

NEOLIBERAL TRANSFORMATION OF LOCAL POLITICS: PECULIARITIES OF THE TURKISH CASE

Prepared for presentation at the Canadian Political Science Association 82nd Annual Conference
Concordia University, Montreal, June 2010

Hulya Kendir Ozdinc

Research Assistant, Akdeniz University, Antalya, Turkey
Post-doctoral scholar, Department of Political Science, York University, Toronto
hulyakendir@yahoo.com

Fuat Ozdinc

Research Assistant, Gazi University, Ankara, Turkey
Visiting scholar, Department of Political Science, York University, Toronto
fuatozdinc@gazi.edu.tr

Work in Progress: Please contact us if you wish cite or quote from this paper. Comments welcome

ABSTRACT

The global hegemony of neo-liberalism has changed the relationship between political participation and representation at the local scale. The triggering factor behind this change is the devaluation of capital on a global scale and the accompanying rise of authoritarian statism as the dominant state form. In this process, the centralization of power within the executive branch of the state has often been accompanied by the restructuring of local politics along the same lines. In this framework, the peculiarity of the impact of neo-liberalism on local politics in Turkey is quite striking. In Turkey, the increasing concentration of state power at the central level goes hand in hand with the process of localization. This process unfolds itself in an uneven and combined fashion in response to the changing position of Turkey within the world economy as well as the changing balance of class forces. In Turkey, while local politics in big cities is based on the distribution of rents over urban land, in small towns it is based on the utilization of cheap labour for infrastructure projects. In this contradictory process, the Turkish state is trying to find ways of keeping its centralized structure intact. It is this attempt that makes the Turkish case peculiar. In this study, we aim to discuss this peculiarity and its implications for understanding Turkish politics.

1. Introduction

Debates over the necessity to reform local governments have been continuing in Turkey since the eighties or almost thirty years. Suggestions about reforms related to local governments are mainly based on three arguments: an expectation for democratization which is based on a liberal approach and draws a positive parallel between democracy and local governments; an effective and efficient provision of local services underpinned by a neo-liberal transformation in a manner consistent with market conditions; and finally supporting local entrepreneurship born out of the concepts of globalization and 'competing localities'. Apparently, arguments based on those three pillars are generally accepted by the public. Ruling parties made some legislative changes aimed at carrying out reforms in this process. Certain responsibilities and revenues of local governments were increased to a certain extent while local public services were partly integrated with free market through various privatization processes. But, the desired local government reform has yet to be carried out and there are still steps proposed to be taken. Increases in powers, responsibilities, and revenues of local governments are never found satisfactory. The final objective which is described as transferring all services currently provided by the central government i.e. ministries to local governments with the exception of defense, justice, and security, which are usually termed as 'the primary services of the state' could not be attained yet. The AKP (Adalet ve Kalkınma Partisi)-Justice and Development Party which has been ruling the country for seven years and enjoys strong support as reflected by election results tabled a bill aimed to achieve far-reaching transformation in the public administration but it could not be enacted.

This 'failure' or 'tardiness' is ascribed to the continuation of the centrist tradition inherited from the Ottoman era which is also described as a strong adherence to a policy based on a strong central government and weak local governments (Heper, 1989; Köker, 1995; Polatoğlu, 2000). Furthermore, local people who have been ruled this way for centuries could not become mature enough to voice their demands for change. This approach based on the dual conceptualization of the state-civil society by liberal mentality is widely recognized in political and academic circles and in popular perception. But, a close look at developments witnessed in the field of local governments since the eighties would show that a major transformation, whether or not described as a reform, which has strengthened local governments and that this transformation led to a situation in favor of capital which directly voiced their demands through different channels and to the disadvantage of working masses. In addition, if debates over reforms in local governments are regarded as an area of class struggle rather than a conflict between the central government and local governments, it would allow us to pose questions which are directly linked to reality albeit it does not offer a framework which can be perceived easier. There are several outstanding academic studies focusing on local governments in Turkey which undertake different kinds of analysis by taking a critical approach to the dominant perspective which denies social classes and thus contradictions between and within different classes (For example Güler, 1992; Şengül, 2001; Doğan, 2005). The purpose of this study is to make a small contribution to the development of this critical approach by following in the footsteps of those analyses. So, in this paper, we will discuss the ongoing local government reform in Turkey as an arena of class struggle and a contradictory case of neoliberal transformation.

2. Local/Space and Government/State: Some Theoretical Explanations

There are two major phenomena which we would face if we set from the concept of local governments. Local denotes space while government is linked to the concept of state. Before analyzing the local government reform in Turkey, some theoretical explanations in those two fundamental areas need to be remembered.

Firstly, we do not regard space which also comprises local as a given place or stage where social phenomena occur i.e. as a concept with an external relationship with social phenomena. Meanwhile, we will not advocate an approach which claims that space is created by the relative positioning of units and social relationship, that is to say, it is a phenomenon which is directly linked to the social one or even amalgamated into it. We start from a social-spatial dialectic approach which was

spearheaded by Lefebvre (1991), Harvey (1985, 1992), and Smith (1991) among others who describe the relationship between space and social phenomena as a dialectic one. According to this approach, space is regarded as a relationship between social units but cannot be reduced to the units composing it once this relationship is established. In addition, it produces an effect on objects that form it (Şengül, 2001:145). What is examined here is not the interaction between space and social phenomena as two separate realities but a dialectic intertwining of the spatial and social phenomena. According to this approach, space can be understood based on the social phenomena which have been intertwined with space and relationship between them. Thus, it can be argued that the main process behind spatial differentiation is the uneven development of social phenomena i.e. social production and reproduction (Harvey, 1985, 1992; Smith, 1991; Şengül, 2001).

Following from this approach outlined above, we can say that capitalism produces socio-spatial inequalities. In other words, capital spreads in space while homogenizing them and produces uneven spatial conditions and relationships (Harvey, 1985; Smith 1991). It is not necessary to eliminate this outcome i.e. uneven development in conditions peculiar to capitalism. But, it is essential that they can be managed and supervised (Şengül, 2001: 56). This unavoidable task has been undertaken by the nation state which has a history inextricably linked to the evolution of capitalism. The nation state homogenized space in a fashion ensuring the sustainability of accumulation of capital while organizing the local in response to the existing spatial differentiations which are reproduced. It would not be possible for the central government and its local organs to handle relationships which have been spatially differentiated to such a great extent (Şengül, 2001: 56). Local governments which have a history much longer than that of capitalism have been reorganized as autonomous relationships and structures so that they are subjected to the sovereignty and hegemony of the nation state. Of course, different local government models have emerged depending on the different historical evolution and their unique social characteristics.

As we are now focusing on the issue of government and state, we need to say that we are not regarding the state as a direct instrument of capital or an organizational system where the interests of different classes are represented while acting independently of them. We take the state as a social relationship based on Poulantzas's idea (1978). According to Poulantzas, “the (capitalist) state should not be regarded as an intrinsic entity: like 'capital', it is rather a relationship of forces, or more precisely the material condensation of such a relationship among classes and class fractions such as expressed within the state in a necessarily specific form”(1978: 128).

If we are guided by this approach in an effort to understand space and state, it would not be possible to treat local governments as an ordinary extension of the nation state at local level. Local governments assume organizational roles intended to cope with socio-spatial inequalities while reflecting power struggle at the local level. Thus, it is neither an ordinary part of the central government mechanism apparatus as argued by instrumentalist Marxists nor the representative of local powers as claimed by pluralist liberals. Local governments concurrently comprise those two contradictory positions while how a struggle of this kind will be addressed is determined through political struggles. According to this approach, responsibilities assumed by local governments are less important than their positions taken based on local power balance and the economic and political context which changes during the process of uneven development (Duncan and Goodwin, 1988). In other words, those positions do not remain fixed after they have been made and they are constantly reestablished in the circuit of capital. Local government is, therefore, a social relationship. Different groups may become dominant in this relationship in different local units and play an influential role in the formulation of local policies.

In addition to their socio-economic functions such as resolving problems arising from excessive accumulation as part of the capital accumulation process; acting as an agent in distribution of accumulated wealth among different classes and transfer of funds from the public sector to the private sector, and contributing to reproduction of urban work force, local governments assume ideological and political functions which ensure that contradictions between classes resulting from

urban and ecological problems and constant tensions between urban administrations and social demands are defined and given relationships are maintained (Castells, 1977: 235). Thus, local governments make direct or indirect contributions to the accumulation of capital by producing spaces and revenues through their decisions about the use of land, effective planning, and investments in infrastructure, ensuring distribution of funds between services through their spending; transferring funds from the public sector to the private sector by means of procurement of goods and services and loans; and intervening in the redistribution of funds so transferred among different segments of society. They can also carry out activities in the form of alternative/different services and actions which do not serve reproduction and even interrupt it because they are places which are the focus of experiences and expectations about how society functions or should function (Duncan and Goodwin, 1988: xiii). A far-right political party may force qualified labor/ immigrants to leave the region and cause a contraction in the labor market or a socialist party may cause an outflow of capital by increasing the cost of labor. These examples also show that local governments should not be regarded only as local organs implementing the policies of central governments (Duncan and Goodwin, 1988: 4-5).

It should be noted that transformation observed in the process of accumulation of capital is the source of dynamics of change witnessed in distribution of roles between the central government and local governments. So, changes in the powers, responsibilities, and revenues of local governments serve as a proof that the process of multi-directional transfers between capital fractions and social groups function (Güler, 1992: 132, Doğan, 2005: 44). In that context, issues resulting from the contradictory roles assumed by local governments as the representatives of both the central government and local groups are decided by the balance of power between powers waging a struggle at the central and local levels as part of specific institutional relationships (Şengül, 2001: 57).

We see that local governments were brought to the fore in the neo-liberal era. Governments which represented neo-liberal transformation in North America and Europe and aimed to eliminate or limit welfare state policies restructured the public administration while redesigning local governments which generally maintained their function to provide tools for collective consumption during the era of welfare state and supported capitalist demands in a more direct and visible manner during the neo-liberal period (Şengül, 2001: 57). Funds transferred to local governments were limited and they were forced to withdraw from the field of collective consumption while their powers were trimmed significantly. In that context, local governments had to pull out of some areas such as housing, education, and health and cooperated with the private sector in areas where they maintained their presence and were, therefore, forced to provide those services through the private sector (Şengül, 2001: 108). This transformation was briefly aimed to ensure a switch from an urban government model which focused on the reproduction of labor to another urban model which lays emphasis on reproduction of capital and is based on urban business and entrepreneurship (Harvey, 1989). In that context, local governments were described as establishments which need to compete in order to attract maximum capital in collaboration with local capital groups (Şengül, 2001: 109) based on the concept of 'competing localities'. The concept of 'local governance' was brought to the fore as an institutional tool used for ensuring cooperation with capital. Governance was also presented as a democratization project by successfully consolidating it with some other factors such as participation and joint administration.

3. Neoliberal Transformation of Local Politics in Turkey

A look at the transformation of local governments in Turkey which is a late-capitalist country indicates that there is a process which is both similar and dissimilar to the one outlined above. Capital was accumulated in the industry as a result of policies providing incentives for production of goods to replace imported products after the mid-1950s. Funds earmarked for urban investments which would meet needs in cities growing due to migration from rural areas which intensified during the same period were extremely limited because industrialization was the main focus of

attention. Instead, solutions such as slum areas and the informal sector which the migrants created were supported through various policies (Doğan, 2005). Industrial bourgeoisie moved beyond the boundaries of the national market which was no longer sufficient and switched to the production of industrial goods with higher profit margins in the 1970s as part of their strategy to integrate with the global economy. This marked the end of accumulation of capital for production of goods substituted for imported products which had become unsustainable due to its constraints and the global crisis and an accumulation strategy encouraging exports and expanding into international markets was adapted (Gülalp, 1985; Ercan, 2004). It can be argued that this strategy was successful in terms of its own objectives and opening up to the world by increasing exports. Tight control on increases in wages which was a significant obstacle to this process because it increased production costs and nurtured domestic demand was one of the keys to success. This control was implemented in a "silent" climate of austerity ensured by the military coup staged in 1980 which curtailed many democratic rights and freedoms, especially labor rights and suppressed social protests which escalated in the 1970s (Ercan, 2004). This prepared the ground for a changeover to neo-liberal policies in Turkey. In addition, a stabilization policy recommended by the IMF and implemented in Turkey alongside some Latin American countries in the same period and the structural harmonization program offered by the World Bank played a role accelerating the transformation process. Turkey became the first and only example of neo-liberal restructuring in Asia and the Middle East for a long period as a result of those connections (Savran, 2005).

The main tenancy of neo-liberal transformation in Turkey is rise of authoritarian statism as the dominant state form. The most evident features of authoritarian statism are the decline of the political scene, the strengthening of the executive, and the political role assumed by the state administration (Poulantzas, 1978: 217). In the Turkish case, where the origins of authoritarian statism can be traced back to the 1960s, but it is only after 1980 that authoritarian statism has assumed a neoliberal character (Oğuz, 2008). The centralization of power within the executive branch of the state has often been accompanied by the restructuring of local politics along the same lines in this process.

The main policy change brought about by the process of neo-liberal transformation from the standpoint of local governments was integrating local services with market relationships by reducing government interventions. This change resulted from businessmen's efforts to seek commercial opportunities in urban investment and consumption and to reap profits in those areas as part of their search for new profitable areas at home and abroad. In other words, capital which could not be used for production due to an economic crisis and then during the switch from an industrialization model based on a buoyant domestic market and production of goods as an alternative to imported goods which encouraged exports while limiting domestic demand was directed to finance markets as well as consumption and opportunities to make profits in urban areas (Doğan, 2005: 155). This strategy was in the background of transfers of funds and powers to local governments since the formation of a military government in Turkey. In other words, contrary to the process of curtailing powers granted to local governments in an effort to limit welfare policies in developed capitalist countries, local governments in Turkey were granted wider powers in order to prepare the ground for the neo-liberal transformation and to create new fields for businessmen. A strategy aimed at subsidizing urban services in favor of the urban poor which had populist characteristics was abandoned and all local governments adopted a new strategy intended to make sure that services are not provided at a price lower than their actual cost and a series of welfare services were discontinued (Şengül, 2001, 87-88; Doğan, 2005). Spending in the fields of health care, education, arts, and sports, therefore, declined significantly, albeit they remained as tasks assumed by local governments. Similarly, provision of basic foods and other basic necessities and controlling their prices which are counted among the responsibilities of local governments effectively, if not legally, disappeared (Güler, 1992: 191-192).

An act which increased the revenues of local governments during the rule of the military government was one of the steps ensuring the neo-liberal transformation in local governments. In

addition, the merger of a large number of municipalities formed around major cities into one municipality and the establishment of a two-tier municipality structure in big cities led to another increase in shares received by those municipalities from the national budget (Keleş, 1992: 271-273). Another arrangement which increased the revenues of local governments was granting them the right to borrow loans from international markets by using different methods. Having already borrowed heavily from local markets, local governments were not shy in exercising their authority to borrow loans from foreign lenders and the aggregate of those debts soon began to claim a significant part of their revenues. Water supply services may be cited as an example and many local governments which launched major infrastructure projects in this area borrowed loans from international markets due to pressure resulting from loan agreements that they had concluded with the World Bank (Güler, 1987). This borrowing policy confronted local governments with serious financial troubles and prompted some of them to reduce the number of their employees, to purchase goods and services from the market, and to privatize some of their departments (Doğan, 2005: 175). Moreover, failure to repay a gradually increasing amount of loans borrowed by local governments based on Treasury guarantee and their transfer to the Treasury was one of the problems frequently brought up in the past couple of years.

A second step was authorizing local governments to draw up land-use plans which were previously developed by the central government in addition to the cancellation of fines imposed for the violation of land-use regulations (Güler, 1992: 197). Facilities provided by those decisions and responsibilities which they caused local governments to assume encouraged all urban administrations to develop new land-use plans and to create a new source of income for the owners of buildings and plots of land.

The third step involved the privatization of urban services such as water supply, sewerage, and garbage collection and awarding contracts for urban investments. Local governments were vested with the authority to form autonomous branches or companies in some areas. An act which ensured the formation of a separate organization responsible for the provision of water and sewerage services in Istanbul which was Turkey's largest city in 1983 was put into force and it included provisions which gradually turned into user-polluter pays principle and prepared the ground for the concept of privatization. Other metropolitan municipalities established organizations based on the same legislation which set the stage for the commercialization of water supply services (Kayır *et al*, 1999). Meanwhile, formation of companies which were owned by municipalities and operated within the market mechanism enabled local governments to avoid being controlled by the central government while facilitating the handling of the privatization process directly by local governments. In addition, companies owned by local governments made all decisions ranging from prices to the quality of services by taking advantage of their monopolistic power while remaining outside of all government control mechanisms which refuted the argument that privatization ensures increased efficiency and prevents the monopolization of services (Şengül, 2001:111). In some areas where labor is reproduced e.g. transportation, local governments were gradually replaced by the market mechanism (Tekeli and Gülöksüz, 1990: 376).

The increase in the number of contracts awarded result from major road and infrastructure projects launched by local governments which boosted their revenues partly through foreign borrowing. Some methods such as build-operate-transfer or subcontracting were tried in a bid to resolve financing problems in some of those projects (Güler, 1992; Tekeli and Gülöksüz, 1990; Doğan, 2005). Thus, a substantial amount of funds were transferred to the private sector by means of contracts. In addition, these policies allowed multi-national companies to take part in provision of urban services and to get a share in operating rights (Şengül, 2001: 110). So, major steps were taken toward the commercialization of various areas which were described as public property and services.

4. Concluding Remarks

Investments in urban infrastructure which was neglected during the period when local production of

goods as an alternative to imported products initially enjoyed strong support because they met certain needs of people living in cities. In that context, the fact that investments in cities improved urban infrastructure while playing a key role in the establishment of the hegemony of urban entrepreneurs over social groups excluding businessmen should not be overlooked.

During the process of neoliberal transformation witnessed in local governments, new integrations and divisions occurred between groups of companies with different sizes after large companies which were not directly involved in the urbanization process turned their attention to cities and leading national and international companies began to be involved in big construction projects such as underground rail transit systems, mass housing, and infrastructure. Many large groups of companies which previously safeguarded their interests at the level of the central government also established contacts with local governments due to the expanded size of local contracts which added a new dimension to local politics" (Şengül, 2001: 88). After big projects involving shopping centers, five-star hotels, and business centers rapidly became widespread in the 1990s, "city assumed a more central role than ever as strategic merchandise." (Şengül, 2001: 88-89). This process led to a significant change in the strategies and positions of urban groups to cities. Capital became urbanized while adding new aspects to class relations and their spatial elements. More generally, this effect maximized class polarization and began creating a class map in urban areas which was even more complicated not only from the standpoint of labor, but also from that of middle classes (Şengül, 2001: 89).

Finally, local government reform is one of the most important neoliberal reforms in Turkey. It goes parallel with the process of deepening ties between the state and capital, on the one hand, and the rising importance of local politics, on the other. The transfer of power and resources to local governments in a period of rapid urbanization has led to the opening up of new spheres of valorization for capital, particularly in the areas of urban infrastructure and local services

Bibliography

- Castells, M. (1977). **The Urban Question**, London: Edward Arnold
- Doğan, A. E. (2005). **İslamcı Belediyelerin On Yılı (1994-2004), Kayseri Örneğinde Sosyo-Mekansal Bir Çözümleme**, Phd Thesis, Ankara: Ankara University
- Duncan, S. and Goodwin, M. (1988). **The Local State and Uneven Development: Behind the Local Government Crisis**, Oxford: Polity Press
- Ercan, F. (2004). "Sermaye Birikiminin Çelişkili Sürekliliği Türkiye'nin Küresel Kapitalizmle Bütünleşme Sürecine Eleştirel Bir Bakış", in N. Balkan, S. Savran, (Eds.), **Neoliberalizmin Tahribatı**, İstanbul: Metis, 9-43
- Gülalp, H. (1985). "Patterns of Capital Accumulation and State-Society Relations in Turkey", **Journal of Contemporary Asia**, 15(3): 329-348
- Güler, B. A. (1992). **Yerel Yönetimler, Liberal Açıklamalara Eleştirel Bir Yaklaşım**, Ankara: TODAİE
- Güler, B. A. (1997). "Yerel Yönetimler ve Dış Borçlanma", **Çağdaş Yerel Yönetimler Dergisi**, 6(2): 20-30
- Harvey, D. (1985). **The Urbanization of Capital**, Baltimore: Johns Hopkins University Press
- Harvey, D. (1989). "From Managerialism to Urban Entrepreneurialism: the Transformation of Urban Governance", **Geografisker Annaler**, 71B: 3-17
- Harvey, D. (1992). **The Urban Experience**, Oxford: Blackwell Publishers
- Heper, M. (1989). "Introduction", in M. Heper (Eds.), **Local Government in Turkey, Governing Greater İstanbul**, London: Routledge: 1-11

- Kayır, G. K., Kendir H., Hayırsever F. (1999). **Su Yönetimi Antalya İncelemesi**, Ankara: TODAİE
- Keleş, R. (1992). **Yerinden Yönetim ve Siyaset**, İstanbul: Cem
- Köker, L. (1995). "Local Politics and Democracy in Turkey: An Appraisal", **Annals of the American Academy of Political and Social Science**, 540: 51-62
- Lefebvre, H. (1991). **The Production of Space**, Translated by D. Nicholson-Smith, Oxford: Blacwell Publishers
- Oğuz, Ş. (2008). **Globalization and the Contradictions of State Restructuring in Turkey**, Unpublished Phd Thesis, Toronto: York University
- Polatoğlu, A. (2000). "Turkish Local Government: The Need for Reform", **Middle Eastern Studies**, 36 (4): 156-171
- Poulantzas, N. (1978). **State, Power, Socialism**, London: New Left Books
- Savran, S. (1992). **Türkiye'de Sınıf Mücadeleleri-1**, İstanbul: Kardelen
- Smith, N. (1991). **Uneven Development: Nature, Capital and the Production of Space**, Oxford: Basil Blackwell
- Şengül, T. (2001). **Kentsel Çelişki ve Siyaset, Kapitalist Kentleşme Süreçleri Üzerine Yazılar**, İstanbul: WALD Demokrasi Kitaplığı
- Tekeli, İ. and Gülöksüz, Y. (1990). "1973-1980 Dönemi ve 1980 Sonrası Dönem Belediyeciliği", in **Ankara Büyükşehir Belediyesi Türk Belediyeciliğinde 60 Yıl (Uluslararası Sempozyum)**, Ankara: Metropol İmar A. Ş. - IULA-EMME, 373-381