

The Emperor's New Clothes: Social Policy Reforms during AKP's Rule*

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Since it came to power in 2002, the Justice and Development Party (AKP) have taken irreversible steps in Turkish social security system. AKP has introduced constitutional, institutional and legal changes in social security under the so-called 'social security reform.' Three trends have shaped the social security reform under the AKP's rule. The state withdrew from welfare provision, employers' flexibility over labour use was increased and social security tools were refined to shape the role of markets in the production of welfare. This reform is not only in conformity with the premises of neoliberal understanding of social restructuring but also in conformity with Islamic conservatism. Freshened its power in the 2007 elections, AKP continues to its social security reform. It would not be wrong to note that in the past five years 'social security' has been one of the major subject matters of the draft resolutions in the Turkish parliament.

This paper evaluates the social security reform in Turkey under the Justice and Development Party (AKP)'s rule. This paper discusses the recent developments, describes the current scheme and points out the Islamist guise dominant in Turkish policy and in the discoveries of policy makers. This paper claims that Turkey is currently on the road to adopting policy changes that are so strongly influenced by the neoliberal social security model being advanced by the international institutions of world capitalism. The plan to 'neoliberalise' the nation's social security system will widen the chasm among the rich and the poor by way of promoting the interest of the capitalist class over the interest of the public as a whole and will not provide acceptable solutions to many vulnerable categories of the population. I argue that the existing reform will end with welfare losses for the majority of the population. The reform is expected to expose individuals to the risk of fluctuations more than ever in the peripheral capitalist economy of Turkey.

This paper will discuss the main pillars of the social security reform in Turkey. To do this, firstly, the pre-reform social security system will be illustrated. Secondly, the four controversial ends of the social security reform will be discussed under separate headings. The discussion will cover the recent developments, including the decision of the Constitutional Court on the main legislation of the reform and the recent developments in the realm of social assistance, a realm which is believed to be a source of social clientalism working for the benefit of the ruling party, AKP.

The Pre-Reform Social Security System

Turkey started to establish social security institutions under the influence of the European system after the Second World War. The Retirement Chest (ES) for civil servants was established in 1949. It provides retirement pension, disability pension, survivor's pension, job disability pension, death grant, retirement bonus, marriage bonus, lump-sum payment, and repayment of contribution to its contributors. The Social Insurances Institution (SSK)

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provides coverage to blue-collar workers employed in the public sector and blue and white-collar workers in the private sector. It was initially established in 1945 and had significant changes in its functions in time. SSK provides insurances of work injury and occupational disease, of maternity, of sickness, of disability, of old age, and of death to its contributors. The institution providing some level of social security for craftsmen, tradesmen and other self-employed people (Bağ-Kur) is founded in 1971. The early 1980s witnessed the establishment of two other institutions for agricultural workers and the self-employed in the agricultural sector. Yet the security provided by these two remained insignificant due to the high levels of unregistered activities and the coverage of the security provided by these institutions.

Three main characteristics of the pre-reform social security system in Turkey can be noted. Firstly, despite the image created by the institutional architecture of Turkey, the Turkish system of welfare is not comparable with those of the European welfare states¹ and cannot be enlisted under the categories describing those states. It can be labelled as an 'indirect and minimalist welfare regime' (Arın, 2002; Elveren, 2008). It is safe to say that in the Turkish case the influence of the European kinds of post-war liberal corporatism remains in form rather than content. It is true that the form determines function, however, the function is realised by the capacities provided by content. Secondly, the pre-reform social security system was depending mainly to the contributions collected from currently active and registered workers and employers. The direct state contribution to the funding of social security services remained insignificant. In particular, pension benefits relied on the state administered pay as you go (PAYG) system, in which the contributions of currently active workforce remain vital and in which the role of government is mainly limited with the guarantee of deficits ('defined benefit' system). Thirdly, besides a weak non-contributory system covering mainly children and elderly people, traditional coverage of the pre-reform social security in Turkey included public health and pension system.

The 1990s were the years in which the system as a whole suffered from losses due to the imbalance between contributions collected and pension benefits paid. Firstly, the imbalances owed their existence to the informal sector, which was implicitly supported by the neoliberal policies aimed at reducing the cost of labour power to the capital in general. During the last 30 years, the Ministry of Labour and Social Security has never produced efficient strategies to fight with unregistered work which has been a means of reducing the cost of labour power to capital in general in Turkey (Özdemir *et al.*, 2004). The process of informalisation had negative impacts on wages, and covered all areas of productive activity. Within the years following 1980, the conditions of the reproduction of labour power consistently worsened for the individual worker.² The process that has officially started with the open-economy rhetoric exhausted the majority of the wage earners' including the state officials' capacity to be a member of middle classes. Informal sector expanded and the possible contributors of the social insurance system of Turkey are socially and structurally forced to work under unregistered and uncontrolled workplaces (Özdemir *et al.*, 2004).

¹ European welfare states differ widely from the so-called social democratic welfare state model to the conservative welfare state model (Esping-Andersen 1990, Koray, 2005).

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The neoliberal re-structuring of the Turkish state has resulted in an ongoing decline (except the period between 1989 to 1993) in the portion of real wages and agricultural incomes throughout the 1980s, the 1990s (Köse and Yeldan, 1995) and in the first years of the 2000s (Boratav, 2003). Overall real wages declined 1.3% in 2002, within the same year, incomes in manufacturing sector dropped by 4.6% and real wages in manufacturing sector in public sector declined 2.6% (Yeldan, 2003:178-200).

Secondly, in addition to unregistered work, the imbalances owed their existence to the discharges of the debts whose creditor was publicly-owned social insurance organisations by various governments. Thirdly, the various bans over the activities of the publicly-owned social insurance organisations over the investment of the funds that were collected by the very same organisations is an important item of the long list of the reasons of the losses generated by the imbalance between contributions collected and pension benefits paid. In the 1990s, deficits generated by the state policies in the realm of social security were financed by the State Treasury.

Starting from the 1980s, in parallel to the overall dominance of neoliberal discourses of production and consumption in the world, not only the government strategies on the economy policies but also the entire system of values started to refer 'market place' as being the sole mode of coordination in productive activities (Boratav *et al.*, 2000). However, the regulations on social security and public assistance remained almost untouched until recently.³

The rapidly growing social security deficits have become a source of legitimisation for neoliberal policies aiming to leave the funding of social insurance system to the mechanisms of the market place as far as possible. The four major crises suffered in the 1990s and the 2000s (1994, 1998, 2001, 2008) are contributed vastly to the hegemony of neoliberal solutions dominating economy policies.

The burden of the deficits created by the ill working social security system over the State Treasury has become a source of legitimisation for government strategies aiming to 'restore' social policies in conformity with the recipes of the International Monetary Fund (IMF). The IMF-oriented economic policies have played a significant role over the 'discoveries' of national economic policy makers in search of credits after the 1998 crisis (Boratav, 2003). Given that financial or capital account liberalisation had already been achieved, the pro-market rhetoric became inadequate for the initiation of necessary regulations. The main axis of the IMF policies, especially after the February 2001 crisis, aimed to reach stabilisation by way of rebuilding market confidence.⁴ According to this strategy, Turkey was to undertake the necessary reforms that were designed by IMF and would be subjected to direct control of the same institution on a regular basis. If, after each regular control, the controllers announced Turkey as successful, then the markets would assess/perceive her as trustable and the aim of rebuilding market confidence would be deemed to be achieved (Yeldan, 2003). The expected outcome of this 'success' was the decrease of risk margins for international finance capital and a rise in the consumption. In the Letter of Intent to IMF dated 2004, Turkey obliged to reduce the pension deficit to 1 percent of GNP in the long term (Yeldan, 2006).

The neoliberal pension reform of 1999 had been proposed under the significant losses suffered by the social insurance system. The Bill (No. 4447) enacted in 1999 was to be the

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Even today, despite the significant declines in the quality of the services, free education is still available at primary, secondary and tertiary levels. The previous public health pension system was associated with employment status based on the distinction between civil servants, workers, self-employed, agricultural workers and peasantry. Today, the distinction between civil servants and workers remain, but the other cleavages among working population weakened. The bizarre point here is that the current system equalised different employment groups by way of taking the worst group as a level for equalisation.

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Standby Agreement acted on January 2002 clearly states "In support of these objectives, we will ... (c)ontinue ... to strengthen our debt position and rebuild market confidence."

very first stage of a larger reform to ‘neoliberalise’ the system. The second stage was to be launched in 2006 with the introduction of the parliamentary bills enacted for the purpose of a shift from publicly financed social security system to a ‘capitalization system’. The legislation enabling this second stage is the result of the AKP’s efforts since 2003.⁵ This issue will be analysed in the remainder of the paper.

This first stage, the Bill (No. 4447) weakened PAYG system in favour of private pension schemes. In 1999, the central government implemented a two-pillar system. The traditional social security institutions acquired the role of first pillar under the 1999 reform. The second pillar is composed of private pension schemes. The attempts to ‘support’ the existing pension schemes by way of private sector included the policy of keeping retirement earnings at low levels. Pension schemes managed by the private sector have become an optional second pillar of Turkish system of social security mainly after the 2002 regulation under the AKP’s rule.⁶ The main goal of the 1999 reform was to shorten benefit collection period and to enlarge the contribution period. For this purpose, the minimum entitlement age was elevated to 58 (for females)/60 (for the males).⁷ When considered together with the social security reform, it is safe to say that currently there is a zealous encouragement to privatisation of social security system in the long run.

The Social Security Reform: The Beginning of Social Security's End?

An additional effort called as ‘social security reform’ was to come when the AKP government initiated a neoliberal/conservative action plan for the improvement of informative and operative capacities of the social security system and for the unification of the existing regulations in 2003. This paved the way to the 2006 legislations. AKP formed the government one year after the 2001 financial crisis. The Party was describing its self as a moderate Islamic political organisation (muslim democrats). The reform plan initiated by the Party was an amalgam of Islamic conservatism⁸ and neoliberalism, which can be described as a programme opposing the basic premises of rights-based approaches to social policy.

The prime motive of the AKP-initiated reform was the unsustainability of the existing social security system. The rise of costs has become the prominent source of legitimacy for

⁵ 2003 was the year in which the current social security reform has been introduced to general public.

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The Turkish private pension law was drafted in 1999 and approved by parliament in October 2001. However the legal and institutional framework of the Turkish Private Pension System was completed in 2002. The route followed by the Bill (No. 4447) is resembling to the route proposed by World Bank and supported by the Association of Turkish Industrialists and Businessmen. World Bank proposed a three-tier system of benefits. According to this system, the first pillar is consisted of a minimum package of publicly provided benefits. This mandatory first pillar covers minimum range of risks. Second pillar is also mandatory but generally provided by the services of private sector and managed privately. Third pillar is voluntary. The services included in this third stage aims to provide ‘high life quality’ in return for high contributions.

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While the most notable provision of the Bill (No. 4447) was the gradual increase in minimum retirement age, a ruling of the Turkish Constitutional Court (or the Supreme Court) required that this provision be reconsidered. In February 2001, the Constitutional Court ruled, following its examination of an appeal by the deputies from the main opposition party in the Parliament that the bill’s scheme for gradual increases in the entitlement age during the transition period violated the principles of equality and social state and hence the constitutional rights of workers in certain age groups. As a result, the transition period was extended until 2020 to increase entitlement age roughly by one every year, seriously reducing the effectiveness of the initially planned age increase scheme.

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For an analysis of Islamic conservatism see Tugal (2008).

the reform programmes in social security (Ağartan, 2005). The transfers made from the state budget to cover the deficit of the social security system were amount to 6 percent of GDP in 2003 (Koray, 2005). This 6 percent has become a real obstacle in face of an economic policy aiming to build market confidence and to decrease the risk margins for international finance capital. Meanwhile, IMF announced that it would release a substantial loan to Turkey if Turkey enacted the necessary legislation to initiate the social security reform. Financial concerns were also echoed in the arguments of the AKP government.

The social security reform considered market place to be the main mode of coordination in the production of the services that are financed and provided by social security system, such as pensions and health. However, the campaign launched for legitimisation of the reform is based on the equalitarian aspects of social security measures that operate independently of employment status and on the expansion of the coverage of the total coverage of the social security system. The market-based ‘egalitarianism’ of the new reforms required different employment statutes to be equated under the conditions of the worst position.

Under the emerging conditions of strict social conflicts provided by the newly emerging urban poverty, the social security measures that operate independently of employment status and the expansion in the coverage of social security instruments, had a certain level of charm for both the ruling power bloc and for the poor dealing with unregistered work and activities. Yet, the organised labour including many trade unions and strong interest groups opposed to the so-called ‘reform.’⁹

The current social security reform have four ends: a. to establish a new retirement insurance programme, b. to establish a general health insurance system with the purpose of covering the vast majority of the population, c. to set up a new institutional structure integrating traditional institutions under a single roof, d. to gather the dispersed social benefits of social assistance system.

The New Retirement Insurance Programme (Pensions)

Social Security and General Health Insurance Law (SSGSS) numbered 5510,¹⁰ was one of the major pillars of the social security reform set.¹¹ The main body of the Act was entered into force in October the 1st, 2008.¹² It introduced a new health security system and modified significantly the pension system. As mentioned above, the Act was supported vigorously by IMF.

⁹ For the strong criticisms raised by the Turkish Medical Association (TTB), see the website of the Turkish Medical Association, www.turktabibleribirligi.com.

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The Act can be seen at the link -http://www.sgk.gov.tr/sgkshared/dokuman/5510/5510_KANUN.doc (in Turkish).

¹¹ As known, the ‘Social Insurance and General Health Insurance’ Act No.5510 was formerly prepared as in two draft acts under the names of Draft Retirement Insurance Act and Draft General Health Insurance Act and then combined at the Prime Minister’s Office and took its current name.

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Some Articles of the Act (No. 5510) foreseen to take effect as from the beginning of 2007 were annulled by the Constitutional Court by the end of 2006. The Draft Law concerning the reorganization of the annulled provisions was presented to the Turkish Parliament in November 2007. The draft was approved on 17 April 2008 subsequent to long discussions and entered i to force in October 2008.

Interestingly enough, none of the new measures introduced by the Act (No. 5510) dealt with the problem of unregistered work in Turkey. Neither, the AKP government initiated parallel legislation and/or effective measures to reach this aim. Turkish workforce is young in comparison to those of the European Countries. In addition, in the 2000s, the population aged 65 and above comprised approximately 5 percent of the population (Koray, 2005). Despite these indicators, the ratio of pension recipients to active contributors is very high in Turkey. Such a conclusion is the direct outcome of the dominance of unregistered work pattern (Özdemir *et al.*, 2004).

The Act (No. 5510) urged significant changes in retirement age, in contribution period and in replacement ratios. Inconformity with the neoliberal strategy of shortening benefit collection period and enlarging the contribution period, the Act elevated the minimum entitlement age for pensions by way of bringing a schema gradually rising the minimum entitlement ages. The minimum entitlement ages will start to rise biennially beginning from 2039 until the end of 2047.¹³ They will be applied as 65 for both men and women entitled to retirement beginning from 2048. By the end of 2075, the minimum entitlement age will become 68 for both females and males. In the same vein, the Act enlarges the contribution period. Beginning from 2007, the minimum number of premium payment days increased to 100 days per year. At December 2008, the minimum number of premium payment days is 7 000. This amount will be 9000 days in 2026. To put it differently, the new Act (No. 5510) requires beneficiaries to contribute for 9000 days whereas the previous Act (No. 4447) required only 7 000 days.

The Act (No. 5510) also brought some new provisions for alleviating social inequalities deriving from different statutes among working people for retirement earnings. However, as mentioned above, the solution provided by the law maker was to weaken the civil servants' legal status and benefits rather than elevating the status and the benefits of workers and of self employed.¹⁴

The General Health Insurance System

The Act (No. 5510) regulates the General Health Insurance as well. Currently, the employed people of different origins have a limited access to health services if they pay their compulsory contributions (obligatory premiums) in due time. The green card (*Yeşil Kart*) holders¹⁵ among the unemployed people have a limited access to doctors but the system does not cover medicines for this group. In the 2000s, approximately ten million people benefits from the green card system (Koray, 2005). The unemployed having no green cards have no access to doctors if they are not covered as a member of a household of an employed people

¹³ It will become 64 (for females)/ 65 (for the males) in 2047.

¹⁴ For example, the rate of monthly wage extension is currently applied as 3 percent in the Retirement Fund and 2.6 percent in SSK and Bağ-Kur per annum. These rates will be applied as 2.5 percent annually for all the insured between the dates of 01.01.2007-31.12.2015 and as 2 percent annually beginning from 01.01.2016 (Act No. 5510).

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The 'green card' programme was enacted in 1992, following a protocol between the Social Aid and Solidarity Encouragement Fund (SYDTF) and the Ministry of Health. The program is financed by SYDTF. The objective of the program was to provide health services to poor people that were out of the scope of the social security system and that have a monthly income of less than one-third of the minimum wage amount.

or if they are not suitable to programs launched irregular basis. Obviously, these palliative programmes do not cover medicine expenses.

The finance of the health insurance in this newly introduced system demonstrates certain difficulties. The Act (No. 5510) requires those whose incomes are above a certain level to contribute the health insurance fund. The lowest limit for obligatory contributions is one-third of the official minimum wage (175.71 New Turkish Liras¹⁶ in the second half of 2008). TÜRK-İŞ, the largest confederation of Turkish workers, calculates the lowest limit for starvation (food poverty) in Turkey in December 2008 as 739.67 New Turkish Liras for a family household composed of 4 members (TÜRK-İŞ, 2008). If those people earning more than 175.71 New Turkish Liras refuse to pay their contributions, the Act states, they will not be entitled to benefit from the health insurance system. In addition, the worker's registration to the health insurance system automatically makes the employers subject to legal audience. In the 2000s, more than fifty percent of the workers in Turkey are dealing with unregistered activities, and this situation is supported semi-officially by the government in the name of the international competitiveness of Turkish industry (Özdemir *et al.*, 2004). To put it differently, the system brought by the Act comes into a social environment in which many workers would refuse to contribute for reasons of low earnings and for the negative impact of registration over their employment capacities.

For those whose incomes are less than 175.71 New Turkish Liras, there will be a means tested access to health services. In this case, the necessary contributions will be paid by the Social Security Institution,¹⁷ a new entity composed for the purposes of unifying different institutions serving for different groups of employed divided according to their working status. Given that the 'testers' will be chosen from the state institutions, which are directly controlled by the government, means tested access to services of any kind creates the danger of clientalism working for the party in power. This issue will be explained in detail in the next section.

In addition, the Act (No. 5510) requires beneficiaries to make an additional payment (contribution payment) besides their compulsory contributions (obligatory premiums) for the health services they benefited. Hence, the social security reform introduces private insurance mechanisms and supports production health services by the private sector. AKP overtly states that the public share in the production of health services has to decrease significantly. To put it differently, the government claims to widen the coverage of the social security system by way of leaving the production of health services and the finance of the social security system to market in the long run. Within this context, the mechanisms to support production of health services in private sector and private insurance schemes form an integral part of the 'reform' and the relevant legislation. Accordingly, the 'social' in 'social security' loses its meaning and the question whether it is a beginning of social security's end emerges.

As a result, the 'interests' of the private capital that is 'invited' to 'invest' in health and pension system comes to the fore in the construction of the 'social' policies. While the interests of capital include serious declines in the 'production costs' including raw materials (medicine), labour costs (the rise in the employment of unskilled and semi-skilled personnel plus long working hours), savings in equipment and shrinkages in the workplace, the

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527.13/3=175.71

¹⁷ Social Security Institution will be examined in detail in the next subsection.

marketing activities require increases in the prices to be paid by contributors (contribution payments) and by the state as soon as possible. It has been argued that the dominance of profit seeking activities in the production of health services will end with huge transfers of profit from state to private sector. To put it differently, it has been claimed that the state expenditure will increase yet the quality and amount of services produced shall decrease.

The above-mentioned qualities of the health insurance should be evaluated with reference to the strategy of making market the sole mode of coordination in the production of health services in Turkey. The new system is designed to limit and then abolish the role of state in the production of health services. The same is valid for the pension system.

A New Institutional Structure: All Under One Roof

The new reform package proposed the traditional social security organisations together with organisations dealing with social assistance, to be subsumed under one single roof. The fragmented institutional framework on which the traditional social security system established was clearly inadequate to accumulate and share necessary knowledge that can be used against unregistered work and other problems in Turkish industrial relations. In addition, the fragmented nature of the previous system was proved to be incapable of managing the realm of social assistance which has always been extremely poor with regard to centralised government funds. In this regard, the administrative restructuring proposed by the advocates of current social security reform was appropriate.

The Social Security Institution was established by the Social Security Institution Act No. 5502 dated 2006. The Social Insurance Institution aims to bring the Self-employed Institution (Bağ-Kur), Retirement Chest (ES) and Social Insurances Institution (SSK) under a single roof in order to transfer five different retirement regimes which are civil servants, contractual paid workers, agricultural paid workers, self-employers and agricultural self-employers into a single retirement regime that will offer equal actuarial rights and obligations. Social Security Institution, according to Act (No. 5502), is financially and administratively autonomous public body supervised by the Ministry of Labour and Social Security.

A centralised and unified management, however, would provide the necessary means to combat with inefficiency and unregistered work only if the political will focuses on these ends. In addition, the proposed supervision of the Social Security Institution by the Ministry would put an end to its already weak autonomous status in the administration of funds and in the management of hospitals serving the beneficiaries covered by the system. The above mentioned violation of the formal autonomy of the social security institutions (ES, Bağ-Kur and SSK) in the 1990s contributed vastly to the atmosphere of mistrust against the total transfer of the supervision of the social security system to the government.

Moreover, the Constitutional Court recently declared in its Decision No.2006/112 dated 15.12.2006 that the provisions concerning the retirement of the public officials must be regulated in a different manner from the other employees.¹⁸ Based on this statement, the Court urged that the provisions of the Act (No. 5510) covering the civil servants and other insured employees together have been annulled. Therefore, the efforts aiming to cover the retirement facilities for entire working population under one single statute have become null and void. It

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For a discussion of these developments, see Aziz Çelik's three articles in Birgün, 15,16,17 January 2007 (in Turkish).

is important to note that in the Decision No.2006/112 dated 15.12.2006, the Constitutional Court had no detailed reference to the principle of social state, a principle which had been referred many times before in the case law of the Court dealing with the constitutional assessment of the laws relating to social security.

A New Structure of Social Assistance

The draft proposal on Social Assistance and Non-Contributory Payments is the fourth component of the reform. The draft remains in preparation. This draft proposal explicitly deals with non-contributory income maintenance mechanisms for those under the threat of social exclusion. Contrary to the other elements of the reform, a rights-based approach seems to be dominant in the wording of the draft law. The social assistance component was not even brought to the Parliament and was left behind without anybody even noticing its disappearance. Unfortunately, it is clear that the enactment of the draft will not be realised in the near future.

Currently, social assistance is provided to elderly people, disabled people and those under poverty line. The main institutions providing this service are General Directorate of Social Services and Child Protection (SHÇEK)¹⁹ and the Social Aid and Solidarity Encouragement Fund (SYDTF). We can also add the municipalities, central government including public institutions that are given the task of alleviating poverty (such as the General Directory of Foundations) and nongovernmental organisations (NGOs) to the list. Under this subsection, this paper will deal with SYDTF, with municipalities and with the case of the Lighthouse Association (*Deniz Feneri*) as being a prime example of Islamic and neoliberal social assistance conducted by way of the NGOs. The Islamic bias embedded in the AKP reforms are best seen under these items.

SYDTF was established in May 1986 with the enactment of the Act numbered 3294. The Act (No. 3294) stated that the institution shall assist citizens in absolute poverty and other persons that have been admitted to Turkey. The necessary measures to ensure a fair distribution of income by taking measures for strengthening social justice and to promote social assistance and solidarity is also a part of the mission given to the institution by way of its founding statute. Earmarked taxes, international aids and aids collected from public provide the fund the necessary resources to implement its policy. SYDTF works in conjunction with regional Social Aid and Solidarity Foundations (SYDVs). These foundations have the task of realising the aids supported by SYDTF.

One of the major projects introduced by SYDTF is the ‘green card programme.’ The objective of the ‘green card’ programme, enacted in 1992 following a protocol between SYDTF and the Ministry of Health, was to provide health services to poor people that were out of the scope of the social security system and that have a monthly income of less than one-third of the minimum wage amount. In 2006, approximately ten million people have been entitled to ‘green cards’ (WTO, 2006).

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SHÇEK has public legal entity. The services/aids provided by SHÇEK are financed mainly through the central government’s budget, advertisement revenues of the state television, traffic fines, taxes on petroleum, and income taxes. It provides services and aid to the children, the young, the disabled, women, the aged and families in need of protection, care and assistance.

‘The composition of SYDVs and the way the benefits²⁰ are distributed’ ‘the testing requirement’ and ‘the green card programme’ have become the source of controversy mainly after the 2001 crisis. SYDVs are chaired by governors or district governors, and the rest of their managerial boards include the mayor, the provincial director of social services, the provincial head of finance, a health official, a representative of the directorate of the regional affairs at local level and three prominent members of the local population. The beneficiaries are tested by SYDVs being independent in the decision-making process. Hence, SYDVs are entwined by patronage networks.

SYDTF was introduced with the hope of alleviating the burden of the welfare services on the budget by way of mobilizing private donations under the guidance of the state. However, the developments mainly after the 2001 crisis and the following AKP period resulted with significant changes in the financing patterns of SYDTF. After the 2001 crisis, the signing of the Social Risk Mitigation Project (500 million USD) with the World Bank, starting as of October 2001, opened up some opportunities. SYDTF started to mobilise World Bank contributions provided under Social Risk Mitigation Project and to mobilise public resources rather than private donations which have always been extremely insufficient.

The activities other than green card programme have acquired prominent positions under the AKP’s rule. These aids included allocation in cash on emergency relieves and on employment creation and allocations in kind that are not covered by the green card programme, such as hearing aids, medicine and prostheses. Significant amount of the fund resources was transferred to local branches to realise the newly acquired missions. It is claimed that the independent local branches used these sources to construct clientalist relations for electoral support to AKP.

Following 2002, the central government’s portion in funds spent on social assistance to the poor has declined (Elveren, 2008). On the other hand, the social assistance provided by the municipalities increased significantly. The in-kind assistance provided by the municipalities including food, coal and clothing are financed mostly from charities. It is nearly impossible to investigate the amount and the management of the funds raised by the donations of the rich individuals of the municipalities. There is no adequate information on the amount of the sources used for different social assistance schemes of the municipalities (Government of Turkey, 2004). The magnitude of these charities is in a clear contrast with the failure of the SYDTF in raising private funds. It is clear that municipalities are channelling the donations made by the prominent/rich people who are not willing to donate to SYDTF but to municipalities. The reason behind the ‘choice’ of the rich might be something other than charity. In fact it is. It has been told that, under the AKP’s rule, Turkey witnessed semi-official negotiations between municipalities and people seeking urban rents. In addition, municipal plans are organised and reorganised for the purposes of raising capital for the supporters of the AKP government. It is possible to argue that municipalities collect donations in return for organising/reorganising municipal plans, for agreeing not to take legal action against illegal activities, and/or for using state power in some other ways to contribute to the individual capitalists supporting the AKP government in public bids and in the privatisation of publicly-owned companies. This situation, if true, may best be described as a specific kind of bribery under the banner of charity. Specific, because, the bribery in this case is carried out

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Benefits provided by the SYDTF are distributed in two forms. The first form is in-kind benefits. In-kind benefits include food, coal, clothing, productive projects of small sizes, fuel and medicine. Benefits are also distributed in cash. Grants and scholarship programmes and emergency situations are conducted under benefits in cash.

for the purpose of raising electoral support, in addition to individual benefits (cf. Buğra and Keyder, 2006).

Another mechanism of social assistance under the AKP's rule is NGOs established for the purpose of orienting Islamic elements. The Lighthouse Association (*Deniz Feneri*) is the most prominent NGO in this realm. The Lighthouse Association was registered in 1998 as an association and reached to a corporate structure in 2002 under the framework of the association with the same name.²¹ It provides food, health and shelter, guest hoses, public kitchens, clothing education, occupational courses and in cash benefits to the beneficiaries. It is a combination of the elements of liberal conservative attitude to poverty and Islamist charity.

Recently, a German court revealed that the German affiliation of the Lighthouse Association collected donations from Turks living in Germany (BIA, 2008). It is stated by the German court that 17 million Euros of an overall 41 million Euros in donations were illegally transferred to Turkey. Beneficiaries include a company owned by pro-government Kanal 7 television channel. The Lighthouse Association of Turkey has no official link to Lighthouse e.V. in Germany. However, the Lighthouse Association (Turkey) has also received 8 million Euros of the transferred money. The money transfers to Turkey are realised in cash by way of couriers. The identity of the couriers is also interesting. German jurists portrayed the president of the Supreme Board of Radio and Television (RTÜK), as a courier for the Lighthouse e. V. in Germany. The president was the AKP nominee for RTÜK presidency. There were also allegations of a link between AKP and the Lighthouse Association (Turkey). The Lighthouse Association (Turkey) was entitled to the Eminent Services Award of the Turkish Parliament under the AKP dominance. AKP is accused of protecting accomplices in the Lighthouse e.V. case.

This short survey reveals the political and ideological dimensions of social assistance under the AKP's rule. The Lighthouse Association, albeit the biggest, is not the only association/foundation/NGO within the circle of Islamist power bloc. In the same vein, the issue of social assistance, including benefits allocated by the municipalities and by the government, is not simply a matter of assistance to the poor people of Turkey. It is rather a strategy, which is used in the construction of political and ideological bonds/links that keep AKP in the power.

Conclusion

The paper discussed the massive track change in the bulk of strategies that can be subsumed under the rubric of Turkish social security. This study indicates the decline in the effectiveness of PAYG system, the emergence of the system of contribution payments, the decline in the share of public in the production of health services, the increasing bulk of transfers from public to private sector as a result financing private production of health system, and the function of social assistance in Turkey under the AKP's rule. Those changes point out the tendential shift from publicly-financed social security systems to a market-based system (capitalization system). This is a tendency which can be observed in the entire 'developing' world that 'sustains' its development by way of applying neoliberal economic policies. The originality of the Turkish case is that this track change is realised under an Islamist political orientation.

²¹ For more information about the Lighthouse Association, see their website <http://www.denizfeneri.org.tr/>

The social security reform is in line with the European Union (EU) recommendations for accession countries and with the neoliberal recipes supported by IMF. The main argument behind these neoliberal discoveries is based on the myth/ideology of ‘economic efficiency.’ The organic intellectuals of the Turkish bourgeoisie argue that the rates of return under a privately-financed individual account system will be much higher for all individuals than they are under the current social security system. In addition, they argue that the private production of health services will be more effective in satisfying the needs of public as a whole. The principle of ‘consumer satisfaction’ is used as an ideological means to convince the public which has been suffering from the ill managed public-owned health services system for decades. This paper argues that despite the weaknesses of publicly-owned and publicly-managed social security institutions, the alternatives proposed by the neoliberal social policies will worsen the situation.

What Turkey needs to do is to develop a system having managerial and financial independence and to create facilities for public participation which will enable the beneficiaries to audit the performance of the system, if the ‘social’ in social security will have a meaning. In line with these recommendations, Turkey should increase in the future its tax revenues stemming from social security contributions not only for financing the deficit of social security institutions but also for bringing these contributions in line with the EU standards (Elveren, 2008; Pamukçu and Yeldan, 2005). PAYG is a mandatory transfer of income from the working class to the elderly portion of the population. On the other hand, the privatisation creates the conditions of a mandatory transfer of income largely from the employed labour force and state to private companies dealing with privatised social security services and with the production of health services. We must keep this fact always in mind.

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