social protection.

One of the obvious features of these developments is that social assistance becomes a fundamental component of the formal welfare regime, no longer left to the family or the parish. Besides social security measures related to employment, social assistance for all those in need becomes an accepted dimension of social policy. The law concerning this Fund creates an administrative structure, which uses certain earmarked public revenues under the management of a responsible State Ministry off the normal budgetary processes. This structure places the Fund among the many off-budget funds that were created during the 1980s with the intention of enhancing the “flexibility” in the use of public resources.

Although the Solidarity Fund was at first not taken very seriously, since the mid-1990s it has come to be surprisingly effective in the struggle against poverty. In dollar terms, the Fund provided an average of 375 million dollars worth of relief per year between the years of 1997 and 2001.^{viii} Between 1999 and 2000, disaster relief provided to earthquake victims 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 education and health constituted the most important categories of assistance, 25.5 percent and 22.2 percent, respectively. Aid to school children, listed as a separate category, was also important, constituting 14.8 percent of the total sum distributed. Close to 10 percent of fund resources were transferred to local branches to be spent on urgent needs of fuel, food, clothing, and medicine. The size of the local population and socio-economic development indices for provinces form the basis for the allocation of resources to local branches. The main contribution of the fund is in cash payments, in the form of generalized social assistance. This is a good sign in that cash contributions constitute an important step toward recognizing the need for some kind of a social minimum income, perhaps in the form that southern European



countries are becoming familiar with. The workings of the Solidarity Fund are the closest item in Turkey's welfare arsenal to an eventual basic income project.

While the objectives and the administrative structure of the Fund together define a sound approach to the problem of poverty as it currently manifests itself in Turkey, this observation would not be sufficient to suggest that we now witness an adequate transformation of the country's welfare regime with the hitherto missing social assistance component introduced on the basis of a modern conceptualization of social citizenship rights. However, it hardly constitutes a modern mechanism of social assistance which functions in a transparent and systematic fashion, on the basis of a proper understanding of social rights. The lack of transparency about entitlements and procedures in part stems from the administrative structure of the Fund. This structure leaves a lot of discretion to authorities at different levels of administration, who might have different views about objectives, principles and rules guiding the allocation of available resources to beneficiaries of welfare support. The administrative system also lacks efficient information dissemination mechanisms that could enable each administrative level to have a clear idea about both the amount of resources available and the ways in which these resources are being allocated. These problems are aggravated by the fact that different parties do not always act in concert. Municipal governments often try, for example, to withhold information about alternative sources of funding available to them from the central state officials. They try to avoid, at the same time, to make the financial contributions they are supposed to make to the Fund on the grounds that they are also engaged in the provision of welfare support. In a different vein, *muhtars*, the neighborhood headmen, who are normally in a position to play a very important role in targeting the beneficiaries, seem to be overburdened by this task, which both demands important administrative capacities that they lack and proves to be highly difficult for political reasons. As elected neighborhood representatives, *muhtars* find it very difficult, if not impossible to refuse the claims of potential beneficiaries and more often than not agree to provide them with the documents necessary for access to welfare support regardless of their actual state of neediness. Yet, at that lowest administrative level, it



is also possible to observe overzealous attempts to prevent state's resources from being wasted (Bu ra and Keyder 2003).

Notwithstanding the differences of outlook among them, very few Fund administrators, from the highest-ranking state officials to the lowest administrative levels, believe in regular income support on the basis of transparent criteria. Many of the central state officials, as well as municipal and local authorities seem to think, rather, that access to social assistance should not be regarded as a social right. Reluctance to set well-defined rules to be implemented universally and the seeming preference in favor of maintaining a certain lack of transparency in information dissemination about the content and regularity of assistance and targeting seem to reflect a generalized effort to treat social assistance not as a social right but an emergency relief packaged as state provided charity.

The Islamic government has, over the last two years, attempted to change the way the Solidarity Fund is used, by conforming the utilization of its resources to its ideological inclination. One example is the use of these resources by the microfinance operations organized by the Foundation for Waste Reduction headed by an AKP member of the parliament.^{ix} In fact, the microfinance sector, recently introduced in Turkey, is interesting in revealing more than one aspect of the current government's approach to social assistance. In the AKP circles, the idea of microfinance is seen almost as a panacea to the problem of poverty in the country. A Diyarbakır-based Foundation for Waste Reduction, where the rates of unemployment and poverty are much higher than national averages, organized an especially grandiose conference on the subject, at a luxurious hotel in Istanbul, with the participation of Muhammed Yunus of the Grameen Bank. In the opening speech that he gave at this conference, the Prime Minister Tayyip Erdo an diagnosed the ultimate cause of poverty as lack of capital. He then went on to suggest that the Social Solidarity Fund had finally found its true mission in the field of microcredit. It would now give up the futile and pernicious practice of encouraging dependence by providing grants to the people and would instead provide the poor with necessary capital to enable them to earn their living as small entrepreneurs.^x The superiority of



the attempts to deal with poverty by making commercial credit available to the poor over standard mechanisms of welfare provision was also a major theme of a second conference on the same subject. At this second conference, it was the Minister of Finance who associated poverty with lack of capital and elaborated on the merits of helping people to become small entrepreneurs instead of encouraging idleness and dependency.^{xi} In both conferences, several words of caution were pronounced, warning that cash transfers in the form of grants made by the Solidarity Fund could hinder the development of a commercial microfinance sector. A similar argument in favor of micro credit in agriculture has also been advanced. The Fund's resources are being used for in-kind credit operations in the agricultural sector in the context of the "Rural Social Support Project" where cows are provided to poor families in rural areas on favorable terms of credit. However, it is highly doubtful whether the potential income to be generated from these cows could indeed be realized and there are many questions concerning the extent to which rural poverty can be alleviated by the provision of such "cattle-capital". What is quite clear is that the decision to use the resources of the Solidarity Fund in this manner reflects a choice about the mechanisms of dealing with poverty where income support policies are regarded to be inferior to those designed to turn the poor into small entrepreneurs.

The conditions of new poverty and jobless growth, and the exclusionary nature of economy, which becomes more of a reality as structural transformation takes place, mean that the Islamic solidaristic model has to give in to emerging realities. It is highly doubtful that the choices in question can really be sustained in the face of the current realities of work and poverty in Turkey (see appendix I for different estimations of the incidence of poverty in Turkey). In fact, some of the measures recently taken both in the field of labor market regulation and social assistance seem to be more in the direction of enhancing individual rights and freedom than oriented towards a stronger reliance on traditional solidarity mechanisms. Recent legislative changes that render laying off workers more difficult for the employers or those that facilitate union activity are hardly in line with Islamic arrangements where adherence to right moral values would assure industrial peace. They rather reflect a new



appreciation of hard reality that the Islamic party, originally the beneficiary of economic resentment, must take into account the needs of its core constituency. Similarly, it would be impossible to suggest that the new legislation that makes the establishment of shelters for women an obligation for all municipalities with a population of fifty thousand and above is in conformity with the role attributed to women in Islamist approaches to social policy.

Also interesting are the two new measures of social assistance introduced by the Islamist government. 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.

It can justifiably be argued that material means for the establishment of a citizenship-based policy targeting poverty exist in Turkey. First of all the entire social expenditure outlay is very small, comprising about 10 percent of the GNP, most of which is allocated to health and education, and a smaller component to transfers to the accounts of the pension plans. More than two-thirds of the state's revenue is now used for interest payments on the debt. If Turkey's candidacy to the EU evolves into a prospective membership, social expenditures will certainly increase rapidly (as it happened in the case of Greece, where they grew from 9 to 18 percent from the



1970s to 2000: Guillen and Matsaganis 2000). Similarly, as macro-economic stability is attained and interest rates are down, a smaller proportion of the revenues will be transferred in servicing the debt, and this will again leave a greater potential for social expenditures. As shown in the Appendix III, the total bill of a basic income scheme targeting the poor (defined according to different criteria presented in the Appendix II) would be quite small, and certainly feasible. This means that the 'fiscal impossibility' argument regarding basic income is bogus, and conceals the mentality and the ideological hostility that are in fact the real obstacles against the inception of citizenship-based programmes. The cause, however, is not lost, especially since a swing of the pendulum from a deregulated to a regulated world economy, along the lines of Giovanni Arrighi's (1994) discussion of "systemic cycles of accumulation", could well cause a change in the international coordinates of the social policy environment in Turkey and lead to different interpretations of both state-society relations and the role of religion in socioeconomic life.

CONCLUSION

The preceding discussion highlights the challenges of arguing for basic income or, more generally formulated, for social policies that are based on citizenship rights and directed at enhancing individual freedom. We have argued that these challenges are significantly related to certain elements of the current ideological setting which reflect both the historical legacy and current realities of state-society relations in Turkey. We have also pointed at certain views shared by neo-liberal advocates of unregulated markets and market-oriented Islamists as a significant obstacle against the advent of right-based social assistance schemes. As such, this paper presents a word of caution against essentialist views of Islam as the main determinant of the existing social policy environment. In a parallel vein, it calls for the consideration of the conjectural realities of the domestic and international setting as an important determinant of the ideological alliances that hamper, but could also contribute to, a more desirable orientation in social policy. To the extent that the realities are open to the influence of historical developments at national and international levels, one



could suggest that there is room for optimism in spite of the seriousness of the challenges that we have discussed.

ⁱ This public institution, *Darülaceze*, largely modeled after the French *depots de mendicité*, was established in 1896 with a view to provide shelter to the destitute in Istanbul. Its establishment coincided with the enactment of a law prohibiting begging within the city limits (Yıldırım 1996).

ⁱⁱ For a more detailed discussion of the issues covered in this section, see Bu ra and Keyder (2003) and Bu ra (2003).

ⁱⁱⁱ According to the estimates of the Economic and Social Council of Turkey (2004), in the period 1992-2002, the average annual rate of growth was 2.4 percent while the average annual rate of growth of employment remained at 0.6 percent. Growth, in other words, does not seem to provide a reliable cure for unemployment and poverty: Economic and Social Council, Report on “The Obstacles against the Growth of Employment and Policy Suggestions”, March 2004.

^{iv} During its first year in office, the AKP government managed to meet the IMF target of having a 6.5 percent surplus of the primary budget, i.e. of the budget excluding debt service payments. The coalition government that had preceded it was unable to meet this particular target in spite of its full commitment to the IMF-led stabilization program then in implementation.

^v “Ba bakan Recep Tayyip Erdo an tarafından TBMM’ne sunulan 59. Hükümet Programı”, p. 15.

^{vi} “Parti Programı”: <http://www.akparti.org.tr/partiprogrami>

^{vii} 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. For a discussion of the effectiveness of these religious references in the mobilization of private funds see Bu ra and Keyder, *New Poverty*.

^{viii} 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).

^{viii} For an overview of microfinance activities in Turkey in general, see Burritt (2003).

^{viii} *The Conference on the Alleviation of Poverty through the Use of Microcredit*, organized by the Waste Reduction Foundation, Istanbul, 9-10 June 2003. The speech by the prime minister was strongly criticized by several columnists who were suspicious of the idea of fighting poverty by turning the poor into entrepreneurs. See, for example, Nuray Mert, “Ba ka galaksinin çocukları”, *Radikal*, 12 June 2003.

^{viii} *Conference on Microfinance: Global Experience and Prospects for Turkey*, organized by International Finance Corporation, Turkish Banking Regulation and Supervision Agency and Bankengruppe, Istanbul, 2-3 October 2003.



REFERENCES

- Arrighi, Giovanni (1994), *The Long Twentieth Century*, London: Verso.
- Ayata, Sencer and Ayata, Ay e Güne (2003) "The Benefit Dependent and the Regular Income Earning Poor: The Analysis of the Interview Data", in World Bank, *Turkey:Poverty and Coping After Crises* (Report No: 24185), Washington:World Bank Human Development Unit, Europe and Central Asia Region, Volume 2, pp. 139-200.
- Bu ra, Ayse and Keyder, Ça lar (2003) *New Poverty and The Changing Welfare Regime of Turkey*, Ankara: UNDP.
- Bu ra, Ay e (1998) "Immoral Economy of Housing in Turkey", *International Journal of Urban and Regional Research*, v. 22, pp.303-317.
- Bu ra, Ay e (1999) *Islam in Economic Organizations*, Istanbul: TESEV/Friedrich Ebert.
- Bu ra, Ay e (2002) " Labour, Capital and Religion: Harmony and Conflict among the Constituency of Political Islam in Turkey", *Middle Eastern Studies*, 38, 187-204.
- Bu ra, Ay e (2003) "The Place of the Economy in Turkish Society", *South Atlantic Quarterly*, v. 102, pp. 453-470.
- Bu ra, Ay e (2004) "Devletçi Dönemde Yoksullu a Bakı ve Sosyal Politika", *Toplum ve Bilim*, n.99, pp. 75-97.
- Burritt, Kiendel (2003) *Microfinance in Turkey: A Sector Assessment Report*, Ankara: UNDP



D E (State Institute of Statistics) (2004) *D E Haber Bülteni, 2002 Yoksulluk Çalışması Sonuçları*, Ankara: D E.

Guillen, Ana M. and Matsaganis, Manos (2000) 'Testing the "Social Dumping" Hypothesis in Southern Europe: Welfare Policies in Greece and Spain During the Last 20 Years', *Journal of European Social Policy*, v.10, pp.120-45.

Gürsel, Seyfettin et. al, (2000) *Türkiye'de Bireysel Gelir Dağılımı ve Yoksulluk, Avrupa Birliği ile Karşılaştırma*, İstanbul: TÜS AD.

Hayek, Friedrich von (1948) "Individualism: True and False", F.von Hayek, *Individualism and Economic Order*, Chicago: The University of Chicago Press, pp.1-32.

Hayek, Friedrich von (1960) "Why I am not a Conservative?", Postscript to F. von Hayek, *The Constitution of Liberty*, London: Routledge, pp. 397-414.

Keyder, Çağlar (1989) "Social Structure and the Labor Market in Turkish Agriculture", *International Labor Review*, v.128, pp. 731- 744.

Keyder, Çağlar (1993) "The Genesis of Petty Commodity Production in Agriculture: The Case of Turkey" in P. Stirling (ed.), *Culture and Economy: Changes in Turkish Villages*, Huntingdon: Eothen Press, pp. 171-186.

Keyder, Çağlar (ed. 1999) *Istanbul: Between the Global and the Local*, Boulder: Rowman and Littlefield.

Mann, Michael (1984) "The Autonomous Power of the State: Its Origins, Mechanisms and Results," *Archives Europeennes de Sociologie*, vol. 25, pp. 185-213.

OECD (2002) *Labour Force Statistics 1981-2001* Paris: OECD Publications.



Öncü, Ay e (1988) "The Politics of Urban Land Market in Turkey: 1950-1980", *International Journal of Urban and Regional Research*, v.12, pp. 38-64.

Özcan, Yusuf Ziya (2003) "Measuring Poverty and Inequality in Turkey", in World Bank, *Turkey: Poverty and Coping After Crises* (Report No: 24185), Washington: World Bank Human Development Unit, Europe and Central Asia Region, Volume 2, pp. 101-138.

Solidarity Fund (T.C. Ba bakanlık Sosyal Yardımla ma ve Dayanı ma Fonu) (2002) *01.07.1997 – 31.12.2001 Faaliyet Raporu* Ankara.

White, Jenny B. (2002) *Islamist Mobilization in Turkey: A Study in Vernacular Politics*, Seattle: University of Washington Press.

World Bank (2001) *Turkey: Social Risk Mitigation Project/Loan*, Report No: 22510-TU, Human Development Unit Europe and Central Asia Region.

World Bank (2003) *Turkey: Poverty and Coping After Crises* (Report No: 24185), Washington: World Bank Human Development Unit, Europe and Central Asia Region.

Yardımcı, Yusuf et. al (2003), *Türkiye'de Kırsal Kesimde Hanehalklarının Yoksulluk Profili*, Ankara: D E.

Yıldırım, Nuran (1996), *İstanbul Darülaceze Müessesesi Tarihi*, İstanbul: Tarih Vakfı Yayınları.