

Université de Montréal

**Social Policy Reforms in Turkey:
Uses of Europe**

par

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Résumé

Ce mémoire analyse trois réformes majeures de politique sociale en Turquie, en deux domaines: emploi et sécurité social. En utilisant l'approche "Usage de l'Europe", cette thèse développe une analyse empirique et apporte une explication théorique de ces changements qui ont été introduits au cours du processus d'adhésion de la Turquie à l'Union européenne.

"Les usages de l'Europe" est une approche d'eupéanisation qui se concentre sur le rôle des acteurs domestiques, au sein des États membres et candidats, ainsi que de leur utilisation des ressources de l'Union européenne. Les études de cas utilisées dans cette thèse démontrent l'introduction de changements au niveau de l'État-providence; ainsi, l'approche originelle est suppléée par des concepts provenant de la littérature sur la politique partisane, les institutions formelles et l'héritage des politiques.

Cette recherche utilise la méthode de l'analyse de processus pour suivre la réforme des règlements du travail par la voie de reconstitution des droits individuels des travailleurs et de l'Agence d'emploi en Turquie jusqu'en 2003, ainsi que la transformation du système de sécurité sociale en 2008. Ces trois réformes représentent des changements majeurs tant sur le plan institutionnel que politique en Turquie depuis 2001. Afin de comprendre "les usages de l'Europe" dans ces réformes politiques, l'analyse empirique questionne, si, quand et comment les acteurs turcs ont utilisé les ressources, les références et les développements politiques de l'Union européenne lors de ce processus dynamique de réforme.

Les réformes du système de sécurité sociale, des règlements du travail, en plus de la reconstitution de l'Agence d'emploi étaient à l'agenda politique en Turquie depuis les années 1990. La réforme des règlements du travail ont entraîné l'introduction des accommodements flexibles au travail et une révision de la Loi du travail permettant l'établissement d'une législation de la sécurité d'emploi. La reconstitution de l'Agence d'emploi visait à remplacer la vieille institution défunte par une institution moderne afin d'introduire des politiques d'activation. La réforme de sécurité sociale comprend les pensions de retraite, le système de santé ainsi que l'administration des institutions de sécurité sociale.

Les principaux résultats révèlent que la provision des ressources de l'Union européenne en Turquie a augmenté à partir de la reconnaissance de sa candidature en 1999 et ce, depuis lancement des négociations pour son adhésion en 2005; ce qui fut une occasion favorable pour les acteurs domestiques impliqués dans les réformes. Cependant, à l'encontre de certaines attentes originelles de l'approche de "les usages de l'Europe", les résultats de cette recherche démontrent que le temps et le type de "les usages de l'Europe" dépendent des intérêts des acteurs domestiques, ainsi de leurs stratégies tout au long de ce processus de réforme, plutôt que des phases du processus ou la quantité des ressources fournies par l'Union européenne.

Mots-clés : Usages de l'Europe, Les réformes des politiques sociales, Eupéanisation, Institutions du marché du travail, Régimes des pensions, Système de santé, Protection sociale, Turquie, État providence

Abstract

This dissertation analyses three major social policy reforms in Turkey in two policy domains: employment and social security. By adopting the Uses of Europe theoretical approach, it aims to analyze empirically and to explain theoretically the uses of Europe in two domains of social policy during the EU membership process in Turkey. Uses of Europe is an actor-centered approach to Europeanization that focuses on the role of national actors, in member and candidate states, and their use of EU resources. The case studies in this thesis involve welfare state changes. Thus the original approach is complemented by concepts from the welfare state literature on formal institutions, partisan politics and policy legacies.

This research uses a process-tracing methodology to follow the reform of labor regulations on individual labor rights, restructuring of the Turkish employment agency up through 2003 and the transformation of the social security system by 2008. Both represent major institutional and policy changes in the post-2001 period in Turkey. In order to understand the uses Europe in these policy reforms, the empirical analysis asks whether, where, and how Turkish actors were using EU resources, references and policy developments within the dynamic processes of reform.

The reforms of the social security system, labor regulation and the restructuring of the employment agency have been on the agenda in Turkey since the mid-1990's. The reform of labor regulations involved the introduction of flexible work arrangements and job security legislation into a revised Labor Act. The restructuring of the employment agency aimed to replace the old institution that had become defunct with a modern institution oriented towards active labor market policies. The social security reform comprising pension, healthcare and administrative components aimed to ensure financial sustainability and increase the coverage of the system.

The main findings were that the supply of EU resources in Turkey increased from the recognition of its candidate status in 1999 to the launch of accession negotiations in 2005. This supply offered opportunities for national actors involved in the reform processes, via legitimizing uses of Europe, obfuscation and credit claiming, among other practices. However in contrast to some of the expectations of the original Uses of Europe approach, the findings of this research demonstrate that the type and timing of uses of Europe depend on the national actors' interests and coalition-building strategies in the reform process rather than on the stage of the reform process or amount of resources supplied by the European Union.

Keywords: Uses of Europe, Social Policy Reforms, Europeanization, Labor Market Institutions, Pension System, Healthcare, Social Protection, Turkey, Welfare State and Regime

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Abbreviations

ABGS	Secretariat-General for EU Affairs, <i>Avrupa Birliđi Genel Sekreterliđi</i>
AKP	Justice and Development Party, <i>Adalet ve Kalkınma Partisi</i>
ALMSP	Active Labour Market Strategy Programme
ANAP	Motherland Party, <i>Anavatan Partisi</i>
Bađ-Kur	Institution for the Self-Employed, <i>Esnaf ve Sanatkarlar ve Diđer Bađımsız alıřanlar Sosyal Sigortalar Kurumu</i>
CDU	Christian Democratic Union
CHP	Republican People’s Party, <i>Cumhuriyet Halk Partisi</i>
DG	Directorate-Generals
DİSK	Confederation of Progressive Trade Unions of Turkey, <i>Türkiye Devrimci İřçi Sendikaları Konfederasyonu</i>
DPT	State Planning Organization, <i>Devlet Planlama Teřkilatı</i>
DSP	Democratic Left Party, <i>Demokratik Sol Parti</i>
DTP	Democratic Society Party, <i>Demokratik Toplum Partisi</i>
DYP	True Path Party, <i>Dođru Yol Partisi</i>
EEC	European Economic Community
EES	European Employment Strategy
EMU	European Monetary Union
ES	Retirement Chest, <i>Emekli Sandıđı</i>
ETUC	European Trade Union Confederation
EU	European Union
FP	Virtue Party, <i>Fazilet Partisi</i>
HAK-İř	Confederation of Turkish Real Trade Unions, <i>Türkiye Hak İřçi Sendikaları Konfederasyonunu</i>
İİBK	Turkish Job Placement Agency, <i>İř ve İřçi Bulma Kurumu</i>
ILO	International Labour Organisation
IMF	International Monetary Fund
IPA	Instrument for Pre-Accession Assistance
İřKUR	Turkish Employment Agency, <i>Türkiye İř Kurumu</i>
JAP	Joint Assessment Papers for Employment Priorities
JIM	Joint Inclusion Memorandums
MEDA	Mediterranean Economic Development Area
MHP	Nationalist Movement Party, <i>Milliyeti Hareket Partisi</i>
MÜSİAD	The Association of Independent Industrialists and Businessmen, <i>Müstakil Sanayici ve İřadamları Derneđi</i>
NPAA	National Programmes for the Adoption of the Acquis
NSC	National Security Council
OECD	Organization for Economic Co-operation and Development

OMC	Open Method of Coordination
PHARE	Pologne-Hongrie, Aide à la reconstruction économique
RP	The Welfare Party, <i>Refah Partisi</i>
SGK	Turkish Employment Agency and Social Security Institution, <i>Sosyal Güvenlik Kurumu</i>
SHP	Social Democratic People's Party, <i>Sosyaldemokrat Halkçı Partisi</i>
SSK	Social Insurance Institution, <i>Sosyal Sigortalar Kurumu</i>
SYDTF	Social Solidarity and Assistance Fund, <i>Sosyal Yardımlaşma ve Dayanışmayı Teşvik Fonu</i>
TBMM	Turkish Grand National Assembly, <i>Türkiye Büyük Millet Meclisi</i>
TİSK	Turkish Confederation of Employer Associations, <i>Türkiye İşveren Sendikaları Konfederasyonu</i>
TOBB	Union of Chambers and Commodity Exchanges of Turkey, <i>Türkiye Odalar ve Borsalar Birliği</i>
TTB	Turkish Medical Association, <i>Türk Tabipler Birliği</i>
TÜİK	Turkish Statistical Institute, <i>Türkiye İstatistik Kurumu</i>
TÜRK-İŞ	Confederation of Turkish Trade Unions, <i>Türkiye İşçi Sendikaları Konfederasyonu</i>
TÜSİAD	Turkish Industrialists and Businessmen's Association, <i>Türk Sanayicileri ve İşadamları Derneği</i>

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Introduction

After residing for close to 10 years in Canada, I had a surprising phone call from my parents living in Istanbul, Turkey just before finalizing the conclusion for this dissertation. There was a letter addressed to me from the Social Security Institution, sent to my parents' address and inquiring about my employment status and income level. The letter also contained a calculation of the social security premiums that I had failed to pay in the last two years. The Social Security Institution asked for a proof of income and working status, adding that if I would like to benefit from the means-tested coverage for social security, I would need to apply to the local administration to obtain a proof of low income. In case of not providing this proof, I would have to pay the social security premiums for healthcare coverage and social security benefits.

I had a moment of bewilderment after my father summarized the content of the letter. I had never heard, either from my friends or from members of my family, about the Turkish state's investigation into payment of the social security premiums in a similar way. Moreover, although I had been registered with the previous social security institution (having been employed in student jobs during my university years in Turkey), that institution could not generate a proof of registration when I applied in 2006. My father who as businessman is knowledgeable about the rules and procedures of the social security system including the recent changes was also surprised by the letter, which provided unusually accurate information.

This brief anecdote made me think about the main issue of my doctoral dissertation: changes to the social policy framework in Turkey. Perhaps this letter was just a minor reflection of the extent of changes, both in institutions and practices.

This dissertation is about social policy reforms in Turkey, analyzing the extent of policy and institutional changes by focusing on the interaction of domestic dynamics, international pressures and European Union (EU) influence and resources. It examines two

policy areas in particular: employment and social security.¹

The 1990s brought extensive reform of the social protection systems in advanced industrialized countries as well as in many developing countries. Economic changes, such as globalization and economic internationalization, put pressure on governments to control public finances and to reduce budgetary deficits in the context of increasing competition. The social policy framework in Turkey did not escape from these economic pressures and has also been challenged by profound social and demographic changes. An important element of this changing context is related to Turkey's encounter with economic globalization since the 1980's with the shift towards an export-oriented economy and the financial liberalization of capital accounts in 1989.² The adoption of a market-oriented economic strategy by the political elite in conformity with global trends undermined the welfare state's capacity and the patchy institutional framework of social security (Buğra and Candaş, 2011; Aybars and Tsarouhas, 2010; Eder, 2010; Pamuk, 2008; Öniş and Bakır, 2007). Yet, despite the labor market and welfare state in Turkey being under economic pressure and challenged by social and demographic changes, the formal social security system – including pensions, healthcare – and labor regulation displayed considerable resiliency in terms of institutional shape and principles through the 1990s. It remained faithful to the principles established in the late 1970's. Although the structural modernization reforms of the social security institutions and labor regulations had been on the agenda since the mid-1990's, any major institutional

¹ Social policy is complex, encompassing directly government policies in health care, education, social security, housing, social assistance and including indirectly economic, fiscal, labor-market and family policies (Taylor-Gooby, 2003: 539). It is more difficult to distinguish social policies from economic ones in developing countries, as any program can serve for both spheres in terms of goals (Gough, 2000: 14). This research focuses on social policies that mitigate life-cycle and market risks in Turkey. Social security system provides coverage against risks of sickness, work related injury, disability and old-age. This research encompasses the policy sector of labor regulation considering it as an instrument of income security against market risks as a form of social policy in the light of Guiliano Bonoli's (2003) crucial contribution. Employment policy consists of "laws and conventions that establish the rights and entitlements of workers and structure the work relationship" and policies "to protect and promote employment more generally" (Rhodes, 2005: 280). Empirically the reforms of pensions, healthcare, social security administration, labor regulation and the establishment of the employment agency were among major social policy changes in Turkey in the post-2001 period.

² As later chapters will elaborate, the opening of the Turkish economy started in 1980's, following the major crisis of the previous model of import-substitution industrialization in the late 1970s and the coup d'État of September 12, 1980 that brought to power the military government which initiated the shift in economic and development strategy (Arıcanlı and Rodrik, 1990; Öniş and Webb, 1994; Boratav, Yeldan and Köse, 2000).

restructuring and policy changes were introduced only after 2001.³ To appreciate these changes to the welfare regime in Turkey, it is crucial to understand the domestic and international dynamics shaping them. The opening to global economic forces was not the only major change that occurred at the beginning of the new millennium. The presence of a majority government in 2002 – after years of minority governments – was an important political factor bringing change. An additional aspect of the post-2001 period in Turkey was the EU membership process, which created a catalyst for change in the political and economic realms in Turkey with the recognition of candidate status in 1999.

This thesis studies the reform of labor law and the restructuring of employment agency in 2003 and the transformation of the social security system in 2008. The main argument is that the explanation of social policy change and redesign in Turkey requires examining the effects of endogenous and exogenous factors and the way that they were combined in the reform processes.

One key question is why the reform of labor regulation was possible only in 2003, despite having been debated among government, bureaucratic and corporate actors since 1995? How can we explain the establishment of the Turkish Employment Agency (*Türkiye İş Kurumu*, İŞKUR) only in 2003, despite a certain consensus by the mid-1990's that the previous employment agency had become defunct? Why was the social security system reformed only in 2008 even though that the ministerial bureaucracy,⁴ the State Planning Organization and the Treasury had been identifying the problems of the social protection regime and had prepared several reform programs with the input of various international organizations such the International Labour Organisation (ILO) and World Bank since the

³ In this dissertation, the year 2001 is identified as a start of a new period where several important domestic developments occurred, changing the political context compared to the 1990's. On the one hand, the economic crisis of 2001 represents the most severe economic crisis in terms shrinking of the economy and rising unemployment (Pamuk, 2008: 286-290). Following the financial crisis in 2001, Kemal Derviş, the World Bank vice-president for poverty reduction and economic management, was appointed Minister for the Treasury and Economic Affairs and introduced the economic reform program in 2001 that included major structural reforms and a new stand-by agreement with the IMF. Following the 2002 election, Justice and Development Party (*Adalet ve Kalkınma Partisi*-AKP) won the 2002 parliamentary with 34.3 per cent of votes and two-thirds of 550 parliamentary seats, thereby establishing the first majority government since 1991. This was a major change compared to the coalition governments of 1990's. Even though that EU recognized Turkey's candidate status in 1999, the EU's emphasis on necessary political reforms increased in 2001 with the preparation of the first Accession Partnership Document.

⁴ This includes the Ministry of Labor and Social Security and the Ministry of Health with related sub-units.

1990's? These questions regarding the timing of the reforms call for a theoretical approach that can explain their occurrence after 2001. This approach is one that combines attention to international factors (globalization and the European accession process) and domestic ones.

The reforms of the social security system, labor regulation and the restructuring of the employment agency have been on the agenda in Turkey since the mid-1990's (Boratav and Özuğurlu, 2006; Yakut-Çakar, 2007).⁵ The corporatist social security system, based on contributions by employees and employers, had been financially unsustainable due to an early retirement scheme (1992) introduced by populist policies of governments in the 1990's and has been considered as a burden in terms of increasing the public debt. The Five Year Plans prepared by the State Planning Organization had already insisted in the late 1980's and early 1990's that the restructuring of the health care system was necessary for the expansion of insurance coverage to larger segments of the population in order to increase the efficiency of the system and increase the funds for health sector. Reform proposals for the healthcare system were prepared in 1990's but they were never implemented, either being dropped from parliament's agenda or rejected by the Constitutional Court. The first reform program of the pension regime was prepared in 1994 as a part of the austerity measures after the first severe economic crisis of the 1990's but never fully implemented in the face of strong opposition of union confederations. During the 1990's, the ILO, International Monetary Fund (IMF) and World Bank urged the Turkish governments to make urgent reforms in order to control the deficit and ensure the sustainability of the social security system (Yakut-Çakar, 2007: 117). The IMF had also been demanding the reform of the pension component since 1994, as part of stand-by agreements.

In the second policy realm, we observe that the 1971 Labor Act⁶ (no. 1475) stayed in force for more than three decades reflecting the inclusionary state corporatism and union confederations whose interest lay in the maintenance of the formal social security system complemented with the goal of securing employment with related benefits (Cizre-Sakallıoğlu, 1992: 720). This stability was present despite the existence of a dual labor market in Turkey,

⁵ Ömer Taşpınar (2012) characterizes the 1990's in Turkey as the "lost decade," characterized by high inflation, structural budget deficits, chronic financial crisis and constant political instability.

⁶ This legislation covered the main components and limitations of labor rights, such as the form of labor contracts, the payment of wages, working hours, rest days, annual paid leave, the protection of children and pregnant women, workers' compensation and work rules.

in which the formal sector gave workers legal protections but where a large informal sector existed without protection.

The normative assumption and logic of the Labor Code covered the formal sector and reflected male breadwinner assumptions in regulating work arrangements, targeting mainly male industrial workers in urban settings in terms of designing full-time work, without allowing atypical types of work, part-time work or social protection for these types of contracts. The reform of the Labor Code has also been called for by the ILO and World Bank. Moreover the World Bank had targeted for restructuring the Turkish Job Placement Agency (*İş ve İşçi Bulma Kurumu*, İİBK) since the launch of its “Employment and Training Project” in 1994.

How can we explain that the transformation of the frozen social policy environment in Turkey happened in the 2000’s rather than in 1990’s? The reform of the labor law with the establishment of the Turkish Employment Agency in 2003 and the restructuring of the social security institutions in 2008 have occurred in the post-2001 period where the EU membership has become a more salient factor in Turkish politics. What, then, was the impact of Europeanization on the reform process?

These reforms constitute a theoretical and empirical puzzle to explain how various domestic dynamics, EU membership process and international factors have intersected in understanding the timing and the direction of these changes.

The content of these reforms represents change of the institutions and policies that need to be theoretically explained. Concerning the reform of the Labor Law in 2003, the reform has introduced “flexible” working arrangements, job security measures, extension of maternity leave and removal of certain legal barriers on women’s participation to the labor market. These changes seemed to seek a balance between the concerns of union confederations and the pressure of employers. With the restructuring in 2003, the Turkish Employment Agency (İŞKUR) became more oriented towards active labor market policies in line with the EU *acquis* and the priorities of the European Employment Strategy. In the social security reform introduced in 2008, the administrative reform involved the unification of social security institutions under one organization and the equalization of coverage between different occupational groups. Considering the inegalitarian corporatist character of the welfare regime in Turkey (Yakut-Çakar, 2007), this change involved an orientation towards

coverage of more categories and groups in terms of pension and healthcare. The healthcare reform has also involved a tendency towards universal coverage: by including all segments of the population in the health insurance scheme; by covering the population under the age of 18, whose premiums would be covered; and by institutionalizing mean-tested coverage for the poor. Although the reform has extended the coverage, there are also tendencies to introduce market elements in the delivery of services by encouraging private sector investment, allowing choices for patients and introducing competition between public and private actors in the healthcare system. The most controversial component of the social security reform involved changes to the pension system, which altered the parameters of the system by increasing the retirement age and contribution period, with the aim of reducing the fiscal deficit. Moreover the reform has institutionalized the state's contribution to the social security system at 5%, while abandoning the previous practice of state funds only covering the deficit. Accordingly the social security reform conforms to the EU priorities on equal treatment and non-discrimination and to the norms of adequate social security in terms of pensions and healthcare coverage.

The content of both reforms do not only reflect priorities that can be characterized as “retrenchment” in line with a neo-liberal agenda,⁷ although they do clearly combine a mixture of market elements with universalistic policy priorities. This mixed content and direction constitute a puzzle, given the liberalization and the deepening global integration of the Turkish economy since the 1980's, often considered to lead to a “race to the bottom” (Oyvatt, 2011).⁸ Secondly, the Justice and Development Party (*Adalet ve Kalkınma Partisi*, AKP)⁹ government

⁷ I do not argue that these reforms did not have a cost containment aspect; indeed they involved curtailing certain benefits and cutting public spending especially within the social security system. The argument developed here is that these reforms are not one-dimensional but combined elements in various directions. In assessing policy reforms in advanced industrial as well as developing countries in post-1990's, scholars such as Peck and Tickell (2002) argue that there was a shift towards “roll-out neoliberalism” characterized by reregulation, disciplining and containment of those excluded; while others such as Esping-Andersen et al. (2002), Jenson and Saint-Martin (2003), Jenson (2010a) and Morel, Palier and Palme (2012) argue for the emergence of the social investment perspective for after neo-liberalism. This research focuses on the process of institutional and policy changes rather than concluding a priori on the neo-liberal character of social policy reforms.

⁸ Cem Oyvat's (2011: 124) analysis for the period 1980 to 2001 makes the race to the bottom argument, claiming that high trade intensity leads to worsening “labour share by raising labour flexibility and lowering bargaining power” in Turkey.

⁹ In this thesis, I will use the Turkish abbreviations for political party names and state institutions in Turkey. Thus, the acronym AKP is used throughout to refer to what is called in English the Justice and Development Party.

has a “conservative-liberal” ideological orientation rooted in political Islam with commitments to a traditional and patriarchal value system and favors liberal economic policies (Buğra, 2012; Öniş, 2012; Buğra and Yakut-Çakar, 2010: 517; Eder, 2010: 152). AKP governments’s conservative-liberal orientation reflected in its practices and policy choices since 2002: implementing structural economic reforms promoted by IMF and World Bank, introducing political reforms in line with EU membership criteria, aiming to strengthen formal and informal role of family in order alleviate social risks, populist choices in distributional politics, supporting the integration of charity and philanthropy provided by non governmental organizations into the formal social assistance system. Therefore, the coexistence of universal and market-orientations in the content of reforms requires an explanation that can consider the interaction of multiple factors and processes, including EU accession process.

I. Taking endogenous factors and exogenous dynamics into account: Towards a Uses of Europe approach

The existing theoretical explanations of the reforms of the social security system and labor regulation, including the reorganization of the Turkish employment agency, emphasize either domestic dynamics or international and exogenous factors.¹⁰ On the one hand, domestic factors have been argued to be predominant to explain the social policy reforms such as: governmental policy choices of the AKP government (Yücesan-Özdemir, 2012; Akan, 2011; Çelik, 2007a), the power of the coalition between government and employer association with a neo-liberal agenda and the interests of the capitalist class (Coşar and Yeğenoğlu, 2009; Mütevellioğlu and Işık, 2009; Cam, 2002). These factors have been mentioned recurrently in the scholarly analysis of these reforms. On the other hand, explanations based on the role of international financial institutions such as the IMF and the World Bank in neo-liberal restructuring serving the interest of the capital class (Elveren, 2008) are also developed to explain the parameters of the social security reform (especially the pension component) as well as the flexibility agenda in the labor regulation reform (Mütevellioğlu and Işık, 2009).

¹⁰ These theoretical explanations of Turkish social policy reforms are a reflection of a larger literature on the welfare state transformation of advanced industrial nations and developing countries.

Accordingly these explanations emphasize that Turkey was subjected to World Bank and IMF structural adjustment programs since 1990's, obliging governments to cut public spending in order to balance their budgets as a condition of receiving loans. Certain conditions applied to the social security and labor regulation reforms including reorganizing employment agency.

These existing explanations do not account for the timing of these reforms as well as their complex mixed content. The above-mentioned studies can be considered as partial explanations of the transformation of pensions, healthcare or labor market policy and institutions in Turkey, as they focus solely on one part of the process through a rigid theoretical lens. We need rather to analyze further empirically and explain theoretically how both domestic and international factors may have shaped the reforms, and particularly their timing and precise content.

Nor do these literatures, focusing either on domestic dynamics or international pressures, pay sufficient attention to the EU membership process of Turkey in the post-2001 period. We must surely anticipate that candidacy for EU membership has been an important catalyst for change in the Turkish political and economic realms as in other candidate countries. The significance of the EU's influence increased considerably following the decision at the Helsinki Summit in December 1999 to grant Turkey formal candidate status. As a result of the Helsinki decision, the key political and economic actors faced a powerful set of incentives for change and the implementation of important institutional reforms (Öniş, 2009a; Keyman and Öniş, 2004).¹¹

There is already an extensive literature on how the EU has been a crucial "anchor" for Turkey (Öniş and Bakır, 2007; Tocci, 2005; Nas and Özer, 2012). The literature concerning domestic change in response to the Copenhagen criteria and related to EU membership has focused on various policy fields and issue areas: political reforms (Özer, 2012; Eralp, 2009; Aydın and Keyman, 2004; Keyman and Öniş 2007), civil military relations (Gürsoy 2011; Heper 2005), minority rights (Yılmaz, 2012; Grigoriadis, 2008), environmental policies, (Ünalán and Cowell, 2009), regionalization (Dulupçu, 2005), foreign policy (Öniş and Yılmaz,

¹¹ However since 2005, the credibility of the EU accession perspective has declined dramatically for Turkey after several member states such as France, Austria and Cyprus stressed the "open-ended" character of the negotiations, the limited absorption capacity of the EU and the possibility of an alternative outcome (Aydın, 2006; Uğur, 2010).

2009) and civil society organizations and the state-society relations (İçduygu 2011; Diez et al. 2005).

However the EU's influence on social policy and labor regulation reforms has been mainly downplayed by the existing literature. There are few studies (such as Taymaz and Özler, 2004; Buğra and Keyder, 2006; Buğra and Adar, 2008; Ağartan, 2008; Göksel, 2011; Yalman, 2011; Tsarouhas, 2012) arguing that Turkey's relations with the EU have been instrumental in the articulation of policies towards modernization. Although these studies are useful, either they do not empirically focus on EU influence in relation to the reform of the labor regulation and social security system and to the restructuring of the employment agency or they lack theoretical rigor to conceptualize the ways and the extent on how the EU membership process might matter.

Any detailed empirical study of the role of the EU membership process has been omitted thus far from the analysis of the reforms of labor regulation, social security system and of the organization of the employment agency in Turkey. This research, by adopting an Europeanization theoretical framework and a comparative method across policy sectors, aims to develop a theoretically grounded explanation and to make an original contribution to the literature.

How might we theoretically conceptualize the impact of the European Union on social policies in member and candidate states? The literatures used here are contributions to analyses of Europeanization and welfare state change by incorporating integration dynamics, whether political, economic or social, into domestic politics when analyzing reforms (Palier, 2000; Kvist and Saari, 2007).

Europeanization is often described as a top-down process, where the "goodness of fit" or the adaptation pressure determines the extent of the political work that needs to be done in order to conform to European norms. Institutional adaptation is explained as transformation under the direct and indirect pressure of the EU as well as to the emergence of multilevel and network governance. Cowles, Caporaso and Risse (2001) have explained Europeanization via a "fit/misfit" model. The "fit/misfit" pattern is an explanation of change according to which convergence and divergence as well as the degree of adaptation of the different member states is explained by their reaction to European pressures (Héritier, 2001). The notion of Europeanization essentially implies an adjustment of a domestic variable to a European

constraint. The degree of adaptation is determined by the compatibility between national conditions and European constraints. Accordingly, especially for rationalist institutionalist scholars, Europeanization represents pressure for adaptation characterized by downloading (Howell, 2004), leading to institutional change or policy inertia (Schmidt, 2002; Radaelli, 2003).

The “fit-misfit” argument has often been criticized as explaining the relation as a top-down process, where the structural difference between the EU model and member or candidate states’ domestic policies determines the extent of the EU influence and actors, following the rationalist assumption of a logic of consequences. The theoretical conceptualization of Europeanization through “goodness of fit”, “fit-misfit” or “congruence-incongruence” arguments provides a structuralist understanding of the impact of EU integration without clarifying how these adaptational pressures are translated into policy change. Accordingly it does not specify how EU-level actors and domestic actors matter in the translation of these pressures into policy change. Moreover when we consider the complex and fragmented character of the EU’s social *acquis* and competences in the social policy field, it is difficult to determine the degree of misfit between EU and domestic policy structures.

The starting position of this dissertation is that empirical research needs to explain the process which induces change of policies, accounting for how EU institutions are able to have an impact on national politics. Accordingly, one needs to examine the role of political actors when facing the pressure or constraints as well as the opportunities resulting from the EU accession process.

Therefore this research adopts an actor-centered Europeanization theoretical framework - the Uses of Europe. This approach has been advanced by Paolo Graziano, Sophie Jacquot and Bruno Palier (2011) to analyze the role of European resources in welfare state

reforms.¹² Following discussion in the historical institutionalist literature on how to conceptualize and understand the interaction of actors and institutional structures (Jenson and Mérand, 2010; Thelen and Steinmo, 1992), recent studies of Europeanization have put the emphasis on actors and their interaction in the densely institutionalized EU environment (Saurugger, 2008; Favell and Guiraudon, 2010; Stone Sweet, Sandholtz and Fligstein, 2001). The Uses of Europe approach offers a dynamic theoretical understanding oriented towards the role of actors¹³ and their use of various European resources made available in the membership process, as compared to earlier generations of Europeanization research which insisted upon modeling the impact of adaptive pressures through “goodness of fit”, “fit-misfit” or “congruence-incongruence” arguments.¹⁴ The core of this approach involves analyzing actors’ strategies, considering their normative assumptions and representations of social policies and their interplay with the past policy legacies and the institutional rules, procedures and practices in the process and substance of social policy reforms.

This dissertation uses this approach to examine how actors use European norms, opportunities, constraints, rules, and discourse as resources to advance their agenda or interests within domestic politics. In order to understand the role of the EU in the social policy reforms, it asks whether, where, and how domestic actors were making use of EU resources, references and policy approaches within the dynamics of Turkish social policy reforms? Attentive to the role of European resources in the reform of the labor law in 2003, the reorganization of the Turkish Employment Agency in 2003 and the restructuring of the social

¹² The theoretical approach “usage of Europe” was put forward by Jacquot and Woll (2003; 2008) and developed theoretically in a more recent contribution by Woll and Jacquot (2010). In this thesis, I choose to employ “uses of Europe” for referring to the theoretical approach and research agenda developed by Jacquot and Woll (2003; 2004), rather than the notion of “usage of Europe” that was adopted as well by Graziano, Jacquot and Palier (2011). In a more recent contribution, Woll and Jacquot (2010) have utilized the concept of “using Europe” in an attempt to further develop this theoretical approach. In fact, the choice of employing the notion of “uses of Europe” has a twofold aim: on the one hand, it refers to all scholarly contributions developed in this research agenda and on the other hand, it reflects the goal of deepening the theoretical scope and explanatory capacity of this theoretical approach.

¹³ The focus on actors is in line with recent theoretical developments in historical institutionalism. Mahoney and Thelen (2010: 15) emphasize the role of actors and their strategies in the incremental institutional changes shaped by the characteristics of the political context and institutions.

¹⁴ The theoretical framework of this research, “uses of Europe” (Graziano, Jacquot and Palier, 2011: 7) considers factors that shape the welfare reforms: “Therefore, the aim is to analyze changes at the national level that result from the process of European integration facilitated by many and diverse actors through many and diverse ways. Such a research strategy makes it possible to correctly place EU actors and strategies in a wider (and more appropriate) context, i.e. where welfare state reforms have always taken – and still take – place.”

security institutions in 2008, this study examines the ways and extent to which actors undertaking these social policy reforms have made use of Europe (Graziano, Jacquot and Palier, 2011).

Why is the Turkish experience of social policy reforms appropriate to examine such a process of Europeanization with the Uses of Europe analytical framework? The political and economic reforms in Turkey have been related in different degrees to EU membership process that requires the adaptation of candidate states to the Union's accession requirements. The Turkish case constitutes a crucial or critical case study (Rueschemeyer et al., 1992: 38; Lijphart, 1971: 691) for examining an Europeanization research agenda. Considering the institutional relationship with Europe since the signing of the Association Agreement in 1963 (where Turkey's eligibility for full membership was recognized) there is no observable linear convergence towards European rules and norms. We observe periods of slowdowns and accelerations on the fulfillment of conditions. The institutional relationship evolved further with the signing of a Customs Union between the EU and Turkey in 1995, the recognition of Turkey as a candidate country at the Helsinki European Council in 1999 and the launch of accession negotiations in 2005 (Önis 2009a; Tocci 2005). The EU became a major actor in Turkish affairs after 1999, triggering major political and economic reforms in order to comply with the membership conditions.

The policy sectors and reforms chosen for this dissertation (pensions, healthcare, social security administration and labor regulation and restructuring of the employment agency) are also "hard cases" to examine the uses of Europe in a membership process, given the Union's limited competence in social policy and the limited social dimension of candidacy and accession processes (Falkner, 2007; Keune, 2009) and considering the related distributional dynamics on income equality that these reforms involve where the EU membership process is expected to have a limited impact (Uğur, 2006).

II. Research method and design

In this thesis, social policy reforms are considered to be processes in which policy change takes place, potentially involving both domestic and international actors (Hall, 2003; Falleti and Lynch, 2008). They are the empirical terrain of policy-making upon which unfold the interaction of domestic actors and institutions with international organizations such as the

IMF and World Bank and supranational institutions such as the EU. The comparison of the reform of labor regulation and restructuring of the employment agency with the transformation of social security system will provide rich material for analysis of the institutional relationship with the EU and the uses of Europe.

Process-tracing (George and Bennett, 2005; Tansey, 2007; Hall, 2003) is an appropriate method to explore how European resources and other international influences have been channeled at the national level by various actors. The project uses a close process analysis (Mahoney, 2003) by focusing on steps and sequences of policy making, the aim being to pinpoint how specific actors use resources. This research employed two main methodological sources: interviews and documentary analysis. During field research in Brussels and Ankara in 2010-2011, I conducted interviews with the Commission officials in Brussels and Turkish policy makers in Ankara and carried out archival research at the European Commission and at the Turkish Ministry of Labor and Social Security in Ankara. The primary source information is gathered through 15 semi-structured interviews (see Appendix A) conducted between February 2010 to April 2012 with key informants who are Turkish policy makers and bureaucrats at ministerial levels as well as Commission officials working in various Directorates-General of the EU. The main aim of the interviews was to understand the policymaking process and interviewees were initially purposively selected. I have supplemented the information gathered through these semi-structured interviews by informal discussions with Turkish scholars from various social science fields, representatives of union confederations and business associations, and members of the involved civil society organizations. These sources were very helpful to understand various conflicts among actors and their position and supported the more in-depth interviews conducted with policy-makers.

Grounded on case study methods, the empirical evidence is based as well on secondary sources in Turkey of parliamentary minutes of major laws, texts of earlier reform proposals, reform programs announced by various political parties, five-year development plans of the State Planning Organization, policy papers of the Ministry of Labor and Social Security and the governments, including draft laws, programming documents, action plans and ministerial programs, including the parliamentary hearings and discussions during the reform processes. The EU documents concerning Turkey's accession such as the Progress Reports, Accession Partnership Documents and screening reports have been analyzed. World Bank and IMF

documents, ILO and OECD reports and data and Turkish newspaper databases and web sources were also consulted. The interviews and documentary analysis complement each other for identifying the factors shaping the reform process and its content. The process-tracing analysis is supplemented by quantitative indicators such as expenditures on the social security system and labor market statistics.

While concentrating on specific social policy reforms in Turkey, this research also positions these processes on the trajectory of welfare state transformations, considering sequencing and temporality in order to assess the direction of change. Institutional change is considered to be “cumulative but transformative,” following Streeck and Thelen (2005) and Palier and Martin (2008: 8).

The choice of research design based on a case study recognizes the limits of the design. Research designs based a small number of case studies have been criticized as weaker than large-N comparative research designs allowing statistical methods to test hypotheses (Lijphart, 1971; King et al., 1994). However researchers following new theoretical developments have argued for the added value of the case study method and within case analysis, describing them as research designs valuable for causal inference and theory-oriented explanations (Ragin and Becker, 1992; Ragin, 1994; Hall, 2003; 2006). For instance, Ragin (1987) suggests focusing on how causes come together, as multiple conjunctural causation, to produce outcomes emphasizing configurational understanding of causation involving the intersection and the interaction of causal and conjectural variables such as necessary and sufficient conditions. A key characteristic of configurational thinking according to Ragin (2000; 2008) is that the effect of any particular causal condition may depend on the presence or absence of other conditions and that different combinations of conditions can be connected to similar outcomes. In the empirical investigation of policy change, I follow a configurational understanding of causation.

III. Overview of the chapters

This dissertation is organized into chapters that will address the research question by a theoretically grounded analysis of the labor regulation reform and restructuring of the employment agency in 2003 and social security reform in 2008.

Chapter I involves a synthetic review of scholarly research related to the research

question. The chapter builds on the literature regarding the determinants of social policy change in advanced industrial countries as well as in late-developing and transition countries. Relying mainly on the work of neo-institutionalist analysts of policy change, the chapter overviews the state of research emphasizing endogenous factors in explaining social policy change such as the logic of industrialization approach, the power resources approach and conceptualization of policy based on policy legacies and path dependency as well as studies of the ways political institutions influence the governments' strategies for reforms. This review of the literature emphasizing endogenous factors will derive three theoretical findings: "politics matters" for the social policy reforms as governments choose either blame avoidance or credit claiming strategies to introduce electorally costly reforms in the context of cost-containment; policy legacies influence the available reform options; and the political institutions such as constitutional rules and the type of parliamentary system may set up veto points that shape a government's ability for policy change and its capabilities.

The theoretical insight of the literature on the endogenous determinants of social policy change is valuable on shedding light on how to conceptualize policy change, reform dynamics, actors' strategies and institutional settings but fails to grasp that social policy making may also respond to international and supranational pressures. In the light of policy developments since 1990's, there is growing literature on exogenous sources of policy change. In this second part of the chapter, the focus moves to literature on the diffusion of public policies conceptualizing exogenous mechanisms of policy change, using the review by Dobbin et al. (2007) as the organizing frame. This section concentrates on research and studies on social policy and welfare states, and demonstrates that three insights are important in orienting the theoretical framework of this research: the role of epistemic communities and international organization in diffusion of norms; conditionality related to the external incentives model; and social learning mechanisms.

Building on the review of these two literatures the theoretical frameworks of Europeanization are assessed, with particular reference to how the accession of the Southern and Eastern European countries influenced welfare state and social policy reforms. This section will also demonstrate the rationale of adopting the Uses of Europe approach as well as exposing the theoretical premises that clarify the research agenda suggested by Paolo Graziano, Sophie Jacquot and Bruno Palier (2011) discussed above.

Chapter II tackles the institutional factors and political context that surrounded the timing and implementation of political and economic reforms, specifically the social security and labor regulation reforms. There are two main reasons why institutions need attention in order to account for the timing of reforms. The analysis of institutional factors and political context can shed light both on the reasons for the lack of reforms in the 1990's and why they took place after 2002. Others have found (Bonoli, 2001; Huber et al. 1993; Lijphart, 1999) that institutional structures that concentrate power in the executive branch are more likely to allow the implementation of social policy priorities of the government. The political system in Turkey structured upon the 1982 Constitution introduced by the military junta. The institutional parameters set the necessary conditions for policy change and public policy reforms.

But we cannot rely only on the description of the institutional configuration to see the direct effect of institutional design on policy outcomes. Doing so would be a mechanical institutional explanation of domestic change. Therefore partisan politics and how political party competition have shaped the social policy developments from late 1980's to 1990's must also be analyzed in order to characterize the relationship between electoral politics, political parties and the social policy preferences of corporate actors in a political regime such as Turkey's.

The second rationale for examining the institutional settings and conditions of change is directly related to the Uses of Europe emphasis on analyzing the political elites' attitudes towards and national public opinion. The proponents of the approach claim these influence the quantity of uses of Europe. Following this theoretical line, the political elite's and public opinion views towards the EU are analyzed to understand the political context of Turkey's relationship with the European Union.

Chapter III presents European instruments and resources while examining the evolution of the institutional relationship between the EU and Turkey. This relationship has evolved from the signing of the Association Agreement in 1963, to the launch of a Customs Union in 1995, to the recognition of candidate status in 1999, to the start of accession negotiations in 2005. Accordingly it is important to understand how the supply of European resources evolved over these years. This chapter will examine the research hypothesis that European resources provided by European institutions tend to vary according to the

institutional relationship that a country has with the EU (Graziano, Jacquot and Palier, 2011: 8). The scrutiny of this hypothesis aims to identify specific resources such as legal, financial, institutional, political and cognitive linked to social policies and welfare state in Turkey and their changing supply in time. The research will also describe how the Commission and other EU institutions themselves assessed Turkish labor law (2003), the restructuring of the employment agency (2003) and the social security reform (from 2006 to 2008) in Turkey. Their preferences for reform were sources of pressure for adaptation.

Chapter IV focuses on the revision of the Labor Law with the enactment of the Law No. 4857 in 2003 that replaced the old legislation, Law No. 1475 of 1971. The chapter also analyses the establishment of the Turkish Employment Agency that replaced the Employment Brokerage Agency, with the enactment of the Law No. 4904 in 2003. The policy legacies that conditioned the reforms are described and assessed by following the historical trajectory (timing and sequencing) of reform debates since mid-1990s. Concentrating on the uses of Europe in the reforms implemented by the coalition and AKP governments, the research explores whether Europe is used in a cognitive, strategic or legitimizing way depending on the domestic actors' interest and coalition-building strategy in the reform process. The chapter specifically examines which national actors have been involved with what types of uses as well as the institutional constraints and partisan strategies.

Chapter V focuses on the social security reform in Turkey between 2003 and 2008 that involved the restructuring of pension and health care systems via the administrative unification of the social security institutions. The chapter first describes the social security system before the reform in order to expose the policy legacies that influenced the direction of the reform, particularly during the 1990's. The analysis examines the first phase of the reform initiated in 1999, and then attention turns how the social security reform process evolved since 2003 and examines the uses of Europe.

The *Conclusion* assesses the findings of the empirical research and the explanatory capability of the Uses of Europe approach. New ways of improving the explanatory capacity of the Uses of Europe approach will be discussed in the light of the empirical findings, by exploring other conceptual contributions of the neo-institutional framework.

Chapter I. Explaining Social Policy Change: From Endogenous and Exogenous Factors in a “Uses of Europe” Approach

This chapter focuses on explanations of social policy change put forward in the literature. This review aims to clarify and categorize existing theoretical explanations of the emergence, growth and change of social policies and welfare states. What factors can account for various social policies that states carry out?¹⁵ What drives welfare state development and reform trajectories?

I – Social policy change

The analysis builds on the literature regarding the determinants of social policy change in advanced industrial countries as well as in late-developing and transition countries. There are two broad types of explanation of change emphasized in the literature: endogenous and exogenous factors. These are reviewed. Then, relying mainly on neo-institutionalist analyses of policy change, I synthetically build the theoretical framework of this research, *Uses of Europe*.

I.a. Explaining social policy change with endogenous factors: From national economic development towards “politics matters”

The scholarly research in this category aims to understand the historical trends that trigger the emergence of social policies by emphasizing endogenous domestic factors akin to country specific contexts. Three approaches exist in the scholarly literature: a logic of industrialization perspective, power resource theory and neo-institutionalist explanation(s). Despite all explaining social policy change using domestic level variables, these explanations differ in their theoretical assumptions and the way that they consider the relationship between structures or institutions and actors.

¹⁵ While reviewing theoretical explanations of policy change, the term ‘reforms,’ which has become a more recurrent theme in politics of social policy, is used interchangeably with ‘change’ or ‘transformation’.

The logic of industrialization: Some of the earliest studies of the development and emergence of welfare states published found a close relationship between the level of economic development of a country and the emergence of its social programs (for an overview see Myles and Quadagno, 2002: 36). Scholars such as Cutright (1965) and Wilensky (1975), generally using quantitative analysis, argued that social programs and expenditures are a byproduct of economic development. As a functionalist perspective and a derivative of modernization theory (Munck, 2007), the main assumption of this approach is that economic development creates new economic and social risks and leads to the weakening of traditional support mechanisms such as extended families. In this logic of industrialization perspective, economic (industrialization and urbanization particularly) and demographic changes are the main triggers of social policy development and change.

The main conclusion of this literature is that countries will adopt similar social policies as they reach comparable levels of development. Variation in social provisions follows from the timing of modernization and industrialization. Accordingly the welfare state is an answer to the growing needs and problems developed through similar processes across countries with similar levels of economic development and capitalist industrialization (for an example see Flora and Heidenheimer, 1981: 38). In a less functionalist analysis, Haggard and Kaufman (2008) cluster countries according to their economic development and considering the level of industrialization and urbanization and measure the extent of welfare state development with social expenditure.

Although this functionalist approach is convincing in a broad sense, its critics argue that it fails to assess cross-national variation of social policy characteristics among countries that have similar level of economic development (Skocpol, 1992: 4-6). Moreover the levels of social expenditures do not approximate the qualitative cross-national differences between different policies in terms of coverage, conditions for entitlements, eligibility and targeting (Esping-Andersen, 1990: 19). Such critiques provoked, among other things, a turn to institutions.

The (neo) institutional approach: Research on institutions, with varying theoretical emphases, considers them as key explanatory factors in the development of welfare arrangements and policy change. The literature developed through rational choice institutionalism, sociological institutionalism and historical institutionalism that concentrate

on welfare state development and social policy change is extensive. Considering the scope of the research question of this study, this section will concentrate on the theoretical findings of the research on formal institutions and studies that adopted historical institutionalism in explaining social policy outcomes and policy change.

Looking at the development of early social policies, Skocpol and Amenta (1986: 147) and Skocpol (1992), for example, emphasize that limited social policy development in the United States is related to weak state capacity in the early 20th century; encompassing social programs could not be developed given relatively weak bureaucratic capacities. Nonetheless, certain social programs were developed towards specific interest groups because of the existence of particularistic and patronage politics.

To explain the variance across cases and why some countries have adopted distinctive forms of social policy, some authors prioritize the characteristics of formal institutional structures and rules in shaping welfare state development and social policies. For example, Immergut (1992) examines why distinctive and substantially very different health systems were developed in Sweden, France and Switzerland by focusing on constitutional arrangements in the three countries. For instance, the availability of referendums in Switzerland has allowed interest groups opposed to state intervention in health policy to block the implementation of legislation on national health systems and insurance. On the other hand, the power concentration in the executive branch in Sweden is the most salient factor to explain the development of its health service. Huber, Ragin and Stephens (1993: 741) also found a strong impact of constitutional structures (defined as the possibility of interest groups and minorities to block legislation or the capacity of majorities to pass legislation) on welfare state development and level of social expenditure.

A considerable literature has developed examining the impact of formal institutions for understanding policy differences, such as: the characteristics of the political regime (whether parliamentary or presidential); the form of democracy (majoritarian or consensus) (Huber et al. 1993; Lijphart, 1999); the type of legislature and its rules (Persson and Tabellini, 1999); the electoral system (proportional or majoritarian) (Iversen and Soskice, 2006); the presence of actors with vetoes (such as constitutional courts) (Tsebelis, 1995) and the division of power between different branches and the public administration in a state (Schmidt, 2006).

Bonoli (2001: 238) claims that institutional structures that allow power concentration

of the executive branch are more likely to allow the implementation of social policy priorities of the government, including cutbacks. Considering the constitutional rules and the existence and number of veto points and the electoral dynamics, he argues that the different levels of institutional power concentration when combined with the politics of social policy reforms are salient factors to explain recent social policy reforms. Bonoli examines this hypothesis in Britain with concentrated powers, France with an intermediate level of power concentration and Switzerland characterized by power fragmentation. He concludes (2001: 264) that “political institutions do matter, but in interaction with other factors ... [it] is impossible to make predictions of individual instances of policy outcomes solely on their basis.” Consequently, Bonoli’s work appears frequently as well in the next part of this section.

Recent research on the impact on institutions on welfare policies reveal how they condition power relations rather than predict outcomes (Häusermann, Picot and Geering, 2013). Such findings will be important for the analysis of social policy reforms in Turkey, and have led in this research to significant attention to constitutional and institutional forms.

Historical institutionalism has also developed a substantial body of literature that examines the roles of state actors within institutions.¹⁶ Early research by Hecló (1974) on the pension policies of Britain and Sweden emphasized the role of state administrative capacity and demonstrated the crucial importance of bureaucracies in the development of distinct policy responses. He drew attention to the intellectual ability of civil servants to ‘puzzle’ in the policy process. Hecló’s argument influenced Hall’s (1993) research on social learning and paradigm change, seeking to explain how new policy ideas become institutionalized (Hecló, 1994: 380-81). Jenson has also demonstrated that the shift towards an “investing-in-children” perspective in new public policies since the 1990’s in the Canadian context can be attributed to “a social-learning network made up of advocates and experts from civil society and inside the state” (2004: 169). Saint-Martin (2002) emphasizes the role of the expert groups and civil society actors in disseminating the scientific knowledge about the saliency of early childhood education during the emergence of the “investing in children” paradigm.

¹⁶ The main text on historical institutionalism is Thelen, Steinmo and Longstreth’s 1992 collection of *Structuring Politics: Historical Institutionalism in Comparative Perspective* where two specific theoretical orientations were declared: one focussed on mechanisms that trigger change and another that stresses ideational innovation and change within institutional settings (Thelen and Steinmo, 1992: 13-14).

Another major contribution of historical institutionalism has been to highlight how existing and inherited public policies affect the politics of social policymaking through a mechanism of policy feedback (Skocpol, 1992; Pierson, 1994). Pierson emphasizes that inherited policies create a group of beneficiaries. They shape the organizational structure and political goals of existing interest groups and create new groups of beneficiaries that are strongly attached to the existing policies and oppose major changes. For his part, Giuliano Bonoli (2003: 1015-16) argues that the policy paths of countries in the provision of labor market regulation reflect the specific character and legacy of state-society relationships at crucial moments in the development of the modern industrial economy:

“These initial decisions seem to have affected policy development to a significant extent, so that in subsequent instances of social instability, such as the interwar period or the recessions of the 1970s, countries have tended to rely predominantly on those instruments that were already in place. This pattern of policy development strictly follows the logic of path dependency. Decisions taken at a very early stage in the development of a policy lock countries into a given policy path. They do so by increasing the cost of shifting to alternative policy solutions, by creating incentive structures that encourage the different actors to remain within the established path, and by shaping normative views as to what are the appropriate policy instruments that are to be used in given circumstances.”

Focusing on the absence of change, scholars such as Pierson claimed that interests and institutions accounted for the stability and continuity they observed in social policy. For example, the interests groups and organizations that had formed around post-war social policies with policy feedback effects were able to block the spending cuts proposed by New Right governments of Reagan and Thatcher in the US and the UK in the 1980's (Pierson 1994: 8-9). The research on retrenchment¹⁷ focusing on the macro-analysis of spending on different programs such as old-age pensions or housing policy has argued that social programs and spending were not dismantled despite neo-liberal policy preferences and the political willingness of New Right governments (Pierson, 1994; Stephens, Huber and Ray, 1999).

Thus Pierson (2001: 414) emphasizes the institutional stickiness of the welfare state, with electoral barriers to reform. Others identify veto points, formal or informal, that reinforce

¹⁷ Pierson writes about 'new politics' because retrenchment is a distinctive process compared to the long phase of welfare state expansion (Pierson, 1998).

the existing policy arrangements (Bonoli, 2001; Tsebilis, 1995). Furthermore, in addition to veto points, Pierson (1994) evaluates how adaptations by organizations and individuals to previous policy arrangements that have large set-up costs lock-in institutions by creating increasing returns and learning effects among its beneficiaries. Pierson claimed that interests and institutions, as welfare states have created a set of beneficiary groups whose interests depend on those programs, contribute to “a dominant pattern of continuity in social policy” (1994:179).

Thus, endogenous dynamics of increasing returns and power asymmetries foster institutional inertia and path-dependence, thereby making far-reaching change electorally risky and highly unlikely (Pierson 1996a, 2001). These explanations based on path dependent processes have been used to account for the stability of Bismarckian welfare states (Palier, 2010). We see in such arguments a significant overlap between historical institutionalism and the “politics matters” analyses presented below.

A related but theoretically different concept of “policy legacy” is based as well on the premises of historical institutionalism. It treats the interaction of ideational foundation, interests and institutions.¹⁸ In the use of the original concept of policy legacy, Weir and Skocpol (1985: 119) built on Hecló’s description of policy making as an “historical process in which all actors build on and react against previous governmental efforts for dealing with the same or similar problems.” According to Weir and Skocpol (1985), policy legacies affected the development of ideas about policy, the formation of interest group demands and the

¹⁸ The interaction of ideas, interests and institutions is important for historical institutionalists such as Hall and Taylor (1998) for explaining the outcomes: “The attention that historical institutionalists have devoted to the role of ideas in politics provides them with a good basis for an increasingly sophisticated understanding of the relationship between structures and agents. Their advantage here is twofold. On the one hand, they are more willing than many rational choice analysts to acknowledge that exposure to new ideas can alter the basic, as well as the strategic, preferences of actors. They generally postulate actors with multiple preferences, often associated with manifold self-conceptions, such that the weights an actor assigns to particular preferences when choosing a course of action may be enacted by the way in which the relevant issue is defined... On the other hand, historical institutionalists also tend to embrace a more expansive conception of the kind of ideas that might matter to actors, ranging from information about the causal relations that govern the world and the likely behaviour of other actors (on which rational choice analysis often concentrates), to moral visions about what is good or just that speak to the self-identities of many political actors. These perspectives open historical institutionalism to a wide range of understandings about how the structure of ideas embodied in the institutions of a polity may affect individual action” (Hall and Taylor, 1998: 962). Hugh Hecló has insisted on the “codependency among ideas, institutions, and interests” not by giving priority to one or another type of variable, but by concentrating on the interrelationships of ideas, interests, and institutions (Hecló, 1994: 380). The interrelationship of ideas, interests and institutions is complex without the necessity of choosing type of factor as more fundamental than others (Hecló, 1994: 381).

development of policy coalitions around Keynesian ideas and policies in Sweden, Britain and the United States during the Great Depression. Their explanation of differentiated adoption of Keynesian economic ideas in Sweden, Britain and US was that they depended on the structures and policy legacies of the state which influenced the political orientations and capacities of conflicting parties and coalitions of social groups.

Policy legacy in this original formulation involves two aspects. Policy legacy is characterized by the established policy approaches for addressing the problems involved in one policy sector. Moreover it signifies the institutional mechanisms recurrent in public policy making. In terms of considering the possible effects of policy legacies, Denis Saint-Martin (2000: 31) argues that:

“Policy actors will be more or less predisposed towards policies; they will reject or support them depending on what they have learned from previous governmental efforts dealing with the same or similar problems. This learning process is never purely rational, contrary to what rational choice theorists argue, it is shaped by the practices, norms, and institutional context left by past policies.”

The concept of policy legacy fits within historical institutionalism and policy regime analysis but allows as well examination of particular conditions and the direction of institutional change while considering the historical characteristics and the evolution of institutional structures (Weir and Skocpol, 1985; Skocpol, 1995; Weir, 1992). It provides accounts of the ways how inherited policy structures shaped available reform options for policy makers. Therefore, contrary to a narrow version of historical institutionalist explanation based on path dependency, I will refer to theoretical concept of “policy legacy” based as well on the historical institutionalism’s emphasis on the interaction of ideas, interests and institutions.

Power resources and partisan politics: The third theoretical explanation of welfare state development and social policy change relies more on political factors, and is labeled in the literature as a “partisan politics” approach and/or a “power resources approach” (see Myles and Quadagno, 2002: 37). This third approach is based on the argument that the party politics shape social policy. Accordingly scholars such as Castles (1978) and Borg and Castles (1981) argue that partisan politics matters in explaining welfare state development. A related but also a different type of politics matters premise is represented by power resources approach that stresses the impact of social democratic or left-wing parties on welfare state emergence and

development (Stephens, 1979; Korpi, 1983; 1989). This very endogenous approach orients us to party politics, arguing that the mobilization of the working class and actors such as trade unions are key to understanding the demand side of welfare state and the strength of the labor movement and of left-wing parties are the key factors shaping different levels and models of social protection (Huber and Stephens, 2001; Stephens, 1979; Korpi, 1983; 2006; Esping-Andersen, 1990; 1985). The core concern of this approach and related literature is to explain variation of social policies across countries or groups of countries.¹⁹

Theoretical approaches adopting a “partisan politics matters” position emphasize the role of partisan competition between various political parties and interest groups in the institutionalization of welfare states. While different variants of the approach exist, a main contribution of all this literature is to demonstrate that history and politics matter in explaining the shape of social policies in different country contexts. Accordingly, the literature developed following this theoretical line has demonstrated that electoral competition and the balance of power among political parties, their relation with unions and business associations and their coalition-building strategies mediated by institutional rules of democratic decision making are the main determinant of social policy outcomes (Kitschelt, 2003). The claim is that concentrating on the politics played out within the institutional rules provides empirically grounded theoretical insights (Bonoli, 2001; Kitschelt, 2001).

This approach, emphasizing partisan and interest group politics, has been applied to the retrenchment and cost-containment of the 1990’s and 2000’s. These studies emphasize that governments have multiple goals of policy-seeking, vote-seeking and office-seeking (Natali and Rhodes, 2004). These multiple goals can have contradictory consequences as governments aim to implement certain policies but they also want to maximize their vote and increase their chances of staying in office. Accordingly governments develop “blame avoidance” and “credit claiming” practices in order to balance these multiple goals (Bonoli and Natali, 2012).

For example, Pierson (1996a: 143-144) argues that the new politics is different because

¹⁹ A recent version of power resources approach is provided by Iversen and Stephens (2008), based on institutionalism’s assumptions and related to the Varieties of Capitalism approach. Their notion of welfare production regime involves combining a power resources approach with a Varieties of Capitalism research agenda. It seeks to explain the variation in labor regulation in different production regimes and its institutionalization. It is, however, inadequate for specifying the conditions of change and different related political dynamics.

“welfare state retrenchment generally requires elected officials to pursue unpopular policies that must withstand the scrutiny of both voters and well-entrenched networks of interest groups.” According to Pierson (1996a: 179), the reforms of social programs in mature welfare states are characterized by governments’ strategies of blame-avoidance (drawing on Weaver, 1986), as most of the voters are stakeholders of social insurance schemes. Pierson (1994: 19-24) emphasizes three main strategies to cope with the political blame: obfuscation, division and compensation.

Considering pension reform, “obfuscation” constitutes one of the main means of the governments to introduce reforms by obscuring or hiding the negative consequences of the reforms. Accordingly governments make changes in technical parameters in a less obvious way rather than cutting directly the benefits such as in the case of pension indexation. Another strategy of governments to introduce pension reforms suggested by Pierson (1996a) is “division,” where governments would prefer to set up changes to influence a small segment of the population rather than the all beneficiaries or a large segment of the electorate. Pierson (2001: 411) emphasizes that “major policy reform is a political process dependent on the mobilization of political resources sufficient to overcome organized opponents and other barriers to change.”

Other researchers have examined the same challenges to reform and strategies that fragment the interests of recipients. For instance Bonoli and Palier (2007) argue that pension reforms in Europe have involved long phase-out periods without affecting current pension beneficiaries, thereby lowering their opposition while the changes are designed to influence future generations. Palier and Thelen (2010) argue that reforms of employment legislation did not involve the benefits of the core workers but introduced flexible type of contracts for young workers without social security coverage, deepening the divide between insiders and outsiders in the labor market.

Other researchers emphasize the role of framing arguments, by which governments convince voters of the necessity of the reforms by justifying implementation as cost containment reforms. For example, according to Green-Pedersen (2002), with a justification of the reforms as necessary for long-term sustainability of the system, governments were able to reduce opposition to reforms among political parties and among unions and employer associations. Other scholars such as Hering (2004) and Vis and van Kersbergen (2007) also

argue that policy leaders with certain preferences for reforms deployed a strong discourse on the need and unavoidability of cost-cutting reforms and could change the perception of the public. A similar line of argument is represented by Fiona Ross (2000), who argues that voters perceive that certain political parties have ownership of certain issues and policy domains linked to the configuration of the political party system. Voters do not perceive similar reforms introduced by left or right-wing political parties in the same way, thereby allowing social democratic political parties more political room to introduce cost-cutting reforms.

In addition, the politics of social policy reform in the last two decades have been characterized sometimes by involvement of other actors than political parties. Bonoli (2000: 38) has emphasized that pension reforms in continental European countries involved bargaining and negotiations between political and corporatist actors that were more important than the political process between the political parties. As a compensation strategy, governments can combine different goals to satisfy different group interests in specific ways. The research especially on the pension reforms in the Bismarckian welfare states demonstrates that policy-makers are not only “vote seekers” acting in the electoral arena but they also act in the corporatist arena engaging in negotiations and bargaining with labor unions whose roles are decisive in the success or failure in implementing the reform projects (Natali and Rhodes, 2004).²⁰ Accordingly governments act as a “creative opportunist” in setting the compensation of unions during the reform process (Natali and Rhodes, 2004: 9).

Recent research on the politics of social policy reforms also reveals credit-claiming strategies followed by governments. Governments can use social policy reforms as an opportunity for credit-claiming, intended to provide them with electoral gains. For instance, increasing the scope of the public protection system to include self-employed as well as workers with atypical contracts have been recurrent in Continental and Southern European countries (Bridgen and Meyer, 2007), allowing policy-makers to argue for increasing the equity and efficiency of the system. In this regard, the policy initiatives involving equality and adequateness dimensions have been paramount for credit claiming by governments that were

²⁰ For instance, Natali and Rhodes (2004) indicate that the 1995 reform of pensions in Italy involved compensation of trade unions that increased their organizational power. In France, the pension reform excluded the public sector pension, keeping intact their entitlement levels (Palier, 2005). Schludi (2005; 2008) has found that during the reform of pensions in Germany, governments have made several concessions to trade unions in order to ease their opposition.

able to bargain with labor unions that have a priority of balancing the gains and benefits of different occupational groups as well as gaining more institutional power in the Continental and Southern European countries (Natali and Rhodes, 2004: 26). For Jonah Levy (1999: 240-241), governments introduced reforms by adopting a strategy of turning “vice into virtue”²¹ by reallocating resources towards the needy sectors or the poor in a less costly manner without increasing overall spending. Doing so, they can claim credit for addressing social risks.

Finally, some authors emphasize the change in risk structures as a source of reform. The last decade has witnessed two novel policy developments in Europe and beyond: measures towards activation and human capital development in employment policies and policies and programs supporting parents to reconcile work and family life (Bonoli and Natali, 2012; Jenson, 2010a). These new responses are related to a certain extent to the emergence of new social risks with the socio-economic and demographic changes of post-industrialization (Bonoli, 2006). But there is also a partisan dimension to account for these reforms. Kananen et al. (2006) have found for example that public support for activation in labor market policy is highly supported by German, British and Swedish electorates. Electoral competition involved credit claiming for the modernization and reorientation of their welfare states (Bonoli and Natali, 2012).²² Another dimension is the enactment of measures towards investing in children (Jenson, 2009; Jenson and Saint-Martin, 2006; Esping-Andersen *et al.*, 2002) in order to maximize their chances of succeeding in education and in the labor market. The 2004 reforms of childcare in Germany exemplify a successful credit-claiming strategy by the coalition government of Social Democrats and Greens that invested in 200,000 subsidized childcare facilities addressing regional differences in the number of care facilities as well as the insufficiency of childcare facilities. This policy was continued by the Christian Democratic (CDU) government. Although surprising giving Christian Democrats’ past commitment to a male breadwinner model, Seeleib-Kaiser (2010: 421) argues that by framing the issues in

²¹ Levy (1999: 240) explains that this practice can involve “redistributing income toward the poor without increasing public spending; improving the functioning of the economy without reducing benefits to the truly needy; and facilitating (through side-payments) the negotiation of far-reaching, tripartite social pacts to redesign basic parameters of welfare, labor market, and fiscal policy. In other words, inherited welfare vices can be manipulated so as to soften or even obviate the supposedly ineluctable trade-off between efficiency and equity”.

²² For Bonoli (2012: 105), the Labour Party in Britain in the 1990’s and 2000’s under the leadership of Tony Blair, the Rasmussen governments in Denmark from 1994 to 2001 and the Dutch government of Wim Kok from 1994 to 2002 exemplify how governments have introduced activation reforms for credit-claiming and electoral reasons.

relation to changing socio-economic structures and by arguing the economic benefits of family policy reforms in terms of human capital input and enabling women, CDU modernizers and leadership managed to create a coalition of various actors and to convince political parties, including the fractions inside of the party. This provided in return a considerable credit-claiming opportunity.

According to Seeleib-Kaiser (2010: 425), the underlying factors that oriented the Christian Democrats to grasp modernization reforms lay in the electoral dynamics, aiming to gain female voters. The German reform process for family policy again demonstrates how governments can act as a creative opportunist. Accordingly the explanation of reforms lies on the strategies developed by governments and political parties in the context of political competition rather than belonging to party families or their position on the right-left continuum. This insight will be important for my analysis of Turkey.

Following the New Politics literature, the above explanations mainly focus on blame avoidance or credit claiming developed by vote seeking governments and the political elites that calculate the cost and benefit of the policy preferences in terms of electoral politics and that involve various struggles and bargains with societal actors such as unions or business associations.²³ The focus on the executive branch is also relevant, however, to address the question of how politically costly social policy reforms may occur.

Herbert Kitschelt (2001) investigated the factors that influence vote and office-seeking governments' decisions to introduce unpopular social policy reforms. He emphasized the dynamic of competitive party democracy and the configuration of party systems. Accordingly, taking Germany, Sweden, Netherlands and Japan as cases of retrenchment during the 1980's and 1990's, Kitschelt looked to different configurations of party competition and found that governments that were not facing serious competitions in the upcoming election (whether right or left-wing governments) were able to introduce cutbacks without fearing electoral punishment.

Following Skocpol's (1992) argument about the historical development of social policies in US, Julia Lynch (2006) argued that a programmatic mode of party competition and

²³ A further way of explaining governments' and political parties' positioning on reforms is based on research conducted on changing electoral constituencies driving preference formation regarding social policy reforms (Häusermann, 2010; Rueda, 2007).

particularistic competition have different consequences for the actions of parties once in government. According to Lynch, a programmatic mode of party competition exists where parties are supposed to promote certain policy programs such as universal coverage intended to evolve towards citizenship based policies. Lynch (2006) emphasizes the impact of the state capacity in shaping a transformation towards more universal and citizenship based policies. On the other hand, particularistic competition targeting incentives for certain occupational groups orient governments to establish occupational based welfare policies. Emphasizing as well the relevance of party competition on social policy development and reforms, Georg Picot (2009; 2012) argues that the social policy preferences of parties are driven by the appeal of attracting crucial groups of voters. According to Picot (2012), the configuration of the party system is decisive in orienting social policy preferences of the parties. Polarized party systems where the competition is centrifugal, leads parties to focus on voters in the extreme poles in political space and in non-polarized party systems where the competition is centripetal competition, parties are more concentrated on the median voter in the center of the political spectrum. Picot examines the historical development of unemployment benefits in Italy and Germany and found that these two types of party competition as centrifugal and centripetal have diverse consequences leading to the development of programmatic and comprehensive policies in Germany and to fragmented and occupationally based policies in the case of Italy.

The above literature on political competition orients us to focus on strategies of political parties grounded on the political party system and taking into account the context of competition (whether particularistic or programmatic) in explaining preference formation of political parties.²⁴

Also looking at the preference formation of governments and political parties, some

²⁴ These observations have led some authors to examine cleavage patterns (Häusermann, Picot and Geering, 2013: 10). Although Lipset and Rokkan (1967) argue that the main cleavage shaping political party systems since the Second World War was a left-right one based on socio-economic conflict, more recent work describes cleavage structures related to historical processes in each country's context (Manow, 2009). This means the existence of additional cleavages such urban-rural, church-state or along ethnic and linguistic lines can interact with the socio-economic cleavage. Through a macro analysis, Ferrera (2005) argues that the prevalence of multiple cleavages on ethnic, linguistic, religious lines combined with ideological polarization to orient the development of rather fragmented and occupationally based welfare policies where the overarching existence of socio-economic cleavage is conducive towards more universal welfare policies. The research on the links between cleavage structures, political party systems and welfare policies rest upon on macro level generalizations rather than more on the institutional level analysis of specific social policy developments, however.

authors emphasize changes in the electoral constituencies of political parties (Häusermann, Picot and Geering, 2013; Häusermann, 2010; Kriesi, 1998). These studies examine empirically the link assumed by the power resource approach between the constituencies of political parties and their policy positions. They demonstrate that since the 1970's and 1980's there have been changes and new alignments in the characteristics of core constituencies supporting left and right-wing political parties. Accordingly the main constituencies of left-wing parties have changed from the typical industrial worker towards highly skilled workers including women working in the service sector (Häusermann, 2010). On the other hand, considering cultural changes, working class voters tend to support more traditionalist and nationalist policies promoting anti-immigration policies in line with populist right political parties (Kriesi et al., 2008). Häusermann (2010) argues that these changes in electoral constituencies are reflected in the preference formation of political parties and unintended social policy preferences regarding the reforms can be explained because they represent different societal groups.

This literature on changing constituencies of political parties is informative about novel realignments but does not adequately address the ways by which these demand side changes were translated into social policy preference formation. Considering the growing literature, it is important to deliberate on the ways this research will benefit from these findings while also clarifying the limits.

This thesis is in line with the assumption that “politics matters” to understand the social policy reforms. This review of the scholarly literature on endogenous factors demonstrates various theoretical orientations to assess social policy change and reforms in this line of inquiry. I have tried to categorize this rich and large literature according to the main focus of each theoretical approach considering also different variants developed in the last two decades. Accordingly the theoretical framework will build on the findings of New Politics literature that sheds light on the government strategies characterized either by blame avoidance such as obfuscation, division, compensation, justification or credit claiming and creative opportunism in introducing costly social policy reforms.

During this review, moreover, I have voiced various issues and questions considering the main arguments of each theoretical approach rather than directly refuting or criticizing their main findings. As I have emphasized in the Introduction, this rich literature has important

implications for empirical research on social policy reforms in Turkey. Accordingly, my argument will make use of the findings of the “politics matters” literature emphasizing government strategies and political competition as well as integrating the conclusions of those who stress institutional rules and veto points. While oriented towards explaining change, it will also consider policy legacies, as a theoretical concept helping to understand how past policy choices and structures influence change in public policies by limiting policy options.

All of this has so far, however, only considered domestic politics or the endogenous sources of policy change. More is needed.

I.b. Explaining social policy change with exogenous factors: From international constraints to Europeanization

Here the focus moves to literature on the diffusion of public policies by conceptualizing exogenous mechanisms of policy change. It takes the review provided by Dobbin et al. (2007) as an organizing framework. They propose four theoretical perspectives and related literature: competition theories emphasizing the role of international pressures and constraints in orienting policy change; coercion theories that emphasize the conditionality of international financial institutions and organizations in offering rewards or threatening sanctions in return for policy change; constructivist theories emphasizing the role of epistemic communities and international organizations tracing the diffusion of norms; and social learning theories for which policy change is related to an internal process of learning from an actor’s own experience or from the experience of others. In this section the goal is to consider how these theoretical approaches are related to the Europeanization literature and the processes of European enlargement.

The review will follow these four approaches but will concentrate primarily on research and studies of social policy and welfare states. By doing so, the overview will ultimately identify three factors important for orienting the theoretical framework of this research: conditionality imposed by various international organizations (IO) (the external incentives model); the role of epistemic communities and international organizations in the diffusion of norms; and social learning mechanisms.

Globalization and social policy: One set of explanations focusing on exogenous

factors in social policy change examines how economic globalization pressures welfare states in developed and developing countries. Glatzer and Rueschemeyer (2005: 5-7) identify two competing hypothesis to theoretically explain the link between globalization and pressures on welfare states. First, globalization puts large welfare states under pressure, forcing social spending down in order to free up resources for raising the international competitiveness of domestic producers (the ‘efficiency’ hypothesis). The contrary claim sees economic internationalization as leading to more social spending because of dislocations, tensions and conflicts arising out of greater global economic interdependencies (the ‘compensation’ hypothesis). Dobbin et al. (2007) classify these arguments among competition theories, which argue that countries, competing for attracting global capital and keeping exports attractive, have to implement market-friendly or what are often labeled neo-liberal policies (see also Strange, 1996; Scharpf and Schmidt, 2000). In a similar vein, research adopting the race to bottom hypothesis argues that developing countries need to adopt market-oriented policies and limit and shape their social protection (Rudra, 2008).

Comparative research on welfare states has insisted either that international constraints lead to market-oriented policy responses in different country settings or that distinct national paths are developed due to institutional development over time and the constellation of interests at the domestic level in response to international economic pressures or globalization. Analysis along this line rests understanding how institutional and economic structures in the national context are constrained by international economic pressures, which force adjustments in the welfare state and employment structures.²⁵ This argument has been reflected in proposals that European integration has influenced social policies of welfare states primarily via the market-deepening with the completion of the Single Market and the implementation of the European Monetary Union (EMU).²⁶ Scharpf (2002) has framed the indirect effects of European economic integration on the social policies of member states as negative integration. In this regard, the EMU has been described as the main mechanism involving competitive devaluation of national standards (Falkner, 2006). The Single European Act, EMU and

²⁵ Such as Sykes, Palier, and Prior (2001).

²⁶ There is a large literature on the EMU discussing whether it has institutionalized neoliberalism and monetarism in the EU (for example Dyson, 2000; McNamara, 1998; Verdun, 2000).

Maastricht during 1980s and 1990s have oriented scholars to emphasize that member states are constrained (Ross, 1998a) and have become semi-sovereign in their social policy decisions (Leibfried and Pierson 1995).

Nonetheless, the identification of constellations of production and distribution regimes became the key to the abandonment of any convergence hypothesis in favor of systematic divergence (Esping-Anderson 1990; Hall and Soskice 2001; Huber and Stephens 2001; Kitschelt et al 1999). Analysis of welfare regimes or studies focusing on Varieties of Capitalism and production regimes focus on the historical legacies of the earlier policy choices at the national level in welfare provision. Emphasizing the role of domestic political institutions, for example Swank (2002) has argued that they mitigate the pressures for retrenchment of social policies initiated by international globalization. His research demonstrates that the impact of international capital mobility is associated with retrenchment in the 1980's and 1990's only in countries with pluralist, majoritarian and fragmented political systems and it was in liberal welfare states where the coalition of producers and center-right parties with a neo-liberal agenda were successful. On the other hand, capital mobility had a more mixed consequence on social protection in conservative welfare states where corporatism, centralized states and consensual decision-making mechanisms in coordinated economies (Swank, 2002; 2003).

Following similar theoretical premises, the research on late developers and on East Asia, Latin America and in post-communist Eastern Europe (Gough et al., 2004; Gough and McGregor, 2007; Haggard and Kaufmann, 2008; Rudra, 2007; Barrientos, 2004; 2009; Segura-Ubierno, 2007) has focused on how legacies and characters of welfare regimes condition the social policy reforms under the pressure of international economic forces. Turkey has also been examined in this way (for example, Buğra and Adar, 2008; Öniş and Fikret, 2009). These authors have argued that Turkey's encounter with economic globalization since the 1980's has undermined the welfare state's capacity and the patchy institutional framework of social security. In a similar line of inquiry, Rudra (2007) focused on 32 less developed countries (LDCs) to emphasize the systematic divergence among their social policy regimes. She emphasized a path dependent development of welfare regimes in developing world as "the initial choice of development strategy and complementary welfare policies

create distributional coalitions, which thereafter have a vested interest in maintaining existing institutions and reinforcing them” (Rudra 2007: 391).

The social policy regimes of developing countries are described as having hybrid characteristics, combining a welfare regime and informal security (Gough et al., 2004; Barrientos, 2004). Accordingly these countries have developed distinct patterns of welfare regimes characterized as “immature” (Gough, 2004) due to their conditions of late development, as well as different paths of democratization (Mares and Carnes 2009; Rudra, 2007; Deacon, 2007). Thus convergence under pressure from exogenous factors seems limited (Glatzer and Rueschemeyer, 2005: 215):

“The actual trajectories of social policy development will rely primarily on conditions within countries. Welfare states are in the first instance shaped by the wealth of nations, by state-economy relations and power relations within countries. If these factors are fundamentally changed by international openness of the economy, we should expect fundamental changes in social welfare policy.”

This line of research on the change of social policies in advanced capitalist countries and the developing world has based explanation on the impact of international constraints either in the form of globalization or changing economic structures (Mishra, 1999; Rhodes and Mény, 1998) or on the distinct national responses developed due to the historical institutional legacies (Ferrera and Rhodes, 2000; Skyes, Palier and Prior, 2001) adopting theoretical premises of neo-institutionalism. Although this literature provides rich theoretical and empirical findings, it generally downplays any “politics” shaping the transformations of social policies, which might have come from the intertwining of domestic, supranational and international processes and the involvement of diverse political and social actors (Hassenteufel and Palier, 2001: 24). Therefore this was a limited theoretical understanding of social policy change in Europe without analyzing how domestic, supranational and international factors interwoven.

For their part, scholarly analyses of comparative social policy and European dynamics have insisted on “recalibration”, “redesign”, “modernization” and “retrenchment” to explain and describe the change of welfare states in Europe while considering international pressures of globalization, supranational dynamics of European integration and domestic dynamics of demographic and societal changes (Esping-Andersen and Palier, 2008; Ferrera, 2008 and

2005; Hemerijck, 2007; Ferrera, Hemerijck and Rhodes, 2004; Taylor-Gooby, 2004; Jenson and Sineau, 2001; Huber and Stephens, 2001; Pierson, 2001). Recently, Guiliano Bonoli and David Natali (2012: 301) indicate that the trend in Europe is towards the formation “a new welfare state” following three directions of change: less emphasis on income replacement; more emphasis on labor market participation and activation; and new investment in human capital. These changes are the result of three interconnected processes: cost-containment, re-commodification and re-calibration.

The power of conditionality: Another set of factors emphasized by this literature is the impact of conditions set by international organizations (IOs) such as the IMF or World Bank or supranational organizations such as the EU. Conditionality refers to the use of stipulated obligations, either economic or political reforms, as a prerequisite for obtaining economic aid, debt relief, most-favored nation treatment, access to subsidized credit, or membership in regional or global organizations (Schmitter, 1996). The early research on conditionality focused primarily on IMF and World Bank structural adjustment loans (Collier et al., 1997). Countries in need of financial assistance in economic crisis or having difficulty to finance adequately through financial markets have benefited especially from IMF loans that were made conditional on economic reforms (Vreeland, 2003; Deacon, 2007; Orenstein 2005). In addition, scholars argue that powerful countries shaped the IMF’s conditionality and policy priorities, imposing neo-liberal economic policy prescriptions on others (Vreeland, 2007).

Recent research has also focused on the factors that influence the efficiency of conditionality, arguing that due to domestic factors such as lack of political will (Vreeland, 2003, 2007; Cordella and Dell’Ariccia, 2002) or weak institutional capacity, borrowing countries often do not comply with IMF conditionality. Moreover research has also argued that World Bank as an international organization is different in its use of conditionality while insisting on the ownership of programs due its specific organizational structure (Barnett and Finnemore, 2004; Deacon, 2007; Mosley, Noorbakhsh, Paloni, 2004).²⁷

²⁷ It is worth noting that the ILO and OECD are involved as well with social policy. Historically the ILO has been active in establishing global rules and norms on social protection including the labor codes and has considered social policy and related expenditures as a means of fostering social cohesion (Deacon, 2007). The ILO has used its capacity to recommend to effect policy steering in specific countries (Armingeon and Beyeler, 2004). The OECD provides policy prescriptions to influence social policies of its member states but does not have the power to impose conditions (Marcussen, 2004; Kildal, 2009; Mahon, 2009).

Research on European enlargement has characterized conditionality as the main mechanism under which the EU influence candidate states for membership.²⁸ In this regard, the EU has been the most significant organization that insists on conditions regarding political reforms and it has developed a proactive policy of conditionality explicitly focused on the promotion of democracy in the states that strive for membership. The EU's approach to candidates, developed during the last enlargement, was founded on asymmetry of power, objectivity and conditionality while the Copenhagen criteria have evolved as the key policy tool (Schimmelfennig, 2012; Dimitrova, 2011: 222).

Scholars such as Schimmelfennig and Sedelmeier (2005) and Falkner and Treib (2008) have argued that during the pre-accession process, the adaptation performance of the candidates can be explained by an external incentives model based on the benefits offered by the EU for rule adoption. This is a rationalist bargaining model where the actors are supposed to be acting as utility maximizers in order to improve their power and welfare. Other studies adopting constructivist theoretical premises of social learning or soft mechanisms such as Kubicek (2003) have argued another channel of influence other than external incentives model.

For scholars that focus on the impact of the EU on the social policy developments of the candidate states, this is an interactive process comprising different adaptive pressures of international institutions with domestic actors and structures rather than a direct institutional impact, such as requiring the adaptation of a European social policy model or compliance with EU norms (Deacon, 2001; Lendvai, 2004). In this regard, empirical research on how Europe can influence the transformation of a candidate state can enrich this line of questioning as there is a lack of research on the new social policy regime emerging with candidacy and accession (Lendvai, 2004: 319). In fact, concentrating on how the European Union can shape social policy choices in candidate countries can clarify the generalization of “international constraints”²⁹ that the transnationalization³⁰ of social policy literature insists upon (Deacon et al., 1997: 3-7).

²⁸ It is only since the 2008 crisis that the IMF has imposed conditionality on member states of the EU (Ross, 2011).

²⁹ There is no single definition or explanation of international constraints but it is defined as a combination of processes including international economic pressure arising from structural economic changes since the 1970's

Accordingly I will survey below the findings of the large literature on EU enlargement and conditionality while reweaving it with the Europeanization literature. Furthermore I will discuss the specific link between EU candidacy and social policy reforms in the review of Europeanization literature considering the findings of the research on the impact of EU membership process on candidate states' social policy.

Consensus and learning approaches: Constructivist theories emphasize the consensual mechanisms and processes of policy diffusion (Dobbin et al., 2007: 450). On the one hand research following world polity institutionalism argues global cultural models orient all countries toward the adoption of common objectives, forms, and practices (Goodman and Jinks, 2003: 1757). Policy-makers adhere to worldwide cultural frames, including the institutional features of modern societies without considering their relative positions in the world economy or their domestic characteristics. Accordingly the advice and policy proposals offered by international organizations can spread not because they are imposed on countries but because they are accepted and considered as modern.

Thomas and Meyer (1984: 476) indicate that social security programs spread in this way from European countries towards developing countries. Although world polity institutionalism can describe historically the spread of macro policy frames, it fails to specify the specific mechanism of diffusion and it does not explain the divergence between different country contexts despite the transmission of the similar policies (Skocpol and Amenta, 1986: 147).

economic crisis; the institutional rules and norms promoted by Bretton Woods institutions such as IMF and World Bank; or economic globalization (Rhodes, 2000). There is a tendency to consider EU integration as a part of the economic globalization process (Cerny, 1996; Axtmann, 1998) and use the concepts interchangeably in the literature. This can lead to confusion and overgeneralization. Ross (1998b) and Graziano (2003) clarify the interrelation between globalization and Europeanization. For instance, Ross (1998b: 180) argues that during the 1980's and 1990's, the Single Market, European Monetary Union or Maastricht are not so much the result of globalization but a contributory factor to globalization itself: "For a variety of reasons, European leaders have pursued a course of action which has simulated what globalization is claimed to be doing everywhere within the continental boundaries of the EU...putting the structural constraints on what national governments can do."

³⁰ The concept of transnationalization refers here to the growing role played by diverse forms of interactions between domestic and external actors in defining the direction and the content of the evolution of domestic institutions and policies (Bruszt and Holzhaecker, 2009: 3). This research follows a similar line of inquiry with the literature especially on the transnationalization of rule transfer through EU enlargement (Schimmelfennig and Sedelmeir, 2005 and Vachudova, 2005), and considering the interaction of European and domestic levels and actors in influencing the rule transfer. The Uses of Europe approach is a specific theoretical approach to understanding the transnationalization of policy making.

Nonetheless, a similar line of analysis has been adopted by constructivist scholars in the field of International Relations that focuses especially on the relationship of international organizations and states (Finnemore, 1996; Finnemore and Sikkink, 2008; Ruggie, 1998). For instance, Finnemore (1996) argues that international organizations may orient states to adopt new policy goals, by documenting that UNESCO convinced 75 states from 1955 to 1975 to adopt science bureaucracies.

As Dobbin et al. (2007: 452) emphasize, constructivist approaches try to explain how the social acceptance of public policies can occur among various countries. The theoretical puzzle is to explain the ways the countries are willing to adopt public policy frames: either following leading countries or accepting the norms promoted by a group of experts. Scholars emphasize also the diffusion of ideas where policy makers derive ideas around public policy experience of different countries either in the light of the new information that expert networks is providing or by taking example the successful cases of leading countries. One source of social acceptance could be a leading country's public policies and their success in setting an example for the others to follow. An example is the leadership of Germany in influencing the EU's economic and financial policies (Garrett and Weingast, 1993; Ross, 2011).

Another source of social acceptance could be the role of experts or epistemic communities in demonstrating the effects of a new policy. An epistemic community is a "network of professionals with recognized expertise and competence in a particular domain and an authoritative claim to policy-relevant knowledge" (Haas, 1992: 3). An epistemic community can be supported and created in an institutionalized form by international organizations. For instance, Armingeon and Beyeler (2004) demonstrate how the OECD has formed an international network of economists working with the national governments providing ideas and information in the fields of economic and social policies for their member states. The role of epistemic communities that provide scientific information and comparable data on various policy fields can explain why public policies have spread to states in all levels of development. Scholars working on EU integration have explicitly adopted the concept. Verdun (1999: 320–2) emphasizes the importance of the Delors Committee in shaping the framework of the European Monetary Union (EMU), despite the existence of diverging national interest of member states. Concerning the policy orientations towards social inclusion and child poverty, Jenson (2010b) demonstrates the role played by the epistemic community

composed of researchers and anti-poverty NGOs and governmental agencies in disseminating new information and indicators through institutionalized processes with the Lisbon strategy. Natali (2008: 205) has also argued that the Open Method of Coordination (OMC) in pensions and healthcare via specialized committees has allowed the involvement of technical experts. Schäfer (2006: 81) indicates that the EU's OMC and the surveillance and persuasion mechanisms of the OECD exemplify the use of scientific knowledge to influence public policy development of member states.

Another non-coercive explanation of policy diffusion and exogenous source of policy change comes from learning approaches (already described). Following Hall (1993), Saint-Martin (2002) argues that social learning does not occur only endogenously, meaning through the intellectual and scientific activities of bureaucrats and public institutions, but may encompass exogenous learning mechanisms with the involvement of networks of national and international experts and actors. Civil society may also have a transnational character, as exemplified in Saint-Martin's research on the emergence of public policies focusing on investing in children in Canada and Great Britain during the 1990's.

In line with constructivist approaches on the importance of ideational factors in public policy change, Dobbin et al. (2007: 450) indicate that "learning theorists point to rational, observational deduction vicariously from experiences of others". The policy transfer literature (Dolowitz and Marsh, 1996) and research on lesson-drawing (Rose, 1993) insisted that learning does not occur only internally in bureaucratic structures but also new information from the environment, including the experiences of other countries, international organizations, and epistemic communities, can be a source of learning. Following the same logic, another source of acceptance of public policies could be socio-cultural linkages between peer countries, established either by experts or policy-makers. The most common example is the link between in public policy diffusion or mimicking between Britain and the United States (Rose, 1993). Jenson (2010a), while documenting the emergence of social investment perspective in social policy and demonstrating its diffusion across Latin America and Europe, emphasizes the role played by networks of international agencies, governments, experts, intellectuals and NGOs. Anton Hemerijck (2007: 4) underlines various learning processes during the recalibration of European welfare states, stating that:

“The reform experience over the past two decades was primarily built on processes of domestic (crisis induced) lesson drawing. The intensity and the great variety of cross-national social and economic policy redirection, bring out the learning capacities of European welfare states. In addition, increasingly cross-national social learning in the context of the European Union has moved to the forefront. The EU, as a national boundary spanning institution, provides an additional vital exploratory policy space, inhabited by agents who learn and constantly apply lessons from sharing domestic experience and EU social and economic policy coordination for cross-national agenda setting.”

The increasing use of the Open Method of Coordination (OMC) since 2000 and the enlargement of the EU have oriented scholarly attention to examine the mechanisms and conditions for diffusion. Research on OMCs shows coordination of policies and governance based on the assumption of mutual policy learning in policy areas where the EU has limited legislative power (Hartlapp, 2009; de la Porte and Pochet, 2012). Research on European integration and Europeanization reveals horizontal processes such as OMC and the European Employment Strategy (EES) that include a logic of benchmarking, networking and learning through the involvement of European-level technical experts with the participation of national policy-makers (Pasquier and Radaelli, 2007; Natali, 2009: 815). Jacobsson and Johansson (2009) argue that OMC has oriented the reframing of national policy thinking with the incorporation of EU concepts and categories in new Member States.

In EU enlargement studies, scholars adopting constructivist or sociological institutionalism approaches have also argued that the rule transfer of candidate states can follow social learning or lesson-drawing explanations through socialization (Coppieters et al. 2004; Kelley 2004; Kubicek 2003; Schimmelfennig and Sedelmeier, 2005). According to the social learning model based on a logic of appropriateness, if a government identifies with the EU and it expresses its commitment to European values and norms and considers these rules as legitimate, the likelihood of rule adoption increases (Sedelmeier, 2011). The social learning explanation of rule adoption by candidate states considers two paths of influence that could work together: one pathway of impact can be channeled following intergovernmental interaction and other one is through transnational channel with the involvement of societal actors. Schimmelfennig and Sedelmeier (2005) suggest also a third model, lesson drawing, which emphasizes the voluntary transfer of rules by non-member states as a response to the domestic dissatisfaction. The lesson drawing model differs from the other two models through

its focus on the adoption of EU rules as induced by the non-members themselves rather than the activities of the EU. According to the lesson drawing model, policy makers in non-member states can choose to adopt the EU rules when they face particular problems with existing policies and can perceive them as solutions to their problems either through an instrumental calculation or as they found appropriate to follow EU solutions.

The literature on exogenous factors accounting for the diffusion of public policies emphasizes: international constraints and pressures related to changing economic context orienting change within states; the impact of international organizations via conditionality; the role of epistemic communities; and non-coercive mechanisms of diffusion through social learning. I have reviewed the findings and the theoretical frameworks of the above-mentioned studies on the diffusion of public policies. Accordingly I have voiced various issues and questions considering the main arguments of each theoretical approach rather than directly refuting or criticizing their main findings.

The theoretical framework, Uses of Europe, depends on having an analysis of the exogenous factors that trigger public policy change. In contrast to the literature on international constraints and pressures related to globalization, however, the concepts retained from this literature pay more attention to approaches that stress the role of epistemic communities and learning, although conditionality in the accession process can not be ignored. The Uses of Europe approach is theoretically in line with the findings of the research on conditionality considering the compliance of candidate states with EU membership conditions, on the role of epistemic communities and on social learning, the latter two insisting on non-coercive mechanisms for rule adoption by candidate states. The review of the Europeanization literature will demonstrate the relevance of adopting a Uses of Europe approach for the empirical research because it can bridge exogenous (the EU accession process) and endogenous (domestic politics) accounts of social policy reforms.

II. Europeanization: Towards Uses of Europe

The literature on the transformative impact of the EU that has come to be referred as a Europeanization research agenda and generated much academic research beginning in the 1990's by examining the impact of European integration on domestic politics and policies (Ladrech, 1994; Cowles, Caporaso and Risse, 2001; Börzel and Risse, 2003; Featherstone and

Radaelli, 2003; Eilstrup-Sangiovanni, 2006).

Europeanization has developed theoretically in parallel to other sub-fields in political science, namely comparative politics and international relations.³¹ Kevin Featherstone indicates that Europeanization has been used with four meanings in the literature: as a historical process; as cultural diffusion; as a process of institutional adaptation; and as the adaptation of policy and policy processes (Featherstone, 2003: 6). In this section of the chapter, I will limit my discussion to recent applications of Europeanization as a process of institutional adaptation and the adaptation of policy and policy processes, while prioritizing neo-institutionalist approaches (Jenson and Mérand, 2010; Featherstone, 2003: 2-3).

It is important to emphasize that the first generation of Europeanization research insisted upon modeling the impact of adaptive pressures coming from the EU (Mény, Muller and Quermonne, 1996; Goetz and Hix, 2000; Cowles, Caparoso and Risse, 2001). These studies conceptualized domestic policy adjustments related to fit-misfit between EU policies, legislation and directives and domestic policies and legislation, expecting a certain level of convergence or harmonization. This first generation of Europeanization studies concentrated on the process of national adjustment to the EU, although they differed over which factors explain better the policy change in the process of adjustment. Claims were made for the primacy of EU pressures, of “fit-misfit” between EU-level policies and national policy legacies and preferences, and of actors’ problem-solving capacity in a given political-institutional setting (see Héritier 2001; Cowles, Caporaso and Risse, 2001; Featherstone and Radaelli, 2003). Recent research has expanded attention to Europeanization into the candidate states, analyzing the role of the EU in policy changes occurring in the accession process (Schimmelfennig and Sedelmeier 2005).

The Europeanization research agenda from its start has been shaped by definitional

³¹ There are two important intellectual sources of Europeanization studies: Gourevitch’s (1978) second image reversed argument and Putnam’s (1988) two-level games. On the one hand, Gourevitch focused on the domestic characteristics of states as the primary determinant of foreign policy, examining the impact of the international system – the distribution of power among states and the economic opportunities offered by the global system – on domestic political structures and domestic politics. On the other hand, Putnam examined the interactions of domestic and international politics during diplomatic negotiations using the case of 1978 Bonn Accord between United States, Japan and West Germany. According to his claim, a negotiation at the international level takes place simultaneously with negotiation at the domestic level. The two-level approach recognizes the inevitability of domestic conflict on the definition of national interest and accepts that domestic and international imperatives are simultaneously constructed through win sets.

debates (Radaelli, 2003). Definitional debates are important as they provide theoretical affinity (Pasquier and Radaelli, 2007) and prevent concept stretching (Radaelli, 2003). Considering two variants of institutionalism in Europeanization studies (sociological and historical institutionalism), this study adopts Radaelli's encompassing definition of Europeanization. It takes into account the formal and informal rules and the cognitive dimension of public policies, giving the analyst the opportunity to include elements that cannot be defined as direct adaptational pressures. According to the definition of Radaelli (2003: 30):

“Europeanization deals with the impact of the European Union on domestic policy, politics, and policies. It refers to processes of (a) construction (b) diffusion and (c) institutionalisation of formal and informal rules, procedures, policy paradigms, styles, ‘ways of doing things’ and shared beliefs and norms which are first defined and consolidated in EU processes and then incorporated in the logic of domestic discourse, identities, political structures and public policies.”

II.a. Neo-institutionalism and the Europeanization research agenda

There are strong connections between neo-institutionalism and the Europeanization research agenda (Goetz and Hix, 2000) reflecting the institutionalist turn in political science. Neo-institutionalism is characterized by three variants (rational choice institutionalism; historical institutionalism; sociological institutionalism) (Hall and Taylor, 1998) each with a distinctive set of hypotheses and insights about Europeanization. The theoretical framework established so far in this research has made extensive use of the premises of historical institutionalism for explaining the emergence of the welfare state and change in social policies. In this section the aim is to clarify the link between historical and sociological institutionalism and Europeanization following recent theoretical developments in the field (Stone Sweet, Sandholtz and Fligstein, 2001; Jacquot and Woll, 2003; Bulmer et al., 2007; Salgado and Woll, 2004; Pasquier, 2005; Jenson and Mérand, 2010; Woll and Jacquot, 2010, Mérand, 2011).

This does not mean that rational choice institutionalism is refuted; we have already decided that formal institutions and veto-points are theoretically salient to understand domestic change. Moreover the literature review on Europeanization will refer to studies that adopt rational-choice institutionalist premises, which provide important findings on Europeanization. Nonetheless, we find certain problems in rational choice institutionalism based on modeling the impact of goodness of fit arguments for Europeanization, assumptions

about actors' preferences and interests, and considering institutions as pay-off matrixes (Jenson and Mérand, 2010) for responding to the research question at hand. The main themes drawn from sociological and historical institutionalisms' treatment of Europeanization relate to the role of actors and the conceptualization of the impact of the EU on the domestic level.

Because the European political space constitutes “the most densely institutionalized international organization in the world” (Pollack, 2004: 137), the understanding of Europeanization is often grounded in neo-institutionalism's theoretical agenda (Stone Sweet, Sandholtz and Fligstein, 2001: 3), an important aspect of this institutionalization is “the polity creating” aspect of the EU. It is a multi-level polity, with subnational, national and supranational actors interacting in complex ways (Hooghe and Marks, 2001). Accordingly an important aspect of institutionalization in the EU is the political space that exists for actors that are not only constrained by rules but also provided with opportunities.³² This reflects a more sociological understanding of the agency-structure issue (Jenson and Mérand, 2010; Woll and Jacquot, 2010).

This perspective on institutionalization at the EU level prioritizes the interactive process between actors and institutions (Mérand, 2011). As Pasquier and Radaelli (2007: 38) emphasize “domestic actors are at the same time filters and users of European norms and rules,” re-appropriating rules and norms to implement their own policies (Pasquier, 2005). According to Woll and Jacquot (2010: 113), their sociological perspective considers the EU as an institutional source providing ideational and tangible resources where actors can seize them and use them strategically:

“The debate that emerged under the heading ‘Europeanization’ goes beyond the study of how supranational institutions exert adaptive pressures: it also asks what the relationship is between institutions and individual actors, how much agency remains, and how institutions evolve. To move beyond the misfit model to study not just institutional constraints, but also informal politics and the cognitive dimension of multi-level policymaking allows understanding of instances of

³² For example, examining an area in which there was no European competence (family policy) George Ross (2001) found that the EU Commission and European Court of Justice were able to generate some policy competencies in family policy and childcare during 1980's and 1990's, pushing towards harmonization among member states. This was accomplished through the political work of European institutions and policy entrepreneurs despite the lack of constitutional competences and the opposition of certain member states. This research orients us to consider in a more dynamic way the impact of the EU emphasizing complex processes of policy making in the densely institutionalized EU environment with the involvement of various European institutions and non-governmental actors without only evaluating the policy outcomes.

deliberate policy changes in the absence of adaptive pressures. The European Union can become a vector of change by providing new resources, references and policy frames, which national policy actors use strategically. It therefore becomes crucial to understand what motivates these different strategies and to study the action of individual participants in the policy process. This ties EU studies to fundamental questions of institutionalist analysis and raises important epistemological and methodological issues, in particular by shedding light on the tensions between structure and agency or continuity and change.”

The above studies propose a different theoretical understanding for actors’ intention and social interactions than one based on rational choice institutionalism’s explanation relying on cost-benefit calculations and strategic action built upon by the logic of consequences or constructivist arguments on norms and identities and social action shaped by the logic of appropriateness (Saurugger and Mérand, 2010). A number of other studies reject any binary modeling of strategic action and social interaction. According to Woll (2008), Woll and Jacquot (2010) and Jenson and Mérand (2010), interests and preferences should not be treated as given. What needs to be analyzed is how the interaction of actors in an institutionalized environment combined with their cognitive and normative frames and social representations on the issues at hand shape the formation of their interests and positioning them towards others.

In line with this sociological approach to Europeanization, Mérand (2011: 182) suggests a focus on practices and to observe what actors do rather than to presuppose their preference or analyze the institutional configuration. This involves considering that actors react to each other in any policy process and adopt their practices according to the sequence of events. Furthermore Mérand emphasizes that actors are also creative with policies, can reshape the preset goals in the policymaking process and transform them while implementing policy. Concentrating on the practices of the actors is an important insight for the Uses of Europe approach and for the empirical research of this thesis.

Frameworks drawing on historical institutionalism in Europeanization research tend to find that variation in the acceptance and transposition of EU norms by candidate countries is explained by distinct national traditions and the path-dependent nature of domestic institutions and policies (Jacoby, 2004; Vachudova, 2005). This insight has led to conceptualizing the impact of the accession process on candidate states through resonance or historical legacies

(Schimmelfenning and Sedelmeier, 2005).³³ Such analyses lead us to consider the timing and the temporal context of the relationship between the EU and the domestic level taking into account the historical legacies in analyzing the impact of Europe.

This research will examine policy legacies of domestic policies and politics to assess the ways the EU has an impact in the social policy reforms in Turkey.

II.b. What is the link between Europeanization and welfare state transformation? Diverse theoretical angles and varying empirical findings

The impact of the EU on transformations in the social policy sectors of pensions, health and social protection in member states was treated as marginal and neglected in the literature until 2000's (Hassenteufel and Palier, 2001: 23). On the one hand studies emphasized the lack of competence of the EU in the main domains of social policy (Kvist, 2004: 302; Hantrais, 2000; Scharpf, 2002; Streeck, 1995). On the other hand, the source of any impact was considered to be confined to the market deepening of European integration with the completion of the Single Market and the implementation of the European Monetary Union (EMU).

Empirical research on the enlargement of the EU towards Southern European countries (Spain, Portugal and Greece) and on the Eastern enlargement has contradictory findings, without agreeing to what effect, to what extent and how the EU can influence social policy. Guillén, Alvarez and Adao (2003) analyze comparatively how the accession and membership to the EU has influenced the redesign of Spanish and Portuguese welfare states through direct (conditionality, economic and financial pressures, and EU directives and *acquis*) and indirect (policy recommendations and models, ideas, discourse and problem definitions) channels. They document considerable approximation to EU standards in the redesign of Spanish and Portuguese welfare states, in terms of quantitative indicators of social expenditures and qualitative indicators of social policy program designs in the field of social protection, labor insertion policies, social services, healthcare and vocational training. Guillén, Alvarez and

³³ There are various studies drawing on historical institutionalism in an effort to understand temporal aspects of European integration, including phenomena such as feedback effects, lock-ins, and path-dependence (Pierson 1996b; Armstrong and Bulmer 1998) but they focus on institutionalization at the EU level rather than Europeanization at the domestic level of member and candidate states.

Adao (2003) found that domestic factors were most significant in the redesign of Spanish and Portuguese welfare states, without downplaying the role of accession in shaping those domestic level factors. Accordingly the EU's membership conditions and the directives have influenced the procedural aspect of reforms. The authors argue that the indirect or soft influence of EU recommendations on social policy have exercised even more substantive impact on the reforms than direct influences, especially considering the cognitive dimension of core-policy beliefs and problem definitions. In a similar way, Guillén and Alvarez (2004: 298) have focused on the EU's impact on the Spanish welfare state and argue that "becoming a member of such a supranational institution has had a significant effect on the evolution of identities and attitudes towards social policy and in the perception of social problems." Guillén, Alvarez and Adao (2003: 263) emphasize the close connection between the redesign of the welfare state in Spain and the democratization process, indicating that "in Spain, the amelioration and expansion of social protection systems was made synonymous with democratic modernization." The accession of the Southern European countries to the EU has been defined as an important factor in explaining the evolution towards more universal and right-based social policies through "cognitive Europeanization" in the restructuring of welfare regimes of these countries (Guillén, Alvarez and Adao, 2003; Guillén and Alvarez, 2004).

However the research on Eastern enlargement is less conclusive about the impact of EU membership on the transformation of social policies and welfare states and contrary to optimistic expectations (de la Porte and Deacon, 2004; Ghelab and Vaughan-Whitehead, 2003; Ferge, 2002; Ferge and Tausz, 2001). De la Porte and Deacon (2004: 122) focused on how far "the EU's external dimension of social policy has had an impact on social policy reform in Lithuania when it was a candidate for EU membership". They found that the impact of the EU was minimal, as the main programs to support social policy reforms and to enhance the institutional capacities were not appropriately designed for the candidate countries. They conclude that the EU's main instruments, the Pologne-Hongrie, Aide à la reconstruction économique (PHARE) programs, had a rather weak effect on social policy changes of accession countries during the Eastern enlargement. In a similar vein, Ferge (2001) analyzes the Accession Country Reports for 10 countries during the Eastern enlargement and found that social policy has been minimally addressed in the Commission reports. Falkner and Treib (2008) evaluated the compliance of certain accession countries with the social dimension of

the *acquis communautaire* as weak. Other research suggests that the IMF and World Bank have been more influential actors in shaping the reform process in post-communist countries, with their structural economic policy reform agenda (Deacon et al., 1997; Ferge and Tausz, 2002; Fenger, 2007).

Overall the conclusion seems to be that European level had little or no influence on the recent transformations of welfare states in Central and Eastern Europe, and reference to EU integration or European policies seems unnecessary for an understanding of welfare state changes (Fenger, 2007; Ferge, 2001). However, this reasoning usually stands on an assumption that if European integration or European policies had any influence on national welfare reforms, there should be some convergence of the welfare systems. As we will see, other assumptions are possible.

Ana Guillén and Bruno Palier (2004: 207) argue that the impact of the EU on social policy developments in new member states can take four possible directions: it might lead to a liberalization of social Europe; it can lead to a “market without regulation” scenario; it could lead to efforts to catch-up with old member states; or it could lead to a “race to the bottom” scenario which would concern both old and new members and would be the consequence of the refusal of existing members to provide the necessary means for the development of the new ones and the application of a strategy of competitive social-dumping and social-devaluation.

Guillén and Palier’s theoretical approach opens the door to treating Europeanization and welfare state transformation as a puzzle. They direct us back then to the discussions of kinds of change (for example retrenchment, recalibration and so on) already discussed above. They also direct us forward towards consideration of the literature, developed within an actor-centered form of neo-institutionalism, on the Uses of Europe approach.

II.c. Europeanization becomes the “Uses of Europe”

The EU offers various resources that cannot be solely theoretically conceptualized as legally binding formal rules and regulations. The impact of the EU on the social policy developments of the candidate states is better framed as an interactive process comprising different adaptive pressures of international institutions with domestic actors and structures, such as requiring the adoption of a version of the European social policy model or the

compliance with the EU conditions on social policy.

A set of analyses that undertake a dynamic understanding on how the EU plays a part in shaping national measures of reform is suggested by Zeitlin (2009). This study examines how the proposals and targets of the OMC are interpreted in the reforms rather than looking on a top-down manner on EU directives. Their conclusion is that the process of Open Method of Coordination (OMC) and the European Employment Strategy (EES) did not lead to convergence of European welfare states nor did social and employment policies stay on frozen paths either. Rather, these policy initiatives have led to “continuous emergence of new forms of practical diversity through the creative adaptation of common European principles and policy approaches by domestic actors to suit their distinct circumstances” (Zeitlin, 2009: 234). Zeitlin emphasizes that the most important mechanism of OMC influence on national social and employment policies operates through creative appropriation by domestic actors (Zeitlin, 2009: 231). Other studies point to actors at the national level using OMC processes, European concepts, objectives, guidelines, targets, indicators, performance comparisons and recommendations as a selective amplifier (Visser, 2005) leading to a leverage effect (Erhel et al. 2005), that is as a resource for their own purposes.

Such a focus on interaction and cognitive factors, informs the Europeanization research agenda suggested by Paolo Graziano, Sophie Jacquot and Bruno Palier (2011), known as the Uses of Europe approach. They focus on where, what and how national actors deploy EU resources, references, and developments as a strategic device for their own strategies within the dynamics of national reforms. This is not, therefore, a top-down approach looking for the direct impact of Europe imposed by the EU institutions with hard law or directives. An important aspect of Graziano, Jacquot and Palier’s (2011: 6) theoretical framework is the way that they conceptualize theoretically and methodologically the interaction of the national and European level in explaining welfare state change:

“It can not easily be contested that the evolution of welfare states and their reform can be understood and explained primarily looking at the national level: the origins, the timing, the actors, the political and social conflicts, the specific measures vary from one country to the other, even from one sector to another, and have national traits and specificities that can not be ignored. Hence, it is quite difficult to argue that any national reform in the main areas of welfare (unemployment insurance, employment policies, pension and health care policies, care policies, etc.) has been implemented in any given European country because it

was imposed by European institutions. Any attempt to look at the Europeanization of welfare reforms with this top down perspective and type of question (is Europe the cause of national welfare reforms?) will have hard times in seeing any strong influence of the EU. As it is well known, there has been no hard law, no directives in the ‘traditional’ fields of the welfare state (with the exception of vocational training and other employment sub-policy fields), and in the literature limited empirical evidence for direct EU influence on national welfare reforms can be found.”

This approach has been developed to respond to the question “How does the EU matter?” This is a key puzzle in the Europeanization literature (Woll and Jacquot, 2010: 117). As an analytical and theoretical tool, the Uses of Europe approach focuses on particular resources such as legal, financial, institutional, political and cognitive provided by the European integration process and the intersection of supranational and national level with the involvement of various types of actors in the policy process. This approach orients us to examine “the interaction between European integration and its effects on the domestic level” (Woll and Jacquot, 2010: 117).

Originally Jacquot and Woll (2003: 9) defined the notion of using Europe as a set of social practices by national actors who seize the EU as a set of institutional, ideological, political or organizational opportunities. European integration and the EU institutional structures provide national actors with legal resources such as directives, budgetary resources such as the Instrument for Pre-accession Assistance, cognitive resources such as policy frames, political resources such as blame avoidance arguments, or constraints such as the Maastricht criteria of the EMU. These can be deployed in processes of national policy-making.

However Woll and Jacquot (2010: 116) also emphasize that “resources and constraints are a necessary but not sufficient condition for strategic behavior. They are only a contextual element that usages are based on; actors intentionally transform them into political practices in order to reach their goals.” Jacquot (2008: 21) argues that the Uses of Europe approach can be applied to welfare state reforms and she conceptualizes the EU’s policies, developments, and decisions as institutional, ideological, political or organizational resources providing opportunities for domestic actors.

Caune, Jacquot and Palier (2011) suggest that five different types of resources are supplied by the EU and may be deployed in national processes of social policy making: legal

(treaties, directives, case law from the Court of Justice); financial (European Funds); institutional (European foundations, observatories, committees, agencies); political (European Council decisions); cognitive (guidelines, statements, White Papers). It is an analytical way of conceptualizing EU social policy interventions in fields such as free movement of workers, health and safety at work, equal treatment, employment, social inclusion, pensions and health as resources that have ideational, interest and institutional based character.³⁴

Considering the EU's approach to social and employment policies, these arguments are convincing that it is more helpful to consider EU resources in a multi-level governance system rather than to expect a European Social Model to be imposed on all member states and leading to convergence on social policy and employment policy fields.

The Uses of Europe approach focuses on the type of influence that the EU exerts, but does so by linking national reforms with European developments and tracing the uses of EU resources at the domestic level. A key dimension to understand the relationship between Europeanization and policy change and to analyze the meaning of a reform is "the political work of actors" (Graziano, Jacquot and Palier, 2011: 13). Jacquot suggests that concentrating on practices, and thus on use, and on actors permits concentrating on political action or political work and on the substance of political relations (Jacquot, 2008: 22).

This dissertation examines how the actors use the European norms, opportunities, constraints, rules, and discourse as resources to advance their agenda or interests. Following this theoretical perspective, we will first describe and categorize the various resources supplied during the EU membership process on the social policy domain for Turkey. On the specific analysis of social policy reforms, we will concentrate on the different uses of these resources by Turkish actors who seized them and transformed them.

Woll and Jacquot argue that three types of uses of Europe are prevalent in the actions of domestic actors: cognitive use, strategic use and legitimizing use. They aim to create encompassing typologies of uses that could be employed in the analysis of various policy domains as well of various reform processes. Cognitive use refers to "the understanding and

³⁴ The five types of EU resources include legally binding regulations and financial resources, in line with rationalist and formal institutionalism; the construction and definition of EU norms and rules by indirect, soft and cognitive means, in line with constructivist institutionalism; political resources for the national level, in line with historical institutionalism.

interpretation of a political subject where these ideas supplied by the EU institutions and integration serve as a persuasion mechanism” (Woll and Jacquot, 2010: 116). This involves communication of ideas and expertise through argumentation, framing and problem building; and it is mostly observed in the framing phase of the policy cycle and reform process engendering definition of problems and articulation of policy alternatives.

Strategic use refers to the use of European resources by national actors for specific and defined goals, aiming to influence policy decision or to increase actors’ access to the policy or reform process. Accordingly, strategic use can serve to aggregate interests for building coalitions for specific policy reforms involving the use of institutional, legal and budgetary resources mainly by ministerial and bureaucratic actors. They claim that such uses usually occur in the middle of the policy process (Woll and Jacquot, 2010: 116).

Legitimizing uses include cognitive and strategic elements that take place when political decisions need to be transmitted to the public. They legitimize political choices by communicating implicitly or explicitly the image of “Europe” as a model and source of good practices. There may also be constraints such as those attributed to the accession conditions or Maastricht criteria used to justify decisions (Woll and Jacquot, 2010). These uses are deployed at the end of the policy process where the practices of blame avoidance and credit claiming may be used by governments. The complex set of blame avoidance practices such as obfuscation, compensation and division and credit claiming practices can be employed by actors in order to increase political and social credibility and consensus for reforms, whether promised or implemented.

The extent of and capacity for using Europe is not confined only to governments; it is important to analyze how domestic actors including opposition political parties, labor unions and employer organizations are involved with uses of European resources for power enhancement purposes in national politics (Jacquot, 2008; Graziano, Jacquot and Palier, 2011: 11). Considering various domestic actors’ uses of Europe either in the parliamentary arena, such as government and opposition political parties, in the corporatist arena, such as union confederations, business associations, or in the bureaucratic arena will give better accounts of the role played by EU resources in the social policy reform process.

Focusing on the Turkish labor law reform (2003), restructuring of the employment agency (2003) and social security reform (from 2006 to 2008), this research framework will

allow me to disentangle how various political, legal, cognitive, and budgetary EU resources are used by domestic actors during the transformation of institutional and political settings of social policies.

III. Enriching the Uses of Europe approach: Mobilizing theoretical tools from the literature on exogenous and endogenous dynamic of welfare state change

I propose to adopt the Uses of Europe approach as a better way of understanding Europeanization than theoretical approaches focused on fit-misfit, compliance, or other top-down conceptualizations. This approach provides a dynamic understanding of the impact of the EU by focusing on the domestic actors' use of various European resources. The approach grew out of neo-institutionalism.

The approach uses both deductive and inductive theoretical reasoning. Accordingly Graziano, Jacquot and Palier (2011) argue that it is more likely that EU policies and institutions will be considered seriously and constitute a fundamental motivation of and point of reference for the political behavior of national actors if a country is under scrutiny by the EU. This orients us to look at various EU resources and their evolution depending on the institutional and accession context.

The first research hypothesis is concerned with general political context and relationship of each country with Europe indicated by the elite's attitude and public opinion towards EU. The causal assumptions are the following: if elites and public opinion are in favor of Europe, we expect to observe positive and explicit uses of Europe with major changes in the social policy field examined. If both elites and public opinion are Eurosceptic, it is expected that there is either no use of Europe or a denial of any use. This implies that limited or no EU-driven policy change may exist in some social policy fields. Graziano, Jacquot and Palier (2011) argue that there could be mixed combinations in-between these two ends of the continuum.

The second research hypothesis proposed by Graziano, Jacquot and Palier (2011: 8) relates the amount and type of EU resources to the institutional relationship between a country and EU. This involves examining the following research hypothesis: a candidate country will

be subject to more scrutiny by the EU institutions with the evolution of the institutional relationship when there would be more resources available for domestic reforms. Accordingly it is important to understand how EU resources change and uses evolve with the changing institutional relationship between Turkey and EU. The examination of this research hypothesis aims to identify specific resources as legal, financial, institutional, political and cognitive linked to social policies and welfare state in Turkey and their evolution in time.

Accordingly both hypotheses orient us to examine the contextual elements that are the necessary conditions for various uses of Europe. Considerable political and public support for the EU and adequate EU resources in a domestic context are “contextual elements that usages are based on; actors intentionally transform them into political practices in order to reach their goals” (Woll and Jacquot, 2010: 116).

Yet, the Uses of Europe approach provides mainly a descriptive explanation of the context in which cognitive, strategic and legitimizing uses of European resources by domestic actors as an answer to the “when” research question about the impact of the EU. It does not specifically address why or how a certain type of use of Europe is adopted by specific domestic actors in a policy sector. Although it develops theoretical explanations of the context for uses of Europe via these two research hypotheses, it is less informative about the process (why and how) of social policy reforms related to the uses of Europe.

My goal in this research is, then, to deepen and enrich the explanatory power of the Uses of Europe approach by mobilizing theoretical tools and concepts developed in the welfare state change literature drawing on the findings of the research on formal institutions, partisan politics and policy legacies.

My claim is that it is also important to analyze the strategic behavior of actors in using EU resources in the reforms process in more detail, moving beyond the context of the institutional relationship between the actors of a member state or candidate country and the EU.

Therefore, beyond examining the two hypotheses put forward by the originators of the approach, the following proposition will be examined inductively by my case studies: *Whether Europe is used in a cognitive, strategic or legitimizing way depends on the domestic actors' interest and coalition-building strategies in the reform process rather than on the stage of policy change.*

The findings of institutionalist analysis of social policy by Bonoli (2001) for example, uncovered the constitutional rules of law making and the existence of veto points that shape the power concentration or fragmentation of the executive branch allowing the implementation of its social policy priorities. Such an institutionalist analysis can shed light on the timing of the reform process and can clarify the institutional conditions for policy change that are necessary conditions for implementing reforms. When the institutional conditions are characterized by a large parliamentary majority that allows high power concentration for the executive branch, governments may bargain more in the corporatist arena rather than with opposition parties, developing strategies to communicate policy choices to the electorate that could include various uses of Europe. It is also important to consider veto points such as Constitutional Courts or the Presidency that could influence the strategies of governments, opposition political parties and other actors and their uses of Europe.

Acknowledging that politics matters, it is important to analyze the context of party competition and the strategies by governments, political parties and domestic actors. The social policy reforms under empirical scrutiny in this research (labor regulation reform in 2003, restructuring of the employment agency in 2003 and social security reform in 2008) were introduced by the AKP government that has positioned itself as “reformer”. By analyzing the context of political competition, this research will discuss first the dynamics of party competition in terms of “programmatic” and “particularistic” character, as related to right and left on the political spectrum. This will be complemented by focusing on political competition on the Turkish political spectrum between “conservative globalists” and “defensive nationalists” in the last decade that help to understand the AKP government’s approach to EU and its uses of Europe despite its conservative roots in the Turkish political context. This analysis tries to understand as well as the social policy preference of the AKP by looking to certain electoral and social group bases.

Following the New Politics literature, it is important to analyze the blame avoidance or credit claiming practices of governments and the political elite that calculate the cost and benefit of the policy preferences in terms of electoral politics and involved into various struggles and bargains with corporatist actors such as unions or business associations. Whether uses of Europe are part of blame avoidance or credit claiming practices can have different consequences for the reform process, the content of the reforms and its consequences for

policy change. Even the discursive uses of the European political resources by governmental actors can allow legitimizing the reform. Opposition political parties and other domestic actors can also use Europe in order to rhetorically entrap the governments in the EU membership process. Moreover the uses of European budgetary, legal and cognitive resources by state actors and agencies can have more long-term consequences with the introduction of new problem definitions and the institutionalization of new policy instruments and frames. Accordingly the question of who is involved with the uses of Europe is also crucial to answer in order make sense of the consequences of using Europe.

The concept of policy legacy fits within historical institutionalism and policy regime analysis but allows as well assessment of particular conditions and the direction of institutional change while considering the historical characteristics and the evolution of institutional structures. This will allow documentation of how inherited policy structures have shaped available reform options for policy makers.

In line with this theoretical adjustment of the Uses of Europe approach, the next two chapters present the institutional configuration from which the two reforms emerged and the resources available to all actors during the accession process to the European Union.

Chapter II. The Timing of the Reforms: Institutional Conditions for Policy Change and the Political Context of Using Europe

This chapter addresses the institutional factors and political context that conditioned the timing and implementation of the social policy reforms, making them possible to be implemented only after 2001. Although reforms in these areas had been on the agenda in Turkey since the mid-1990's, the coalition governments did not successfully pass modernization reforms of social security, employment agency and labor law during those years (Boratav and Özüğurlu, 2006; Yakut-Çakar, 2007). The analysis of institutional factors and political context can shed light on this puzzle, both on the reasons for the lack of reforms in the 1990's and why they took place after 2001.

According to the institutionalist explanations of social policy change presented in Chapter I (Bonoli, 2001; Huber et al. 1993; Lijphart, 1999), institutional structures that allow power concentration of the executive branches are more likely to enable implementation of social policy priorities of a government. Constitutional rules can concentrate power in the hands of the executive as well as establishing veto points. The 1982 Turkish Constitution set such parameters, including veto points that could block legislation proposed by the executive as well as laws passed by the parliament. Such institutional parameters set the necessary or minimum conditions for policy change and public policy reforms.

Relying on the description of the institutional configuration is not, of course, synonymous with conceptualizing the direct effect of institutional design on policy outcomes (Bonoli, 2001: 264). It is also important to understand the conjuncture shaping the strategies of actors in the political and institutional configuration. Therefore this chapter examines partisan politics and party competition that has shaped the social policy developments from the late 1980's to 1990's, in order to characterize the relationship between electoral politics, political parties and their social policy preferences.

Finally, Graziano, Jacquot and Palier (2011) argue that the national elite's attitudes towards Europe and public opinion about EU influence the uses of Europe. Thus, these are

also documented in order to understand the political context of Turkey's relationship with the EU. These contextual elements set the necessary conditions for using Europe in various ways (Woll and Jacquot, 2010: 116).

Overall, this chapter provides the information needed to understand the content and sequencing of social policy making in Turkey, via an analysis of the institutional configuration, the characteristics and political orientation of the domestic political actors, and the state of opinion of key actors and the public.

I. The institutional context of Turkish social policy making: The constitutional framework and veto points

This section examines the constitutional framework and veto points that were established by the 1982 Constitution that set the parameters for power concentration or fragmentation of governments. This will provide an understanding of the strength and influence of institutional parameters in the process of social policy reforms, including the balance of power between the presidency, National Security Council, executive, parliament.

A new political regime was institutionalized with the 1982 Constitution set in place by the military junta in power between 1980 and 1983. This Constitution entrenched the legacy of a very strong state tradition, reflecting the particularities of Turkey's modernization experience.³⁵ The full consequences of the 1980 coup d'État and the related historical process cannot be covered in this section, but a brief overview of the historical background with relevant institutional and political changes in this period will be provided.

The coup on 12 September 1980 and the resulting military regime aimed to establish order and security, via the National Security Council³⁶ (NSC) and writing a new Constitution to replace that of 1961 (Özbudun, 2011: 26).³⁷ The Constitution was prepared by the NSC and

³⁵ On Turkey's state tradition and modernization experience, see Bozdoğan and Kasaba (1997).

³⁶ The National Security Council (NSC) was an advisory body created under the 1961 Constitution and composed of certain ministers and the highest-ranking commanders of the armed forces. This composition gave the military a legitimate role in the formulation of national security policies.

³⁷ One of the main rationales for the coup d'État given by generals (such as General Kenan Evren) was the high level of civil violence between different ideological fractions on the right and left, which had killed over 5,000 people and injured nearly 20,000 from 1977 to 1979 (Jacoby, 2004).

by a Constituent Assembly whose members were selected by the NSC. No political party members were represented in the Assembly, as these individuals were banned from politics by law.³⁸

The 1982 Constitution instituted major changes compare to 1961 Constitution. The President of the Republic was assigned substantive powers. Compared to the 1961 Constitution, the President acquired new powers such as appointing high-court judges³⁹ and university administrators⁴⁰, instructing the State Supervisory Council to carry out inquiries, investigations and inspections and gained an executive role (Çarkoğlu and Kalaycıoğlu, 2009: 1; Özbudun and Gençkaya, 2009: 21).

With the 1982 Constitution, the executive branch and the Council of Ministers also gained power in its relation with the parliament (Çarkoğlu and Kalaycıoğlu, 2009). Furthermore decrees, which had the force of law and had been used very rarely and only under exceptional circumstances for bypassing parliamentary control until the 1982 Constitution, became an institutionalized practice. Only after the decree was adopted and implemented, it was subject to legislative review and judiciary process.⁴¹ This modification allowed the executive branch more room to increase the pace and scope of reforms and institutional changes.

Another important characteristic of the 1982 Constitution is the institutionalization of the National Security Council (NSC), where the military members held a majority. The NSC became more tightly linked to the government. The Prime Minister and Ministers were members and NSC decisions were required to be considered by the Council of Ministers

³⁸ The 1982 Constitution was ratified in a constitutional referendum combined with the election as President of General Kenan Evren. These campaigns were conducted under political bans enforced by the military regime. There were several undemocratic practices in the ratification of the 1982 Constitution. The military regime allowed only a one-sided and pro-Constitution campaign, conducted by General Kenan Evren, the head of state and president of the NSC. Moreover the military regime had announced that a no vote in the referendum would mean the continuation of the status quo indefinitely. In the end, 91.37% of referendum voters accepted the Constitution.

³⁹ The President of the Republic had the power to appoint the judges of the Constitutional Court.

⁴⁰ The President was given substantive power to appoint the president and members of the Council of Higher Education, an institution established by the 1982 Constitution.

⁴¹ By virtue of Article 91, the Council of Ministers could adopt decrees having the force of law. However, fundamental rights, individual rights and duties encompassed by the First and Second Chapter of the Second Part of the Constitution, and political rights and duties listed in the Fourth Chapter cannot be regulated, amended or abolished by these types of decrees, except during periods of martial law and states of emergency. Decrees with the force of law enter into force on the day of their publication in the Official Gazette.

(Yücel, 2002; Cizre-Sakallıoğlu, 1997).⁴² The Constitution assigned to the Constitutional Court and the State Security Courts⁴³ the role of protecting the integrity of the state, law and order, and the national interest, including the principles of Kemalism. The Parliamentary Election Act of 1983 and related Law on Political Parties set several legal restrictions on the establishment of political parties, especially on the return of banned politicians and political parties, and introduced a 10% threshold of votes received for a political party to be represented in parliament (Çarkoğlu and Kalaycıoğlu, 2009). The electoral system was based on the d'Hondt method of proportional representation. The 1982 Constitution also restricted the freedom of association curbing the legal rights of civil society institutions such as trade unions, professional organizations or voluntary associations.

The legislative process institutionalized by the 1982 Constitution established a parliamentary system of government with a unicameral Turkish Grand National Assembly (*Türkiye Büyük Millet Meclisi*, TBMM) with 550 members⁴⁴ elected for a five-year term (Sayarı and Esmer, 2002). The Prime Minister needs to be a member of parliament and the President asks the leader of the party with the largest number of elected members to establish a government.⁴⁵ The Prime Minister nominates ministers for the cabinet that must be approved by a simple majority vote of confidence by the TBMM.⁴⁶ In the case of no clear majority party in the TBMM, a coalition is negotiated among several parties.⁴⁷

The TBMM's main task is to enact legislation by debating, amending and passing bills. The parliamentary procedure to pass legislative bills is based on the vote of a simple majority of the MPs attending the parliamentary assembly with a minimum attendance of one fourth of the 550 members.

⁴² The General-Secretariat of NSC had gained extensive executive power and the Secretary-General was a high-ranking military person until constitutional changes in 2003.

⁴³ The establishment of State Security Courts followed from a constitutional amendment in the aftermath of the 1971 coup.

⁴⁴ Through a constitutional amendment, the number of TBMM members increased from 400 to 450 in 1987; and following a constitutional change, the number of parliamentarians increased from 450 to 550 in 1995 (Özbudun, 2011: 27).

⁴⁵ The parliament can supervise and scrutinize the Council of Ministers and the Prime Minister through various forms of questioning, including the annual approval of the budget. It can overthrow the government through a vote of confidence with support of an absolute majority.

⁴⁶ The vote of confidence should occur within one week.

⁴⁷ If no coalition can be formed within six weeks, the President can dissolve the parliament and call new elections.

Legislative bills passed by the TBMM require the consent of the President⁴⁸ who has a veto power and can send laws back to the TBMM. The parliament can either adopt the law in the same form or amend it, before sending it back to the President. The President has the right to veto the bill a second time. If parliament confirms a second time the legislation in the same form, the President is obliged then to approve it. The President can also appeal to the Constitutional Court for the annulment of certain provisions or the entirety of laws or decrees on the grounds that they are unconstitutional in form or in content.

The law-making process in Turkey demonstrates that the Constitutional Court can also be considered as an important institutional veto point. The Constitutional Court has the jurisdiction to examine the constitutionality of laws or decrees on appeal from the President or one-fifth of the members of the TBMM. This judgment can concern both substance and procedure. Appeals by individuals cannot be made. The Constitutional Court's decision on the constitutionality of legislative bills or decrees is final.⁴⁹

The political system in Turkey is based on a unitary state where there are no autonomous regional or provincial levels of government. Provinces are administered by governors appointed by the Council of Ministers with approval of the President. Provincial governors are responsible for implementing the national programs for health services, social assistance, public welfare, cultural and educational policies. The municipalities are organized according to the population in each district with an elected mayor (Tuncer, 2002).

An important characteristic of the political system in Turkey is that it is a simple polity, with a unitary and majoritarian character where authority and power is to a great extent concentrated at the center (Schmidt, 2006: 51). The political system designed by the 1982 Constitution can be characterized as "semi-parliamentary" (Çarkoğlu and Kalaycıoğlu, 2009) or "weakened parliamentarism" (Özbudun and Gençkaya, 2009) due to the strengthened role and new substantive power of the presidency, the increased power of executive branches in

⁴⁸ The President is the head of state and elected for a non-renewable seven years by the TBMM.

⁴⁹ The Constitutional Court has eleven regular and four alternate members. The President appoints two regular and two alternate members from the High Court of Appeals, two regular and one alternate from the Council of State, and one member each from the Military High Court of Appeals, the High Military Administrative Court and the Audit Court (Özbudun and Gençkaya, 2009). An important dimension of the powers assigned to the Constitutional Court is related to the Political Parties Law. It can shut down political parties if they are found to be violating the principles of the Republic (İnsel, 2003).

agenda setting in parliament and the institutionalization of tutelary institutions such as the NSC and the Council of Higher Education (İnsel, 2003).

The semi-parliamentary as well as the proportional representation regime with a high threshold within a unitary state structure created a viscous institutional form of power. The aim was to prevent fragmentation in the parliament and limit the need for a coalition of parties in the government. A single party or majority government, given the power concentration, can introduce major legislative reforms but the President and the Constitutional Court can exercise institutional vetoes. It is these institutional features that characterize conditions for policy change in Turkey. However, it is also important to complement the institutional characteristics of law making considering various political party positions that could be conceptualized as partisan veto points.

II. Partisan politics and public policy making in the post-1980 period

The analysis in Part I provides a description of the institutional rules of law making in Turkey and institutional veto points. In order to understand the characteristics of policy making, it is also important to consider partisan politics and evaluate how party competition shaped the social policy developments in this period. The analytical goal of this section is to connect the trajectory of Turkish politics and developments in the social policy environment. Tsebilis (2002) defines partisan veto players as political parties forming a coalition government whose agreement is necessary or collective actors such as labor unions whose consent is necessary for legislative change. The literature on political competition orients us to focus on strategies of political parties grounded in the political party system, considering the context of competition, whether particularistic or programmatic, to explain preference formation of political parties (Lynch, 2006; Picot, 2009 and 2012).

Table 1. Partisan Politics, Governments and key events in the post-1980 period

1980-1983	Military intervention and rule
1982	New Constitution
1983-1991	Return to limited multiparty politics and Motherland Party (<i>Anavatan Partisi</i> , ANAP) single party majority governments
1991-2002	Coalition governments and fragmented parliament
1997	Military demonstration
2000-2001	Severe economic crisis
2002-	Justice and Development Party (<i>Adalet ve Kalkinma Partisi</i> , AKP) single party majority government

II.a. Economic liberalization under ANAP governments: top-down policy making

The post-1980 period in Turkey brought the transition to market-oriented policies and full integration into the global market (Aydın, 2005: 43; Keyder, 2004: 67-68; Buğra, 2003: 459). Following the referendum on the 1982 Constitution, Turkey returned to limited multiparty politics, with severe restrictions on political participation of previously banned politicians. Turgut Özal, the former head of the State Planning Organization (*Devlet Planlama Teşkilatı*, DPT), undersecretary in the Prime Minister's Office and a minister under the military regime, established the Motherland Party (*Anavatan Partisi*-ANAP) which gained 45% of the national vote and a majority of seats in the TBMM in the 1983 election. Only three parties had been allowed to run candidates.

Prime Minister Özal's government launched a series of economic liberalization reforms. The liberal economic policies of the ANAP government implemented structural economic reforms, mostly through decrees,⁵⁰ with the goal of promoting the principles of a market economy (Buğra, 2003). The ambitious package of reforms included actions such as elimination of price controls, a flexible exchange rate, subsidies for export-oriented companies, privatization of the state economic enterprises, financial liberalization, import

⁵⁰ Close to 600 decrees were used for the purpose of economic regulation by the Özal governments in the 1980's (Eder, 2004; Ünay, 2006)

liberalization, and the promotion of foreign investment (Nas, 2008; Ünay, 2006). The ANAP governments launched a trade liberalization program in 1984 and introduced capital account convertibility in 1989 (Boratav and Yeldan, 2006: 419).

The structural adjustment program changed the direction of economic policy from import-substitution to export promotion, thereby effecting a rupture with the previous policy paradigm of national developmentalism (Öniş, 1998; Buğra, 2003). These structural reforms were implemented with the assistance of the Bretton Woods institutions, the World Bank and the IMF, which provided financial assistance with loans (Nas, 2008; Şenses and Öniş, 2007).

An important aspect of the policy position of the ANAP governments from 1983 to 1991 was the centralization of decision-making, possible because of the strengthened role of the executive branch with the 1982 Constitution. According to Öniş (1998), this period witnessed the concentration of decision making in the executive branch, where reform teams composed of ministers and high-level bureaucrats prepared and implemented the reform program (1983 to 1989). Heper (1991: 165) characterizes the decision-making through reform teams under ANAP governments as the “autonomization of an executive inner circle” in government. Özbudun (2000: 136) emphasizes as well this executive dominant, top-down way of making policy, in which the economic interest groups, both business associations and civil society organizations including labor unions, had little influence in shaping policies.

The 1982 constitution also limited the role of labor unions by defining their political activities as illegal, curtailing the right to strike and restricting collective bargaining (Adaman, Buğra and İnel, 2010: 174; Blind, 2009: 49). The constitutional and other legal changes introduced three particularly important modifications to the law affecting unions.⁵¹ Strikes other than on wage-related issues were prohibited and state authorities could suspend legal strikes for reasons related to national security, defined in a very vague manner such as the national economic interest. Secondly, unions’ collective bargaining rights were strictly regulated by threshold requirements; the union was required to attain a membership level of at least 10% of all workers in the relevant sector and 50% in any given enterprise to be able to engage in any collective bargaining process. Thirdly, provisions for registering new members became more difficult and therefore costly for unions as the rules and paperwork increased.

⁵¹ See Law No. 2821 on Labor Unions and Law No. 2822 on Collective Bargaining, Strike and Lock-outs.

Moreover any cooperation between political parties, unions, professional organizations, foundations, associations, and cooperative societies was forbidden (Özbudun and Gençkaya, 2009: 21).

The 1982 Constitution banned all associations from any political activity (Özbudun, 2000:131).⁵² For instance, the Confederation of Progressive Trade Unions of Turkey (*Türkiye Devrimci İşçi Senikaları Konfederasyonu*, DİSK), the left-wing union confederation, was banned from any political activities, their assets were frozen and most of the leaders were also banned from political activity. Not surprisingly these were years in which governments were hostile towards unions and interest-based representation (Adaman, Buğra and İnel, 2010: 175) and there were tense relations between the business associations and the state as the government pressured and obliged business associations to conform to its economic policies (Öniş and Türem, 2001; Buğra, 1994: 264).

Although the structural reform packages under the first Özal government attempted to diminish the state's involvement in the economy, the state maintained its dominant role in many areas until the mid-1990's (Öniş, 1991; Buğra, 1994; Uğur, 2004). In the period from 1983 to 1991, the ANAP governments with a majority of seats in the parliament enjoyed a high power concentration for the implementation of the economic structural reform agenda. President Evren was only a weak veto point in this period, supporting the economic reforms in general while the Constitutional Court acted as a veto point in this period. Moreover the 1982 Constitution limited the participation of civil society actors in politics, thereby reinforcing the power concentration of the ANAP governments.

II.b. The politics of social protection in the post-1980 period

In the 1980's, the fragmented and corporatist hierarchical character of the social security system was consolidated in Turkey in the first phase of liberalization.⁵³ The social protection system in Turkey provided health and pension benefits to formally employed persons and their dependents according to their labor market status (Buğra and Keyder, 2006). It has been added to and remodeled over the years, as we will describe in Chapter IV.

The changes on social protection introduced in the first phase of liberalization were

⁵² These bans on civil society organizations were only removed in 1995.

⁵³ Boratav, Yeldan and Köse (2000) characterize two distinct phases of liberalization as 1980-88 and 1989-98.

meant to be responses to the economic changes but still kept the historical legacy of the fragmented and hierarchical nature of social protection intact. The changes to the social security system were introduced in a top-down manner by the military regime and then by ANAP governments with limited participation of corporatist actors. Moreover the changes aimed to increase the coverage of the system by adding new layers for agricultural workers and new functions for existing pillars, entrenching the fragmented characteristics of the social security system. In 1982, there is an administrative change made to the composition of the Board of Directors of the Social Insurance Institution (*Sosyal Sigortalar Kurumu*, SSK) by increasing the number of state representatives, giving them the majority compared to the employee and employer representatives. Another change was institutional; in 1983, when the Ministries of Labor and Social Security were merged to become the Ministry of Labor and Social Security. When the ANAP government introduced a super pension for high-income groups in 1987, the policy was vetoed in 1990 by the Constitutional Court, on the grounds of undermining the equality principle (Yakut-Çakar, 2007: 119).

In the realm of social assistance, the establishment of the Social Solidarity and Assistance Fund (*Sosyal Yardimlaşma ve Dayanışmayı Teşvik Fonu*, SYDTF) in 1986 by the Özal government reflected a philanthropic approach to social assistance, instead of extending public coverage. It was the creation of a fund and an umbrella institution of local organizations that involved cooperation with charities in providing emergency relief for the citizens in severe deprivation and poverty (Buğra, 2008).

The late 1980's brought a re-emergence of political parties on the right and left.⁵⁴ There was a return to multi-party politics, with the re-emergence of the powerful parties of the pre-1980 era, and also of old leaders. The old parties were re-established under new names and a broader left-right spectrum reappeared. Nonetheless, the 1987 elections preceded the constitutional amendment rehabilitating the old parties and thus the ANAP under Özal's leadership gained for a second time the largest number of votes and the majority of TBMM seats. The elections were followed by waves of mass demonstrations and strikes, primarily around demands for wage increases. The second ANAP government partially addressed them,

⁵⁴ A key development occurred towards the end of P.M. Özal's first government. The political rights and liberties of former politicians were reinstated in 1987 (Özbudun and Gençkaya, 2009).

such that the return of competitive multi-party politics also brought a public spending increase in several spheres, including education, health, agricultural subsidies and support purchases (Boratav and Özüğurlu, 2006).

II.c. Fragmentation under Coalition Governments during 1990's: Particularistic Competition

Given the dominance the ANAP had enjoyed in electoral and parliamentary politics, the first multiparty elections⁵⁵ in 1991 and its result symbolized a new juncture in Turkish politics. It brought coalitional governments as well as severe economic crisis. In 1991, the liberal-conservative True Path Party (*Doğru Yol Partisi*, DYP) and the left-of-center Social Democratic People's Party (*Sosyaldemokrat Halkçı Partisi*, SHP) formed a coalition government when the ANAP lost its majority.

The coalition governments in the 1990's were involved with pension reforms and changes in the social protection system with a vote-seeking logic.⁵⁶ According to Mine Eder (2004: 61), the electoral concerns shaped the side payments and extension of state patronage during the 1990's. The DYP-SHP coalition government had to forge electoral coalitions and used changes to social protection system as a way of getting votes.⁵⁷ In 1992, the DYP-SHP coalition government abolished the minimum retirement age for all three social security institutions and launched early-retirement schemes (Yakut-Çakar, 2007). This coalition government argued these changes in the retirement age would lead to a decrease in unemployment, as younger workers could take the jobs of the retired cohorts.

Another major policy to appeal to their voters was the Green Card scheme introduced in 1992 for the low-income population not covered by social security insurance. It provided health care to the poor. Buğra (2006) argues that the Green Card Scheme reflects the welfarist

⁵⁵ Although legal restrictions on the political participation of the former politicians and political parties were removed in October 1987 following a referendum, these actors could not compete in fair conditions in the November 1987 elections due to the short-time span. Thus 1991 was the first election in which all political actors participated in a fair setting.

⁵⁶ Vote-seeking logic is used to characterize the strategies and the public policy choices of the coalition governments during the 1990's. This means that political parties developed public policies for electoral gains rather than in a programmatic competition. Thus I do not refer to these patterns as clientelist, patronage, or populist policy choices as is often done in Turkey (Heper and Keyman, 1992).

⁵⁷ In fact, DYP used subsidies for agriculture and certain industrial incentives, including lowering import tariffs, for its constituencies while the CHP targeted incentives in terms of wages and benefits to urban workers.

discourse of the DYP leader and Prime Minister Süleyman Demirel, grounded in his liberal-conservative approach to social policy.⁵⁸ However other scholars such as Boratav and Özüğurlu (2006) and Eder (2004) consider the policy initiatives of Demirel during the 1990's more as mechanisms for building electoral coalitions among different segments in society, ranging from urban poor to agricultural workers. For their part, center-left parties had few if any discourse and policy initiatives to tackle poverty and the urban poor.⁵⁹ Buğra (2006) and Cizre-Sakallioğlu and Yeldan (2000) argue that center-left political parties such as the SHP and Republican People's Party (*Cumhuriyet Halk Partisi*, CHP), whether in the coalition or in opposition, were overwhelmingly interested in the economic situation of civil servants and urban workers in the formal sector, in terms of their wages and protecting rights.

State spending under the DYP-SHP coalition government increased from 1992 to 1994. However, increasing fiscal and financial fragility led to the first economic crisis of decade in 1994, a crisis characterized by a large outflow of capital and an appeal to the IMF. The IMF stabilization program included measures such as devaluation, privatization targets, severe budget cuts and additional taxes (Eder, 2004). The involvement of the IMF and the World Bank meant greater discipline in the fiscal system and budgetary control as well as maintaining liberalization reforms (Boratav and Özüğurlu, 2006).

Starting in 1991, domestic politics was characterized by a multitude of coalition governments. Following the 1994 economic crises, the Tansu Çiller (DYP leader) government adopted the IMF program in which cost containment and deficit control became the primary goals. This has represented a significant change from the welfarist agenda when Demirel was Prime Minister.⁶⁰ However this coalition government collapsed after the SHP united with another social democratic party, the CHP, in September 1995. After an unsuccessful attempt

⁵⁸ Eder (2004) and Öniş (2004) have argued that ANAP governments from 1983 to 1991 can be characterized as neo-liberal populist, defined as the co-existence of liberal economics with illiberal politics or a kind of shallow democracy. The style of policy implementation tended to be autocratic and this autocratic style of policy implementation tended to undermine representative institutions and to personalize politics where reforms were initiated in a top-down fashion, often launched by surprise and without the participation of organized political forces.

⁵⁹ Buğra (2006) indicates that CHP's approach to poverty was founded on a policy approach of a paternalist state. It was historically grounded during the single party period from 1920's to 1950's, and emphasized the state's limited economic resources to provide poverty relief. Thus the idea was to use charitable aid to tackle problems related to urban poverty rather than developing institutionalized social assistance (Boratav and Özüğurlu, 2006).

⁶⁰ After the death of President Turgut Özal in 1993, Süleyman Demirel, who was the leader of DYP, became the ninth President.

by Tansu Çiller to form a minority government, a new DYP-CHP coalition was established in November. During the fragile coalition of the DYP-CHP government, the Customs Union with the European Union was finalized, bringing further measures of trade liberalization (Eder, 2004: 66).

One of the conditions demanded by CHP for its participation was to hold new elections. These came on 24 December 1995 (Özbudun, 2000: 120). The results further exacerbated governmental instability and the difficulties of reforming social policy, as the next chapters detail. These elections saw the pro-Islamist Welfare Party (RP) become the biggest single party in parliament. It took months of bargaining before the ANAP under the leadership of Mesut Yılmaz formed a coalition with DYP in March 1996, but this fell apart just one month later (Hale, 2000). Subsequently Tansu Çiller, formed an alliance with Necmettin Erbakan, the leader of the Welfare Party (Refah Partisi, RP) and Erbakan became Prime Minister (Özbudun, 2000: 120). However the coalition government of the RP-DYP faced serious criticism from the National Security Council, fearful of an Islamisation of the education system. On 18 June 1997, in the face of repeated warnings from the military dominated National Security Council, Erbakan resigned, the hope being to reconstruct the coalition government under Çiller as Prime Minister (Hale and Özbudun, 2010; Çarkoğlu and Kalaycıoğlu, 2009). As several parliamentarians from DYP resigned, this coalition lost its majority (Hale, 2000). A minority government was formed, as a coalition of the Democratic Left Party (Demokratik Sol Parti, DSP) and the Democratic Society Party (Demokratik Toplum Partisi, DTP) with the support of CHP on 30 June 1997 that lasted only for thirteen months (Hale, 2000: 197-199) The DSP under the leadership of Bülent Ecevit, formed a minority government with the support of ANAP and DYP, which took Turkey to the April 1999 general elections.

The coalition governments during the 1990's generated a fragmented structure of power different from the concentration that had existed under the majority government of ANAP. The disagreements among the coalitional partners on several instances illustrate partisan veto points. The constitutional framework that allowed the military to influence the politics through NSC also was forcefully visible in 1997. Moreover institutional veto points such as President Demirel have constrained the coalition governments. Therefore the fragmented power of the coalition governments during 1990's provides an underpinning and

reason for the absence of change in social policy in this period, despite the policy discussions going on in the bureaucracy and even in the coalition negotiations.

II.d. Political Party competition and social policy framework in the post-1980 period

The literature on political competition orients us to focus on strategies of political parties grounded on the political party system, taking the context of competition whether particularistic or programmatic in explaining preference formation of political parties. Julia Lynch has argued that a programmatic mode of party competition on welfare policies where parties are supposed to promote certain policy programs such as universal coverage tend to evolve towards citizenship based policies. On the other hand, particularistic competition targeting incentives for certain occupational groups orient political parties in government to establish occupational based welfare policies where parties do not have incentives to move towards more universal-right based policies (Lynch, 2006). Emphasizing as well the relevance of party competition for social policy development and reforms, Georg Picot (2009) argues that the social policy preferences of parties are driven by the appeal of attracting a crucial group of voters. These theoretical arguments can shed light on the politics of social policy developments of the 1990's in Turkey. The overview of the Turkish politics in the post 1980 period and the parallel developments in the social policy environment considering economic and labor market characteristics aim to complement the institutional conditions of policy change characterized in the first section.

With the transition towards the multi-party democracy, coalition governments during the 1990's implemented vote-seeking policy choices involving the social security system. Research demonstrates that political parties in Turkey were involved in vote-seeking practices in the post-1980 period which owed a good deal to the historical roots of patronage politics since the transition to multiparty politics in 1945 (Boratav and Özügür, 2006: 158).

This dominant pattern of using policies for electoral gains shapes the politics of the social policy environment in Turkey in the post-1980 period. Partisan politics allowed governments and political parties to be involved with such practices, either by making legal changes in institutional settings or providing additional benefits targeting specific groups for electoral gains. As we will see in more detail in the next chapters, social assistance payments for pensioners and changes to the retirement age were delivered and increased in pre-election

periods from 1981 to 1999, exemplifying use of social policy instruments for electoral gain (Buğra and Keyder, 2006; Heper and Keyman, 1998).

Unstable coalition governments and economic instability shaped the politics of social policies from 1991 to 2001. The policy choices and the mismanagement of resources combined with cyclical economic crisis starting from 1994 influenced the discussions concerning the social security system. From the mid-1990's to 2002, the multitude of coalition governments could not introduce the structural modernization reforms of the social security institutions and labor law due to various conflicts among its constituent parts as well as between business associations and union confederations (Boratav and Özügürlü, 2006; Yakut, 2007).

In this period, the context of competition of political parties was more particularistic than programmatic. The right-wing political parties mainly dominated electoral competition while left-wing political parties were only minor partners of coalition governments during the 1990's. The right-wing parties' approach to social policies did involve two main characteristics: liberal-conservative orientation and a philanthropic-religious emphasis (Buğra, 2006). Prime Minister Özal had a liberal orientation combined with a religious discourse that was apparent in the establishment of the Social Cooperation and Solidarity Encouragement Fund (Buğra, 2006). In the 1990's, P.M. Demirel adopted a welfarist discourse targeting the economic context of various groups, from retirees to housewives, and prioritizing the problems of the rural areas. Right-wing parties combined these two orientations.

However, from the 1991 elections on, no party had a sufficiently solid parliamentary base for implementing its own preferences and therefore no programmatic clarity emerged. For example, the Welfare Party (RP) with its conservative and religious overtones was able to capitalize on some segments of its constituency by propagating the idea of a "just order" targeting especially the problems of the urban poor (Cizre-Sakallıoğlu and Yeldan, 2000). It increased its votes in the 1991 and 1995 elections but had trouble entering or remaining in a coalition.

Öniş (2007: 255) argues that the right-of-center parties, such as ANAP and DYP, and parties that have Islamist roots such as the WP, have adopted a discourse emphasizing social justice for the poor grounded on religious and nationalist symbols while using a paternalist notion of the state. In this way they have been able to build cross-class coalitions for electoral

support. It appears that the right-wing political parties' approach to social protection in Turkey is based primarily on electoral considerations in order to build cross-class coalitions.

For their part, Turkish left-wing political parties have adopted a rather defensive position concerning the social protection system and labor law reform in the face of market-oriented structural reforms implemented in the post-1980 period. As we will see in more detail in Chapters IV and V, they remained focused on the problems of the civil servants, urban workers and the positions of the unions that represented the members of the formal labor market.

Political party competition in Turkey orients political parties to consider short-term electoral consequences rather than precise and long-term programs concerning the social protection system and labor markets. Why did a particularistic political competition of political parties in Turkey develop during the 1980's and 1990's? Some scholars have examined the characteristics of the political party system and voting patterns in Turkey through analysis of social cleavages. They insisted that the political party system in Turkey has not been shaped by a dominant socio-economic cleavage or left-right cleavage. They see more mutually reinforcing multiple cleavages (Sayari and Esmer, 2002). The main cleavage that shaped the political party system until the 1980's was the center-periphery cleavage (Hale and Özbudun, 2010). This cleavage describes a cultural divide between a center dominated by modernizing military-bureaucratic elites who control the state apparatus and a periphery that is under-represented and excluded. This periphery has a heterogeneous character (Sayari, 2002). In the post-1980's period, the cleavage on religious issues between secularist and Islamist as well as on ethnic lines over the Kurdish issue became more salient, reinforcing the center-periphery cleavage.

With respect to the usual left-right divisions, Hale and Özbudun (2010) argue that in Turkey the right corresponds to political parties committed to conservative, religious and nationalist principles while left-wing political parties primarily adhere to secularism. This characterization does not correspond to a standard left-right cleavage based on socio-economic issues. Hale and Özbudun (2010) emphasize that the voting pattern and fragmented political party system during the 1990s reflected this cleavage pattern rather than a standard socio-economic cleavage.

In recent analysis, Ziya Öniş (2007; 2009b) argues that the political party system during 2000's involved a demarcation along the lines of conservative globalists and defensive nationalists. On the one hand, the conservative globalists correspond to the political elite and segments of the society that have a positive view of globalization, thereby considering Turkey's membership in the European Union and EU integration generally as positive processes. They also have a reformist position on political and economic reforms. On the other hand, defensive nationalists consider globalization and interrelated process of EU membership as a danger for the erosion of national sovereignty generating risks for the unity and secular character of the state and they oppose the political and economic changes that would be required to enter the EU. The three partners of the coalition government from 1999 to 2002 (the DSP, the Nationalist Movement Party-*Milliyetçi Hareket Partisi*, MHP- and the ANAP) belonged to opposing camps on this division and this difference can partly explain the political stalemate during this period.

Öniş (2007) argues that the AKP overcame this division and had electoral success since 2002. It fashioned itself as a reformist political party, supporting EU membership, democratization and modernization while defending conservative values with religious overtones. In this political context, AKP with roots in political Islam appeared as a conservative but democratic party endorsing liberal principles as well as adopting a reformist position. The AKP could break the reform stalemate after 2001 as it had a majority in the parliament.

In this chapter we analyzed until now the institutional conditions of policy change and partisan politics and public policy making in the post-1980 period in Turkey. The 1982 Constitution established veto points. The President and Constitutional Court in Turkey would be able to intervene in social policy making. Beyond that, the institutional arrangements were such that a single party or majority government provides a power concentration in the executive that can allow major reforms. The politics of social protection in the post-1980 period demonstrate that on the one hand the power fragmentation under coalition governments, as the presence of partisan veto points, accounts for the failure of reforms during this period. On the other hand the politics of this period is indicative of social policy preference formation of political parties by the particularistic competition that oriented them to develop social policy proposals to seek the votes of diverse segments of the Turkish

population. Moreover the existence of multiple and overlapping cleavages rather than a dominant right-left divide oriented political parties to develop social policy proposals to address the issues of numerous groups in order to build their coalitional base.

III. Political elite and public opinion: Attitudes on the EU in the post 1999 period

Graziano, Jacquot and Palier suggest that the specific uses of Europe depend on attitudes to the relationship of each country with the EU. They see two kinds of attitudes as key: elites' attitudes towards Europe and public opinion towards Europe.

The political elite in Turkey has been in general supportive of Turkey's membership in the EU. This stance is congruent with the Kemalist orientation towards westernization. Indeed, Turkey's project for accession to the EU has been characterized as one that is above politics (Çınar, 2006: 471). Despite this consensus, political parties have different positions concerning the reforms necessary to comply with the membership conditions (Keyman, 2005: 274).

Öniş (2009b) indicates that mainstream political parties have been supportive of EU membership and that any hard form of Euro-skepticism comes only from political parties at the extreme end of the political spectrum, as opposition from the left, from nationalists, or from radical Islamists. Nonetheless, he finds that there is a divide over the conditions for membership rather than membership itself. This type of soft Euroscepticism shapes the positions of mainstream political parties to the EU. The next part of the chapter examines these attitudes and opinions.

III.a. The political elite's approach towards EU membership in the post 1999 period

The DSP-ANAP-MHP coalition government formed in 1999 expressed a general commitment to Turkey's EU membership (Avcı, 2004; Eralp, 2004). In the coalition program, it wrote (57. Hükümet Programı, 1999):

“The membership of Turkey in the EU is a right that arose from history, geography and agreements. The government will work for the goal of membership with same rights and status of other member states. Turkey, while engaging in the European integration process, will protect its national rights and interests. In this perspective, our government will observe each opportunity that could deepen our relations with the EU.”

This statement from the coalition program indicates that the goal of membership was a general and consensual goal. However, the three coalition partners had different stances regarding EU membership generally and the reforms necessary to meet the conditions for membership (Chapter III presents these in detail) (Avcı, 2004; Öniş, 2009b). The effectiveness of this coalition government was therefore badly damaged by disputes among its constituent parties, notably between Bülent Ecevit’s DSP and the ANAP led by Mesut Yılmaz on the one side and the nationalist MHP led by Devlet Bahçeli on the other (Hale, 2000: 339). DSP and ANAP were vaguely in favor of introducing structural economic reforms and for extending human rights and cultural rights as well as abolishing the death penalty.⁶¹ However, the MHP opposed certain conditions, including the extension of cultural rights and the abolition of the death penalty, necessary for meeting the EU’s political criteria (Öniş, 2003a: 35).

The major partner of the coalition, the MHP, was particularly critical of some of the EU’s conditions for membership. It successfully blocked the extension of cultural rights and the abolition of the death penalty between 1999 and 2002 (Öniş, 2003a). Frequently, the MHP’s attitude led to deadlocks within the coalition. Although DSP and ANAP were committed to the EU membership and supported the reforms necessary for fulfilling the Copenhagen criteria, they did not challenge MHP because they feared the collapse of the coalition government. The ANAP and DSP were able, however, to pass the demanded reforms by the Commission about broadcasting and education in languages other than Turkish as well as the abolition of the death penalty in peacetime, with the support of opposition parties and despite the opposition of the MHP (Avcı, 2004: 203). Accordingly, the political attitude of these governmental elites towards EU membership has to be characterized as fragmented.

A survey of Turkish parliamentarians after the 1999 elections was conducted by Lauren McLaren and Meltem Müftüleri-Baç (2003). It is informative about this portion of the

⁶¹ These issues are all related to the first Copenhagen criterion for membership, political democracy and fundamental rights. See Chapter III.

political elite's attitude towards EU. The study is based on interviews with 61 of the 550 members of the TBMM, and respondents respect the distribution of seats among the parties (the ANAP, DYP, DSP, and Virtue Party-Fazilet Partisi, FP). The conclusion that emerges is MPs' views about the EU are, to a great extent, shaped by their political party affiliations (McLaren and Müftüler-Baç, 2003). But this survey also confirms the general consensual support of the political elite for Turkey's membership in the EU. Only one MP announced any opposition to joining, while an overwhelming 64% of the sample was "strongly in favor" of full EU membership.

The survey results also reveal the limited knowledge of the MPs in 1999 about the *acquis* and membership requirements (McLaren and Müftüler-Baç, 2003). The main benefits they expected related to democratization and human rights and improved socio-economic conditions. The survey also found that there was less support when questions asked about specific reforms, changes that might be needed to satisfy the Copenhagen criteria, or the EU's conditions on Cyprus.

Given the past involvement of the main figures of the AKP⁶² with Islamic-rooted political parties and that it formed a majority government after 2002, the AKP's political stance and ideology is crucial in terms of understanding elites' attitudes towards the EU (Avcı, 2011; Öniş and Keyman, 2003). Since its initiation, the AKP tried to make it clear that it was not an Islamist party and defined itself as conservative democratic, trying to associate itself with the Christian Democrats in Europe (Hale, 2005: 293). With this center-right position, the AKP adopted a pro-EU stance and supported the reforms necessary for satisfying the Copenhagen criteria. Indeed, the party's program confirms its commitment to EU membership.

AKP cadres and the leadership have been characterized as pragmatic (Çavdar, 2006; Doğan, 2005; Öniş and Keyman 2003), and this is apparent in their approach to EU membership (Avcı, 2011). The goal of membership served AKP political cadres by giving them legitimacy in power and by easing the party's relationship with the secular state

⁶² The November 2002 elections brought the victory of AKP whose affiliations with political Islam raised issues (Doğan, 2005; Nasr, 2005). The AKP was formed only eighteen months before the elections by Recep Tayyip Erdoğan, the former Mayor of Istanbul from RP, and a group of reformists, including Abdullah Gül, that were involved with Islamic-rooted FP until its closure by the Constitutional Court (Hale and Özbudun, 2010).

establishment, including the military, judiciary and bureaucracy. AKP's support for EU membership and their commitment to continue democratization reforms also comforted business elites and liberal segments of the society (Doğan, 2005: 430).

Support for EU membership served as an empowering tool domestically and as a way of sustaining the pace of democratization and economic reforms (Avcı, 2011: 416-417). The AKP government widened its societal support uniting different groups and segments around reforms while deepening its legitimacy through pursuit of EU membership as a means of building a broad-based electoral coalition (Öniş, 2009b).⁶³ Thus, major reforms for fulfilling the political criteria were implemented rigorously from 2002 to 2004, via reform packages covering the most contested issues including extending cultural rights, addressing the question of the Kurds and curbing the role of the military (Doğan, 2005: 421). Prime Minister Erdoğan declared on October 4, 2005 that “we will just rename the Copenhagen political criteria as the Ankara criteria” (Patton, 2007: 339). Moreover, Erdoğan also addressed the Kurdish problem publicly, an act rarely seen from Prime Ministers in Turkey (Kirisçi, 2011).⁶⁴ As we will see in the next chapter, however, this active enthusiasm for EU membership was not sustained.

Sait Akşit, Özgehan Şenyuva and Işık Gürleyen (2011) conducted a survey of parliamentarians in the TBMM formed after the 2007 general elections. The survey data is based on the responses of 62 MPs from the AKP, CHP, MHP, DSP and DTP. This study found the general and thin consensus remained. Only one MP declared membership to be “neither a good nor a bad thing.” The rest of the 62 MPs described EU membership as a “good thing.” A very large majority (79%) had a positive image of the EU. However, questions about trust in EU institutions revealed only a moderate level of trust. On a scale of 0 to 10, the Commission received a trust score of 5.4 and the Council of the European Union only scored at 4.8, with the European Parliament even lower at 4.3. Moreover the survey results demonstrate that MPs overwhelmingly (86.5%) agree that those who make decisions at the EU level do not take Turkey's interests into account.

⁶³ Hale and Özbudun (2010) describe the social base of AKP as a coalition of diverse socio-economic groups and diverse political forces encompassing rural segments, urban lower-income classes, a part of the working class, artisan and small traders and medium size entrepreneurs in the cities, and the rapidly rising Islamic bourgeoisie.

⁶⁴ P.M. Erdoğan visited Diyarbakir, the largest Kurdish populated city in Turkey, in August 2005 with a delegation of Ministers from his Cabinet. Erdoğan acknowledged during this visit the mistakes that had been made in the past by the Turkish state. Moreover he recognized the existence of a “Kurdish problem,” suggesting that the solution lay in more democracy, more rule of law and economic prosperity.

III.b. Public attitudes in Turkey: From Euro-enthusiasm to Euro-Fatigue

Graziano, Jacquot and Palier (2011) suggest that the specific uses of Europe depend on public opinion as well. They claim that there are more likely to be recurrent and positive uses of Europe by policy-makers if the public is strongly supportive of EU membership. The historical development of Turkish mass public support for EU membership will be analyzed in the light of different survey data.

Ali Çarkoglu's survey analysis demonstrates that in 2002 "those who would vote in favor of full EU membership in a referendum comprise 64% of the sample while 30% indicate they would vote against" (Çarkoglu, 2003: 173). Çarkoglu and Kentmen (2011) have analyzed various national surveys and have found a fluctuating pattern since the mid-1990's. The support for EU membership in 1995, when the Customs Union Agreement had just been signed, was just over 50% of Turkish population. Public support then declined between 1995 and 1999. But starting from 1999, with the recognition of candidacy status, public support increased, reaching over 70% in 2001 and settling over 60% from 1999 to 2006. However since the Council's decision on the accession negotiations and the debates among the member states about Turkey's accession, public support for EU membership has been declining. Çarkoglu and Kentmen (2011) report that support for EU membership in Turkey dropped to 57% in 2006, 50% in 2007, 56% in 2008 and was down to 46% in 2009.

According to study by the German Marshall Fund "the ratio of Turks who see membership in the EU as a 'good thing' fell from 73 percent in 2004 to 54 percent in 2006" (World Public Opinion, 2007). Euro-barometer data indicate that those who think membership to EU is a "good thing" dropped from 71% in 2004 to 54% in 2006, to 52% in 2007 and to 49% in 2008 (European Commission, 2008a).

The survey and Euro-barometer data indicate that public attitudes towards membership have changed since 2004, reaching the lowest levels since 2006 following the stalemate in the accession negotiations related to the extension of the Customs Union to the Republic of Cyprus. In 2007 and 2008 public support for EU membership was around 50% among Turks.

Çarkoglu and Kentmen (2011) argue that Turkish public opinion's high enthusiasm for membership in the beginning of the candidacy process and the falling trend with the launch of accession negotiations, as the public gained a better understanding of the details of the

process, are very similar to other candidate countries from the Eastern enlargement. What is different in Turkey is the timing in the fall of the public support for the EU membership; this followed immediately after the launch of accession negotiations in 2006. One part of the explanation of this drop of the timing is the position of certain member states and their public debates about the “Europeanness” of Turkey that came out during the negotiations of the accession. In other words, the Cyprus issue as well as the discourse of European leaders has influenced public opinion in Turkey. On the other hand, Çarkoglu and Kentmen (2011) have found that utilitarian expectations of individuals about the positive gains of Turkey’s EU membership helped generate high public support in the 1999 to 2004, when the 2001 economic crisis affected the public’s expectation about the benefits from EU membership.

III.c. Contextual Conditions for Uses of Europe: Political Elite Attitude and Public Opinion for EU membership

The elite attitude and public opinion towards EU constitute one of the necessary conditions for the types of uses of Europe, according to the authors of this approach (Graziano, Jacquot and Palier 2011). They argue that general attitudes in each country, constituted of the national elites’ attitudes towards Europe and the national public opinion’s attitude towards Europe, influences whether Europe is used positively or negatively and used a great deal or very little. These are contextual factors that are necessary conditions for Europe to be used (Woll and Jacquot 2010: 116).

The above analysis demonstrates that political elite attitudes and public opinion in Turkey are in general supportive of EU membership. However it is important to look at changes in time and the characteristics of this support in order to be more conclusive on how these elements can influence the uses of Europe.

Although the goal of EU membership has the character of being “above politics” in Turkey, the attitude of political parties on the specific conditions of membership is probably a better indicator. Accordingly, since the recognition of candidacy status in 1999, the AKP government demonstrated a clearer commitment to EU membership and a political will to introduce the necessary economic and political reforms to comply with membership conditions than did the coalition government of the DSP-MHP-ANAP. However since the launch of accession negotiations in 2006, the AKP government has shown less enthusiasm for

EU membership and a certain reform fatigue. Public opinion too has also been generally supportive of Turkey's membership in the EU but trends have fluctuated in time. The public support was considerably higher in the beginning of the membership process, at over 60% from 2011 to 2005, but declined to just above 50% from 2006 to 2008. These results lead to an expectation of more positive uses of Europe and more consistent uses in some years than others. However, only detailed process-tracing can reveal if this is the case.

Chapter III. The Institutional Relationship between the European Union and Turkey: Instruments and Resources

The institutional relationship between Turkey and the European Union has evolved from the launch of Customs Union in 1995 through the recognition of its candidate status in 1999, and to the start of accession negotiations in 2005. Accordingly, it is important to understand how European resources and their supply to Turkey have evolved with this changing relationship. This chapter will consider in particular the hypothesis that European resources provided by the EU institutions tend to vary according to the institutional relationship that a country has with the Union (Graziano, Jacquot and Palier, 2011: 8). This scrutiny aims to identify the specific resources (legal, financial, institutional, political and cognitive) that are linked to social policies and the welfare state in Turkey and their change over time. The analysis will also focus on how the Commission and other EU institutions have considered Turkish labor law reform (2003), restructuring of the employment agency (2003) and social security reform (from 2006 to 2008).

Graziano, Jacquot and Palier (2011) argue that as institutional ties grow stronger, it is more likely both that a candidate country will be subject to greater scrutiny by the Union's institutions and that there will be more resources available for national reforms. As a general analytical and theoretical tool, the Uses of Europe approach focuses on particular resources provided by the process of European integration and the intersection of the supranational and domestic level, considering the involvement of various types of actors in the policy process. According to this approach, it is important to differentiate between resources, constraints and uses. The EU may provide legal resources such as directives, budgetary resources such as the Instrument for Pre-accession Assistance, as well as cognitive resources such as policy frames, or political resources for framing arguments. The constraints can be: benchmarking conditions for the launch of accession negotiations on a specific chapter; the alignment with specific directives in policy sectors; targets to attain in employment rates or services. However, as Woll and Jacquot (2010: 116) emphasize "resources and constraints are a necessary but not sufficient condition for strategic behavior. They are only a contextual element that usages are based on; actors intentionally transform them into political practices in order to reach their

goals.” Following this theoretical argument, we will describe and categorize the various resources provided by the EU membership process in the social policy domain for Turkey.

Empirical research on EU resources related to labor regulation and social security reform in Turkey must pay attention to the fact that it involves an accession process, which is structurally different from the processes of Europeanization in member states. On the one hand, EU conditions for membership are a moving target (Grabbe, 1999), changing and increasing with the different waves of enlargement, especially in the domains of social and employment policies. On the other hand, the candidacy process involves a hierarchical mode of governance (Dimitrova, 2002) based on asymmetry of power, conditionality (Schimmelfennig, 2012), a monitoring role for the Commission (Grabbe, 2003) and gate-keeping by the Commission and the Council (Christoffersen, 2007). The European Commission is key in specifying and clarifying the accession requirements.

Governance mechanisms vary, ranging from the legal transposition of the *acquis*, alignment with the directives, drafting of Joint Inclusion Memorandums (JIM) and Joint Assessment Papers for Employment Priorities (JAP). These involve the participation of the EU institutions and governmental and non-governmental actors in candidate countries. Institutional mechanisms used are sub-committees on specific aspects of the *acquis* such as Regional Development and Employment and Social Policy, with the participation of the representatives of Directorate-Generals (DG) and the candidate state’s bureaucracy. The monitoring of the Commission is played out through instruments such as progress reports, Accession Partnership documents and screening reports.

This chapter characterizes first the institutional characteristics and governance mechanisms concerning the context of the candidate states. Then it illustrates the historical evolution of the institutional relationship between the European Union and Turkey over various stages of its own accession process. The third part of the chapter concentrates on analysis of EU resources deployed in the reform of labor law in 2003, the reorganization of the employment agency in 2003 and the restructuring of social security system in 2008.

I. Considering the situation of candidate states: An hierarchical mode of governance, conditionality and EU resources

Candidate states face a particular situation when they engage in a process of accession to the European Union. Four institutional features are important for characterizing their context: the asymmetrical power relation; the hierarchical mode of governance and gate-keeping; the conditionality and socialization mechanisms; the monitoring role of the Commission. The preparation of candidate states has been driven by a set of enlargement rules characterized by asymmetrical power relations and an hierarchical mode of governance (Schimmelfennig, 2012; Dimitrova 2002). These characteristics shape the salience and use of EU resources in the candidate countries.

The Eastern enlargement of the EU involved 10 countries (Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia) that joined in 2004 while Romania and Bulgaria entered in 2007 and Croatia in 2013. This large wave of enlargement with the accession of the Central and Eastern European countries is most relevant for understanding the EU's approach with respect to Turkey. Candidates were required to adopt the *acquis communautaire* and comply with membership conditions. This one-sided approach illustrates the asymmetrical power relation between the EU institutions and candidate countries. Ulrich Sedelmeier (2011:6) emphasizes that “as non-member states, the candidates had no voice in the making of the rules that they must adopt, and the power asymmetry vis-à-vis the incumbents has led to a top-down process of rule transfer.”

The conditions for accession, namely the Copenhagen criteria⁶⁵ set for the Central and Eastern European countries at the Copenhagen Council in 1993 were the most comprehensive

⁶⁵ The Copenhagen Criteria consist of four components. (1) Membership requires that the candidate country have achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities. (2) Membership requires the existence of a functioning market economy as well as the capacity to cope with competitive pressure and market forces within the Union. (3) Membership presupposes the candidate's ability to take on the obligations of membership including adherence to the aims of political, economic and monetary union. (4) Adoption of the entire body of European legislation and its effective implementation through appropriate administrative and judicial structures. The Copenhagen European Council in 1993 set the conditions for membership insisting on the above stated Copenhagen criteria. In the original formulation of the European Council in 1993, conditions for membership were listed and the absorption capacity was also mentioned. In time, the absorption capacity has become a part of the criteria for membership, first emphasized by the Helsinki European Council in 1999 (Smith, 2011: 306). The Brussels European Council in 2006 emphasized that “the pace of enlargement must take into account the capacity of the Union to absorb new

ones prepared for any wave of enlargement (Grabbe, 2003). The Copenhagen criteria and the accession negotiations are not open to bargaining or compromise but characterized by unequal power and gate-keeping. The Commission judges progress and the Council of the European Union decides at each key phase of accession whether the process can go forward. Schimmelfennig (2012) and Dimitrova (2004) insist that given the asymmetrical power relationship between the EU and candidate countries, the process is primarily one of “downloading” EU policy into the national policies.

The criteria set in 1993 are part of this hierarchical mode of governance, requiring candidate states to comply with membership conditions. On the one hand, because of the complexity of the candidacy process, the Copenhagen conditions leave considerable space for interpretation, especially by the Commission, to judge the extent of compliance (Dimitrova, 2004; Maniokas, 2004). On the other hand, the conditions are also a moving target as the evolution of the *acquis communautaire* occurs and new conditions are added and developed (Grabbe, 1999). Nonetheless, despite the asymmetry and moving target, candidate countries must work within the framework of the EU’s resources and instruments.

I.a. General EU instruments in the pre-accession process

The EU introduced new institutional tools and instruments with the Eastern enlargement (Maniokas, 2004; Bailey and Propis, 2004; Bache, 2010), starting with Copenhagen criteria. Additions renewing the enlargement policy came with the Madrid Council Decisions in 1995 and the Agenda 2000 prepared by the Commission in 1997 and accepted by the European Council in 1999 (European Commission, 2003a). A revised Enlargement Strategy designing the Instrument for Pre-Accession Assistance (IPA) was introduced by the European Council in 2006 (European Council, 2006).

Institutional tools such as Accession Partnerships and Regular Reports, prepared by the Commission with the assistance of established delegations in the candidate states, allow screening and monitoring of the policies and politics. The Accession Partnership prepared by

members” (European Council, 2006: 3). For instance, the Negotiating Framework for Turkey insists that “In accordance with the conclusions of the Copenhagen European Council in 1993, the Union's capacity to absorb Turkey, while maintaining the momentum of European integration is an important consideration in the general interest of both the Union and Turkey” (EU Council, 2005: 6).

the Commission and endorsed by the EU Council sets the short, mid and long-term priorities with which the candidate states is required to comply. Following the screening process of domestic policies and institutions of the candidate state by the Commission, candidate states need to respond to Accession Partnership Documents by preparing National Programmes for the Adoption of the Acquis (NPAA) (European Commission, 2003a: 11). The NPAAs prepared by the candidate government establish the road map for adoption, specifying the legal changes and reforms that will be implemented. The Regular Progress Reports presented yearly by the Commission from 1997 onwards are an institutional instrument of monitoring (Maniokas, 2004). They are crucial in judging the candidate's progress as well reflecting the Commission's opinion on the progress and characteristics of 35 negotiation chapters of the *acquis communautaire* (European Commission, 2003a: 24).

In line with the priorities reflected in the Accession Partnership and NPAA, the EU provides financial assistance through instruments that have evolved over time and as the variety of candidate states increased (Dimitrova, 2004). The main financial assistance instruments developed for the Eastern enlargement was the PHARE program⁶⁶ that provided financial assistance for the adoption of the *acquis*, for building administrative and institutional capacities in the applicant states and for financing investment as well as supporting environmental, transport, agricultural and rural development measures (European Commission, 2004a).

An instrument involving aid to agriculture (SAPARD)⁶⁷ and a structural instrument (ISPA)⁶⁸ related to the priorities of the Cohesion Fund were both incorporated into PHARE in 1999 (European Commission, 2003: 16). The PHARE program as the main financial instrument had two priorities: the improvement of administrative and legal capabilities (30%) and investment linked to the adoption and application of the Community *acquis* (70 %) (European Commission, 2004a).

However Turkey was not included to the PHARE process due to its particular institutional relationship with the EU that follows from the signing of the Association

⁶⁶ PHARE stands for Pologne-Hongrie, Aide à la reconstruction économique. The program was launched in July 1989 to support changes in these two countries. It was later extended to all CEEC.

⁶⁷ SAPARD stands for Special Accession Programme for Agriculture and Rural Development.

⁶⁸ ISPA stands for Instrument for Structural Policies for Pre-Accession.

Agreement in 1963, where the country's eligibility for full membership was first recognized. The Customs Union Agreement established in 1995 has strengthened the institutional relationship between the EU and Turkey. With the establishment of the customs union, Turkey became a beneficiary of the Mediterranean Economic Development Area (MEDA) program as part of the Euro-Mediterranean Partnership (European Commission, 2003a: 16).

After the recognition of candidate status in Helsinki in 1999, a pre-accession orientation was added to the financial assistance programs available to Turkey and a pre-accession assistance program replaced the MEDA program. The pre-accession financial assistance had six objectives: addressing the Copenhagen political criteria; providing support for economic reform and for new regulatory bodies; strengthening public administration, justice and home affairs; improving economic and social cohesion and supporting candidate activities and projects that benefit from Community programs (European Commission, 2002a: 23). These six objectives aimed to provide support for institution building, investment to strengthen the regulatory infrastructure needed to ensure compliance with the *acquis*, investment in economic and social cohesion and promotion of the civil society dialogue.

In 2006, with the Commission's recommendation, a new financial Instrument for the Pre-Accession Assistance (IPA) to Turkey was introduced for the period 2007-2013 (European Commission, 2007a: 3). The IPA is provided in accordance with the Accession Partnerships of the candidate countries that include the Western Balkan countries, Turkey and Iceland (European Commission, 2009). The IPA has been designed as an encompassing instrument aiming to cover five main areas of institution-building: financing capacity-building and institution-building; a cross-border cooperation component to support the beneficiary countries in the area of cross-border cooperation among themselves, with the EU member states or within the framework of cross-border or inter-regional actions; a regional development component, aimed at supporting the countries' preparations for the implementation of the Community's cohesion policy, and in particular for the European Regional Development Fund and the Cohesion Fund; the human resources development component, which concerns preparation for participation in cohesion policy and the European Social Fund; the rural development component, which concerns preparation for the Common Agricultural Policy and related policies and for the European Agricultural Fund for Rural Development (European Commission, 2009: 8, EU Council, 2006a: 85). The IPA is intended

as a flexible instrument providing assistance depending on the progress made by the beneficiary countries, measured by the Commission's evaluations (European Commission, 2007b: 1). Accordingly the IPA constitutes the most comprehensive instrument by unifying different instruments and programs for candidate and potential candidate states.

The IPA replaces the 2000-06 pre-accession financial instruments PHARE, ISPA, SAPARD, the Turkish pre-accession instrument, and the financial instrument for the Western Balkans (European Commission, 2009: 7). The IPA is based on strategic multi-annual planning and a multi-annual financial framework established for each country covering the main intervention areas envisaged by the Commission (European Commission, 2007b: 1). IPA assistance can take different forms such as investment, procurement contracts, grants, special loans, financial assistance, administrative cooperation involving experts sent from the member states (twinning), or budget support. It may be implemented and managed in different ways such as centralized, decentralized or shared management and via participation in community programs (European Commission, 2009: 6).

An important institutional tool used in several assistance programs is "twinning" to cover institution-building assistance (European Commission, 2003a: 17). Twinning focuses on the development of efficient administrative capacity to implement the *acquis communautaire*. The twinning framework foresees cooperation of administrations in the beneficiary countries with their counterparts in the member states to allow mutual learning by working on specific projects. The twinning programs aims to support the transposition and implementation of a specific part of the *acquis* considering the priority areas set in the Accession Partnerships (European Commission, 2004a).

Following the recognition of candidacy status, the European Commission prepares an Accession Partnership and the government of the candidate government responds by delivering an NPAA clarifying the specific reforms and their timing (European Commission, 2004a: 14).⁶⁹ In the first phase of the candidacy process, the goal of the NPAA is the fulfillment of the Copenhagen political criteria, in order to gain a recommendation of the Commission to the Council to launch the accession negotiations (European Commission,

⁶⁹ This process also accompanied by the preparation of a framework regulation concerning financial assistance targeting the priorities set at the Accession Partnership.

2001a: 12-13; Schimmelfennig and Sedelmeier, 2005: 211; Grabbe, 2003: 316). In this first phase, sub-committees on specific chapter headings⁷⁰ are set up with the duty of monitoring the process and screening specific chapters.

Following a recommendation of the Commission that the candidate country sufficiently fulfills the political criteria (a prerequisite for the launch of Accession negotiations), the European Council approves and the EU Council confirms the Negotiation Framework that includes the principles governing the negotiations, the substance of negotiations, negotiating procedures and list of negotiation chapter headings (European Commission, 2003a: 27). Following the opening of accession negotiations, the screening process of the negotiation chapters is launched during which individual DGs meet with the ministerial bureaucracy of the candidate state, presenting the details of the *acquis communautaire* as well as EU policy objectives, initiatives and norms on specific policies (European Commission, 2003a: 26-28). Accordingly, the national bureaucracy presents its policies and their institutional characteristics within each chapter, by self-assessing their level of accordance with the EU *acquis*.

Following these exchanges, a screening report is prepared by the input of the specific sub-committee and the Commission, providing a review of the policy areas involved under the chapter heading while analyzing the conformities or nonconformities with specific part of the *acquis*. Following the screening report, the EU Council can decide on setting benchmarks that need to be fulfilled by the government of the candidate country in order to launch accession negotiations for each chapter (European Commission, 2007c). If the Council decides to open a chapter, the candidate state presents a negotiating position (European Commission, 2007c). The Commission prepares a proposal for the Union's common position on the chapter which needs to be adopted by the Council (European Commission, 2007c). The negotiations for opening a chapter are conducted between the candidate country's negotiating team and the Commission representatives. For the provisional closing of a chapter to occur all member states must unanimously agree. The accession negotiations are based on the principle that "nothing is agreed until everything is agreed", meaning that definitive closure of chapters

⁷⁰ "Chapters" in the vocabulary of the EU means a policy field. See http://ec.europa.eu/enlargement/policy/steps-towards-joining/index_en.htm

takes place at the end by the unanimous decision of the member states (European Commission, 2007c: 9).

I.b EU Resources in the areas of social and employment policies

The EU uses a variety of institutional and legal instruments to prepare candidate states more specifically in the area of social policy, and these instruments supply legal, political and particularly cognitive resources for the candidate states, including in this case for Turkey.

Regular Progress Reports, Accession Partnership Documents and screening reports supply legal resources by clarifying in detail the content of the necessary reforms for complying with the Copenhagen criteria and the adoption of the *acquis communautaire*. In the phase following the opening of accession negotiations, the Commission scrutinizes most closely the candidate country's policies under each chapter heading, and the opinions of the Commission and Council can be a supply of political resources for national actors.

Finally these instruments also provide cognitive resources such as ideas about the policy logic and content of policy. Even in the case of candidate states where the institutional power asymmetry is very large, such resources may flow from activities such as drawing up Joint Inclusion Memorandum (JIM) to prepare the candidate states for their eventual involvement in the Open Method of Coordination (OMC) on the subject of social inclusion and writing Joint Assessment Papers (JAP) which aim to define employment policies of the candidate states in line with the priorities of the European Employment Strategy (EES). These processes were designed to familiarize the candidate states with the functioning of the EES and the OMC and to prepare their full participation following the accession. Preparing the JIM and JAP involve the analysis of poverty levels, assessment of social inclusion and exclusion indicators, evaluation of labor market outcomes and institutions based on national indicators, which are supposed to be comparable with EU indicators. This is done in order to identify the major challenges. It involves the participation of a variety of actors including representatives of the Commission and bureaucratic and government actors as well as stakeholders such union confederations and non-governmental actors from the candidate country. De la Rosa (2005: 626) terms the JIM and JAP processes a "joint apprenticeship" between EU institutions and the candidate states that involves the development of administrative capacities and includes the participation of academic networks as well. Grabbe (2003: 313) described the non-binding

character of these tools; candidate countries were oriented to what was in essence to shadow the Lisbon process. These processes are quite different from the top-down processes of conditionality for membership or the adoption of the *acquis communautaire* (de la Rosa, 2005: 619).

II. Turkey-EU relations: From candidacy status in 1999 to the accession negotiations in 2005

Turkey has had a long association with the European Union, beginning with the Ankara Agreement in 1963 and the institutional relationship evolved with the signing of a Customs Union between the EU and Turkey in 1995, the recognition of Turkey as a candidate country at the Helsinki European Council in 1999 and the launch of accession negotiations in 2005 (Öniş 2009a, 3; Müftüler-Baç, 2005; Tocci 2005).

Turkey became an associate member of the EU following the Ankara Agreement on September 12, 1963. This Agreement, which came into force on 1 December 1964, aimed to secure Turkey's full membership through the establishment of a customs union (Saatçioğlu, 2012: 3). The Additional Protocol of November 13, 1970 set out in a detailed manner how the customs union would be established (Güney, 2004: 140). In other words, the steps Turkey would have to take to become a European Economic Community (EEC) member country were clear. However the domestic situation in Turkey and the stalemate in the EEC during the 1970s slowed down the development of Turkey-EU relations.

Relations were then frozen following the military coup d'État of September 12, 1980. Only after the multiparty elections of 1983 did relations between Turkey and the EEC begin returning to normal. With the restoration of democracy, Turkey further pushed for the pursuit of membership in the Community, and applied for full membership in 1987 (Saatçioğlu, 2012: 5). The Commission's Opinion on Turkey's membership, endorsed by the Council on February 5, 1990, stated that "it would be inappropriate for the Community, which is itself undergoing major changes while the whole of Europe is in a state of flux, to become involved in new accession negotiations at this stage" (Güney, 2004: 140). It continued "furthermore, the political and economic situation in Turkey leads the Commission to believe that it would not be useful to open accession negotiations with Turkey straight away."

Although Turkey's application did not attain its main goal at the time, it did revitalize Turkey-EEC relations. Government efforts to further develop relations intensified. The Commission prepared a cooperation package even though it was not ratified, due to the objection of the Greek government (Saatçioğlu, 2012: 6). Thus, the most important interaction between Turkey and the EU in the 1990's was the signing of Customs Union Agreement. It came into effect on 1 January 1996 (Nas, 2011). Then the EU became a major actor after 1999 with the Helsinki Council Decision that recognized the candidacy status. Following the Helsinki Council Decision in 1999 on Turkey's candidacy, the credibility of membership perspective and the supply of resources have increased considerably (Uğur, 2010).

There are institutional mechanisms established between Turkey and the EU based on the Association Agreement of 1964 and further developed in the post-1999 Helsinki process. The Association Council established in 1964 is the highest-level institution, composed of the Foreign Ministers of Turkey and the EU Member States and representatives of the Commission. The Turkey-EU Association Committee is the secretarial institution of the Association Council and is responsible preparing the agenda of the Association Council, while deliberating and evaluating the technical problems arising (Çakır, 2002: 330). It is composed of experts at the ministerial level from Turkey and member states. The Association Council has provided the main channel of intergovernmental exchange between Turkey and the member states and has been key to the evolution of the institutional relationship (Çakır, 2002: 337). The Customs Union agreement was negotiated at the Association Council during 1994 and 1995, while specific committees, established by the Association Agreement (such as the Customs Cooperation Committee), worked on technical trade, tariff and custom legislation (Çakır, 2002: 339). The Joint Parliamentary Commission examines annual activity reports of the Association Council and makes recommendations. This Committee is composed of 18 members from the Turkish parliament and the European Parliament (European Parliament, 2009).

Following the Helsinki Decision, the Association Council established eight sub-committees⁷¹ to screen various issue areas covering the *acquis communautaire*, including an

⁷¹ The negotiations chapters are discussed in eight sub-committees organized as: Agriculture and Fisheries Committee; Internal Market and Competition Committee; Trade, Industry and ECSC Products Committee; Economic and Monetary Issues Committee; Innovation Committee; Transport, Environment and Energy

EU-Turkey sub-committee on Regional Development, Employment and Social Policy (EC-Turkey Association Council, 2000). Moreover the Turkish government in 2000 established the Secretariat-General for EU Affairs (*Avrupa Birliği Genel Sekreterliği*, ABGS) to ensure internal coordination and harmonization in the preparation of Turkey for membership (*Avrupa Birliği Genel Sekreterliği*, 2007). The Secretariat-General became the main coordination body and is responsible for technical aspects of various issue areas, in order to assist different ministries and public agencies about the dimensions of the *acquis*. It is also responsible for the preparation of the NPAA.

Four Accession Partnership Documents were prepared for Turkey (2001, 2003, 2006 and 2008) which set out short and medium-term measures that needed to be introduced in the pre-accession process. The Turkish state prepared three NPAA (2001, 2003 and 2008), following the short and medium-term priorities indicated in the Accession Partnership Documents.

After the launch of accession negotiations, the ABGS was moved in 2007 to be under the Ministry of Foreign Affairs, and then became a new ministry responsible for all EU affairs in 2011 (*Avrupa Birliği Bakanlığı*, 2012a: 2). This represented an institutional innovation and increased administrative capacity as the EU ministry has fifteen directorates with an increased budget and more staff and experts on Europe.

The EU membership process has also evolved from 1999 to 2008. In particular, negotiations on specific chapters, including social policy and employment, started in 2005. From 1999 to 2004 attention focused on compliance with the political criteria. (Schimmelfennig and Sedelmeier, 2005: 211; Grabbe, 2003: 316). The Council of the European Union decision to open accession negotiations with Turkey in October 2005 denoted that Turkey had fulfilled the political conditions of the Copenhagen criteria.

The negotiations then started the screening process in 2005. This consisted of meetings between Turkish bureaucrats and members of different DGs of the Commission to assess where adaptation in Turkish legislation were needed and which institutions the government would need to establish to conform to EU conditions. Accordingly, and concerning each

Committee; Regional Development, Employment and Social Policy Committee; Customs, Taxation, Drug Trafficking and Money Laundering Committee.

negotiation chapter, information on the legislation relevant to the *acquis* was provided, the differences between EU legislation and Turkish legislation were determined, and a broad calendar on each negotiation chapter was set in 2005 and in 2006 through a series of screening meetings. Following the completion of the screening process for a given chapter, the European Commission would submit to the Council a screening report, which is the key document determining whether the chapter is ready to be opened. In the screening reports, Commission reviews the information given by Turkey, assesses whether Turkey is ready for the opening of the specific chapter, and either recommends opening of the chapter or identifies benchmarks to be satisfied in order for this chapter to be opened.

Following the submission of such screening reports by the Commission in 2006 and 2007, the Council made important decisions concerning negotiation chapters. It announced that eight chapters⁷² were blocked because Turkey refused to recognize the Republic of Cyprus and did not extend the Additional Protocol of the EU-Turkey Association Agreement that requires Turkey to give access to its ports and airports to Cypriot ships and planes (Avrupa Birliği Bakanlığı, 2013, Avcı, 2011).⁷³ On two chapters (Science and Research and Education and Culture) Turkey was invited to present a negotiation position. The Council decided provisionally to close the Science and Research chapter. In 2007, Turkey was also invited to present its negotiation position on Economic and Monetary Policy. The Council has approved the screening reports of nine other chapters⁷⁴ and determined opening benchmarks including for the chapter on Social Policy and Employment. The accession negotiations are going through on the other 13 opened chapters⁷⁵ for which closing benchmarks exist (Avrupa Birliği Bakanlığı, 2013).⁷⁶

⁷² Ministry for EU Affairs indicates that the eight blocked chapters in February 2013 are: Chapter 2 Freedom of movement for workers; Chapter 13 Fisheries; Chapter 14 Transport policy; Chapter 15 Energy; Chapter 23 Judiciary and fundamental rights; Chapter 24 Justice, freedom and security; Chapter 30 External relations; Chapter 33 Financial and budgetary provisions.

⁷³ Member states such France, Germany Austria and Cyprus have also blocked certain chapters since 2005 (Avcı, 2011: 412), arguing that accession negotiations are open-ended, referring to the Negotiating Framework (EU Council, 2005) decided for Turkey.

⁷⁴ These nine chapters are: Chapter 1 Free movement of goods; Chapter 3 Right of establishment and freedom to provide services; Chapter 5 Public procurement; Chapter 8 Competition policy; Chapter 9 Financial services; Chapter 11 Agriculture; Chapter 19 Social policy and employment; Chapter 22 Regional policy and coordination of structural instruments; Chapter 29 Customs union.

⁷⁵ These thirteen chapters are: Chapter 20 Enterprise and industrial policy; Chapter 18 Statistics; Chapter 32 Financial control; Chapter 21 Trans-European Networks; Chapter 28 Consumer and health protection; Chapter 6

III. The supply of EU resources available during reform of the labor law, restructuring of the employment agency and reform of the social security system

In this section, the aim is to illustrate empirically various EU resources that were generated through the post-Helsinki period from 1999 to 2008 for the reforms of the social security system, labor regulation and the restructuring of the employment agency. Accordingly several EU instruments will be analyzed, such as the Accession Partnership Documents and NPAAs, the Progress Reports of the Commission, financial assistance under the MEDA program, a pre-accession assistance program and the IPA, screening and negotiation process under the chapter heading of Social Policy and Employment, and twinning and mutual learning programs. The analysis will focus first on the categorization of various resources while aiming to examine the evolution of their supply through different stages of the accession process.

During the membership process, Progress reports, Accession Partnership Documents and screening reports provide legal resources. They clarify in detail the content of the reforms necessary to comply with the Copenhagen criteria and the adoption of the *acquis communautaire*. These are conditions for moving towards membership. They also provide political resources for national actors, who can make a link between the introduction of the reforms and the conditions by the Union for membership. Finally these instruments also provide cognitive resources. They set out the expectations of the European Commission in the pre-accession process and intellectually frame the analysis of an issue.

III.a. Accession Partnerships and NPAAs: Legal and political resources for social policy reforms

Turkey's four Accession Partnership Documents constitute an important instrument through which the EU influenced political and economic reforms during these years. The

Company law; Chapter 7 Intellectual property law; Chapter 4 Free movement of capital; Chapter 10 Information society and media; Chapter 16 Taxation; Chapter 27 Environment; Chapter 12 Food safety, veterinary and phytosanitary policy.

⁷⁶ The Commission did not conduct any screening for the Chapter 31 Foreign, security, defense policy. Therefore the accession process has not been launched yet for this chapter.

Accession Partnerships described where pre-accession assistance would be targeted, provided a framework for the short and medium-term priorities, objectives and set the conditions Turkey would have to meet.

The 2001 Accession Partnership Document (EU Council, 2001a) established that the reform of the social security system and labor law were conditions of membership. In other words, the EU institutions were insisting on reform. The reform of social security and labor law were identified in the Accession Partnership Documents as a medium-term priority. For instance, the 2001 Accession Partnership Document emphasized as a medium-term priority in the Economic Criteria section that Turkey should “Ensure the sustainability of the pension and social security system” (EU Council, 2001a: 19). Furthermore the document treated social security reform in the Employment and Social Affairs section as a medium-term goal, being to: “Further develop social protection, notably by consolidating the reform of the social security system with a view to making it financially sustainable, while strengthening the social safety net” (EU Council, 2001a: 20). The reform of the labor law was described as a medium-term goal too, being to (EU Council, 2001a: 20):

“Transpose EU legislation in the fields of labour law, [including] equality of treatment between women and men, occupational health and safety and public health; Reinforce related administrative structures and those required for the coordination of social security while requiring development of effective implementation and enforcement of the social policy and employment *acquis*.”

Furthermore the Accession Partnership Document in 2001 called for preparation of a national employment strategy in line with the EES and development of the capacity to monitor labor market and social developments.

In a similar vein, the Accession Partnership Document prepared in 2003 referred to the social security system in the same section as in 2001 document, that is under the Economic Criteria and under the Social Policy and Employment headings. Again they were medium-term goals (EU Council, 2003a). Reform of labor law was also referenced in almost the same way as in 2001, under the Social Policy and Employment heading and emphasizing the transposition of EU legislation in the field of labor law and development of administrative capacity to implement a national employment strategy and create the necessary monitoring mechanisms of labor markets.

The NPAAAs are the Turkish governments' detailed road map clarifying the reforms that it would prepare in order to comply with the priorities emphasized at the Accession Partnership Documents and to align Turkish laws with the *acquis communautaire*. Accordingly the 2001 NPAA refers to both social security and labor law reforms (NPAA, 2001). On the one hand, social security reform is mentioned as a structural reform to be implemented to comply with the Economic Criteria (NPAA, 2001:31) :

“Structural reforms play a key role in terms of ensuring economic stability and permanently decreasing public deficits, which is the most significant problem in the disinflation program. Regulations on social security institutions and tax reforms, speeding up privatisation activities, and providing discipline on public expenditures will ensure a rapid and permanent recovery of the public balance.”

More details were given in the Structural Reforms section regarding social security. First the relevant characteristics of the social security system were described while illustrating the related laws and schemes of social protection.⁷⁷ Following this characterization, the problems of the social security system were defined, in terms of public finances and their impact on the deficit while also emphasizing the limited and unequal coverage and inadequate administrative capacity (NPAA, 2001: 31). This section indicated also the reforms planned that touched on the retirement age, minimum premiums, and increased levels of pensions while emphasizing administrative and institutional restructuring reforms planned for a more efficient coordination among the different social protection schemes. In the section regarding the capacity to assume the obligations for membership, the 2001 NPAA set the goals of coordination of social security systems between Turkey and the member states in order to provide a legal ground for the transferability of coverage and benefits once there is free movement of persons and of equality of treatment (NPAA, 2001: 120). Accordingly the social security legislation in Turkey would need to be harmonized with Regulation 1408/71/EEC in terms of covering both paid and unpaid employees and including foreigners working in Turkey. Moreover, it indicated that (NPAA, 2001: 122):

⁷⁷ These laws are: Law No. 1479, Social Security Institution for Craftsmen, Artisans and Other Self-Employed; Law No. 506, The Social Insurance Institution; Law No. 2926, Social Insurance for the Self-Employed in Agriculture; and Law No. 2925 Social Security for Agricultural Workers.

“The complete set of modifications that need to be introduced to the Turkish Social Security legislation in order to harmonise with the EU acquis on social policy and co-ordination of social security, have been separately laid down in terms of each and every social security law, and these modifications have been arranged under the Draft Law on the Social Security for Harmonisation with EU Legislation”.

However, in the section regarding Equal Treatment of Men and Women, the 2001 NPAA indicates that some provisions of the social security legislation have certain contradictory characteristics related to equal treatment (NPAA, 2001: 329). Accordingly two main issues existed: paid maternity leave and the legal status of the family. The NPAA indicated there was a need to standardize and institutionalize paid maternity leave,⁷⁸ because provisions varied according to the employment status and participation in different social security schemes. The 2001 NPAA also argued that there was a need to enlarge the coverage and maximum leave period as well as to convert it to a parental leave. The 2001 NPAA announced that a Draft Bill on the Re-organization of Maternity Leave was in preparation (NPAA, 2001: 329). Moreover certain provisions of the social security legislation were evaluated to be contrary to the equal treatment norm, because the social security coverage of women depended on their role as wife or daughter of the man legally designated as the head of family (NPAA, 2001: 329). Accordingly the NPAA emphasized the need to reform the conditions related to the “head of the family” in order for women to be insured in their own right.

The reform of the labor law was mentioned under the Labor Law. In a similar way, this section first described the characteristics of the legal framework (NPAA, 2001: 316), and then identified the reform and indicated that studies related to reforming the Labor Act No. 1475 had started. It went on to describe the absence of a legal framework for flexible work arrangements and said that one would need to be developed (NPAA, 2001: 318). The Labor Law section of the 2001 NPAA also made reference to a number of specific directives that would be considered during the revision of the Labor Act, such as Council Directive 98/23/EC

⁷⁸ The 2001 NPAA indicated that maternity insurance would be incorporated into Law No. 2926, Law No. 2925, Social Security for Agricultural Workers, and Law No. 1479, The Social Insurance Institution for Craftsmen, Artisans and Other Self-Employed.

and Council Directive 97/81/EC for the preparation of legal regulations for flexible and atypical work, Council Directive No 91/533/CEE to modify the provisions regarding the contract of service, health and safety rules, and rules about notification and consultation of workers, and Council Directive 93/104/EC concerning the minimum annual paid leave period (NPAA, 2001: 322-324). Moreover the 2001 NPAA indicates in the section regarding “Equal Treatment of Men and Women” that the Labor Act and Law No. 657 on Civil Servants are on their way of being harmonized with the EU *acquis* by modifying provisions touching on gender discrimination in terms of wages, admission to employment, working conditions, vocational training.

Moreover, in the section regarding Employment, the 2001 NPAA referred to the Council Decision 98/171/EC concerning the institutions and organizations related to the labor market and employment (NPAA, 2001: 333). Accordingly the NPAA indicated that “The activities leading to the restructuring of employment services have been completed by converting the Labour and Employment Agency into the more compatible Turkish Employment Institution” (NPAA, 2001: 333). The reform of the employment agency was prepared in 2000, as Chapter IV discusses in detail. It enlarged the duties of the employment agency, mandating it to implement active labor market policies and to assume the unemployment insurance services and so on (NPAA, 2001: 333). All of this signaled that the 2001 NPAA was promising employment policies in line with the EES guidelines and to comply with the *acquis*. It also announced that Turkish statistical data would be brought into conformity with EU standards. The Household Labor Force Survey would be prepared according the EU standards and the new Turkish Employment Institution would be responsible for coordinating data collection with the Turkish Statistical Institute, all in line with EU Directives (NPAA, 2001: 279).

Regarding the social dialogue, the emphasis in the 2001 NPAA was on strengthening the legal status of the tripartite social dialogue mechanisms especially at the national level. It reviewed the current mechanisms of social dialogue (NPAA, 2001: 324). The conclusion was that representation at the sectoral level of collective bargaining needed to be strengthened in order to conform to the *acquis*. Despite the existence of social dialogue mechanisms at institutional and committee level at the Ministry of Labor and Social Security, moreover, there

was a lack of social dialogue mechanisms at the national level where the Economic and Social Council did not work properly (NPAA, 2001: 325).

The 2001 Accession Partnership Document and NPAA provided extensive legal resources, exposing in detail the various directives and Council Decisions required to be transposed to Turkish legislation. By relating the reform of the labor law, the restructuring of the employment agency to EU membership conditions, these documents supplied legal resources to be potentially deployed in the reform process by Turkish actors.

Following the 2003 Accession Partnership Document, the newly elected AKP government prepared another NPAA (NPAA, 2003). It referred directly to the priorities of the 2003 Accession Partnership Document. It indicated that the government aimed to maintain the Document's emphasis on the reform and development of the social security system and improvement of the financial structure of social security institutions: "the Urgent Action Plan of the 58th Government has envisaged the establishment of an integrated social service network and relevant administrative structure" (NPAA, 2003: 512). Accordingly the NPAA indicated that the priority would go to the establishment of a general health insurance system, providing unity among norms and standards in social security institutions, and establishment of an integrated social security network. In addition, the Turkish state announced plans to participate as an observer in the Liaison Group for Elderly People and in the Social Protection Committee, in line with Commission Decisions 93/417/EEC and 91/544/EEC and in line with the Council Decision 2000/446/EC in the context of the Community Programme combating social exclusion (NPAA, 2003: 512). The NPAA reported signing of a Memorandum of Understanding for participation in the Community Programme to Combat Social Exclusion, a process initiated in anticipation of the preparation of a Joint Inclusion Memorandum (NPAA, 2003: 489). The 2003 Accession Partnership document had set out as a medium-term goal to "Take measures to promote access to and quality of health care and to improve the health status of the population" (EU Council, 2003a: 53). The NPAA in 2003 then indicated that Turkish government would participate in the first programme of Community action in the field of public health (2003-2008), initiated by Directive 1786/2002/EC during 2004-2005 (NPAA, 2003: 487-488). The NPAA pointed out that such participation would allow Turkey's integration into EU initiatives to improve information for promoting public health and health systems, improving the ability to respond rapidly and coherently to health threats, and

developing analysis of health determinants (NPAA, 2003: 508). The participation in this program would provide financial resources for specific projects in the area of public health. In this way the EU was providing cognitive resources for Turkey to evaluate the quality of its healthcare and its coverage, in line with reform attempts initiated by the AKP government. The 2003 Accession Partnership and NPAA illustrate the cognitive resources and political resources made available on this dimension of the social security reform.

Regarding labor law, the 2003 NPAA emphasized the legislative amendments to regulate flexible working patterns and measures to prevent child labor. These reforms were needed to comply with and align Turkish legislation with the relevant *acquis* (Council Directives 80/987/EEC, 2002/74/EC and 91/383/EEC and relevant provisions of Council Directive 94/33/EC, 98/59/EC, 2001/23/EC, 91/533/EEC, 97/81/EC, 93/104/EC and 99/70/EC) (NPAA, 2003: 488-489). The NPAA also indicated that the government would move toward new regulations on flexible working (NPAA, 2003: 488).

Indeed, the 2003 NPAA foresaw full completion of compliance with the *acquis* via legislation to be introduced in 2004 and 2005. The NPAA indicates that relevant studies were being conducted by the Department of EU Coordination within the Ministry of Labor and Social Security on the areas of equal treatment and social dialogue (NPAA, 2003: 489). Beyond that, “it is essential to strengthen the administrative capacity of the Department of EU Coordination under the Ministry of Labor and Social Security. Within this context, it will be necessary to restructure this department as a Directorate General” (NPAA, 2003: 517).

The 2003 NPAA continued to stress the area of equal opportunity: “Turkey envisages the adoption of a program for the transposition of relevant EU legislation in the short term, and transposition and implementation of relevant EU legislation in the medium term” while also emphasizing reform of the labor law removing some of the legal barriers for women’s labor force participation (NPAA, 2003: 517). It also raised the issue of social dialogue reforms, including the abolition of restrictive provisions on trade union activities and assured that introduction of new union rights was planned. The 2003 NPAA continued to indicate that in the area of social dialogue there was a need for effective implementation of the Economic and Social Council.

The Accession Partnership documents in 2006 and 2008 also took up reform of the social security system as well as labor law, all needed in order to align the legal framework with the *acquis communautaire* (EU Council, 2006b; EU Council, 2008).

In 2006, the Council of the European Union prepared an Accession Negotiation document following the Commission's recommendation about the launch of accession negotiations in 2005 and the screening process on specific chapters. However there was quickly stalemate in the membership process due to the opposition of a number of member states that insisted on the open ended character of the accession negotiations by referring to the Negotiating Framework decided for Turkey in 2005 (EU Council, 2005). Turkey was also hesitant to extend the Additional Protocol for Cyprus. By opening its ports and allowing travelling, it would give de facto recognition to the Republic of Cyprus. Accordingly the Turkish government did not prepare a NPAA responding to the priorities emphasized by the 2006 Accession Partnership Document.

The stalemate in Turkey-EU relation has since softened to a certain extent as the Cyprus issue has been put on the backburner and the member states have focused more on the technical details of accession within specific chapters. Accordingly an Accession Partnership Document was prepared in 2008 indicating the priorities and the compliance needed by the Turkish government (EU Council, 2008). The Turkish government also prepared a NPAA in 2008 reflecting the reforms planned to be introduced from 2007 to 2013 (NPAA, 2008).

The reform of the social security system and labor law and employment were referenced under the same sections in the 2006 Accession Partnership and in a similar ways to what was said in 2001 and 2003. The 2006 Accession Partnership Document called for action to “ensure the sustainability of the pension and social security system” (EU Council, 2006b: 29) and to “Further develop social protection, notably by consolidating the reform of the social security system with a view to making it financially sustainable, while strengthening the social safety net” (EU Council, 2006b: 40). It also continued to call, in the medium term, for reforms to the legal framework so as to ensure further harmonization with the social policy and employment *acquis* (EU Council, 2006b: 43). Indeed the document called for preparation of a national employment strategy in line with the EES and greater capacity to monitor labor market and social developments.

The 2008 Accession Partnership Document was insistent about changes to the social security system, calling for “implementing a sustainable and effective social security system” as a short-term priority (EU Council, 2008: 6). It also referred to labor regulation under the Economic Criteria section as a short-term priority to: “...address labor market imbalances. To this end, improve incentive structures and flexibility in the labor market to increase participation and employment rates; improve education and professional training efforts, thereby encouraging the shift from agriculture to a service-based economy...” (EU Council, 2008: 10). It continued, under the chapter heading Social Policy and Employment to call for harmonization with the *acquis* and strengthening administrative and enforcement structures as a medium-term goal (EU Council, 2008: 13).

The 2008 NPAA responded to the priorities identified in both the 2006 and 2008 Accession Partnership Documents as well as the screening process and chapter negotiations (NPAA, 2008). It took up parental leave and the need to reform the general labor law and regulations related to civil servants in the area of parental leave so as to harmonize with Directives 92/85/EEC and 96/34/EC. These changes would enable the mother and father to share an unpaid parental leave (NPAA, 2008: 212). It also mentioned the social security reforms needed to align with the Directive 79/7/EEC, Directive 2006/54/EC and European Strategy for Social Inclusion (NPAA, 2008: 22). Union rights were also taken up and a whole range of other labor laws. The goal of these reforms was to harmonize the legal framework regarding labor regulation in terms of gender equality and struggle against discrimination.⁷⁹

The Accession Partnership Documents and NPAAs supplied political and legal resources for labor law reform and restructuring the employment agency in 2003 and for social security reform in 2008. These instruments have clearly indicated that the reforms must happen in order to comply with the EU membership conditions. The documents place the need for reforms under the Economic Criteria. It is clearly stated that there is a need to develop a more coherent employment policy to address labor market imbalances, to increase participation and employment rates and also to improve the institutional capacity and legal

⁷⁹ The social harmonization package aims to align the EU *acquis*: 2006/54/EC, 2000/78/EC, 2003/72/EC, 2004/113/EC, 96/71/EC, 97/81/ EC, 2003/88/ EC, 2005/47/ EC, 91/383/EEC, 91/533/EEC, 99/63/ EC, 99/95/EC, 2002/15/EC, 99/70/EC, 94/45/EC, 2002/14/EC, 80/987/EEC, 98/59/EC, 2001/23/EC, 2001/86/EC, 2000/43/EC.

framework in line with the EES. Moreover it is clearly emphasized that there is a need to improve the financial sustainability of the social security system especially pensions via relevant legal and institutional changes. These instruments thereby provide political resources for Turkish actors wishing to make a case for EU membership. According to the categories of the Uses of Europe approach, they provide legal resources as well. They indicate in detail the relevant directives and the *acquis communautaire*, thereby indicating quite explicitly what the content of reform will be.

III.b. Progress reports and EU resources: Detailed analysis of the social policy framework in Turkey

An important instrument that EU uses to trigger political and economic reforms in candidate countries are the Progress Reports that are prepared by the European Commission. The Progress Reports for Turkey have been published since 1998 and they have continuously addressed social security and employment since the beginning. The 1999 Regular Report on Turkey's Progress toward Accession said: "the degree of alignment of Turkish legislation with the *acquis* in the field of health, social security, labor and equal opportunities is limited... The social security system continues to be in grave financial difficulty" (European Commission, 1999a: 38). Although the 1999 Report recognized the improvements made by the 1999 reforms on retirement age and alterations in the contribution period, it was also concerned about the need to control the fiscal deficit of the social security system (European Commission, 1999a). The 2000 Progress Report underlined the urgency of reform in order to deal with the fiscal deficit as well as improving healthcare coverage with a universal approach: "The social security system continues to be in serious financial difficulty. The reforms in progress are essential. On major health indicators, such as infant mortality, maternal mortality and life expectancy, Turkey continues to be significantly worse than EU member states. Decent standards of primary health care must be ensured for the whole of the population" (EU Commission, 2000b: 50). The same Report assessed the labor code, identifying as key issues reform of the employment relationship, health and safety of temporary workers, organization of working time, part-time work, and protection of young people at work.

The 2001 Progress Report emphasized that "Progress in the ongoing reform of the Turkish social security system is urgently needed. Overall, the social security system

continues to experience serious financial difficulties” (European Commission, 2001b: 69). The 2001 Report was positive about the reform that added private pensions to the compulsory pension system even it was critical of tax exemptions being excluded from the private pension regime. But the 2001 Report was less sanguine about labor market policy, saying: “Labor market policy remains to be developed. Due to Turkey's traditional focus on short-term stabilization, labor market policies are hardly discussed during policy formulation. However, recently the institutional set-up and the involvement of the social partners have been improved. Tri-partite commissions, representing the state, employers and employees, are preparing reports and proposals on how to improve the efficiency of Turkish labor market policy” (European Commission, 2001b: 43).

The 2002 and 2003 reports claimed that legal and administrative changes were still needed in order to ensure the proper functioning of the social security system and to ensure its fiscal sustainability (European Commission, 2002b: 150; European Commission, 2003b: 65). The 2003 Progress Report emphasizes that “Inefficiencies and cases of irregularities in the pension system and social security institutions are partly due to legal defects and partly to insufficient administrative capacity... Turkey should continue its efforts to stabilise its social security system” (European Commission, 2003b: 65). The 2002 Report recalled that “a scientific committee has been set up to prepare a revision of the Turkish Labor Code” (European Commission, 2002b: 91) and in considering the reform of labor law in 2003, the Progress Report (European Commission, 2003b: 53-54) admitted that:

“Labor market policies have been brought closer to international standards, although the attention paid to labor market issues is far from sufficient. The adoption of the labor law in June 2003 has been an important step towards meeting international standards in this field. The legal position of employees has been improved and important workers’ rights, such as holidays, social protection, flexible working times, severance payments and protection from unjustified dismissal have been officially established. Incentives for formal employment have been increased. However, the number of employees benefiting from this legislation is still rather low. In order to improve the matching process in the labor market, an employment agency has been established.”

The 2004 Progress Report insisted that existing structures to promote social inclusion and to insure social protection were insufficient and indicated that “In the field of social protection, the Government should pursue its ongoing efforts aimed at bringing about a reform

of the social security system. Its main current weaknesses remain the lack of financial stability, the presence of a large informal sector and administrative and management problems. Efforts currently undertaken to upgrade the administrative capacity of the social security institutions are also strongly encouraged” (European Commission, 2004b: 113).

The 2005 report (European Commission, 2005a: 96) reaffirmed that the lack of financial stability as the main weakness of the social security system and the need to improve the equal coverage of the system, despite some changes:

“In an effort to reform the social security system, and gathering the social security institutions under a single framework, a law was adopted in January 2005 transferring all hospitals belonging to the social security institutions to the Ministry of Health. Furthermore, in February 2005, all beneficiaries of the social security system have been entitled to obtain medications from all pharmacies. However, further efforts are required in the field of health care to improve population coverage and equity of access. Addressing geographical disparities of care supply is also a matter of concern. Efforts currently undertaken to upgrade the administrative capacity of the social security institutions should continue.”

The 2006 Progress Report saluted the significant social security reform bill introduced by the AKP government in 2006 (European Commission, 2006: 53):

“In the field of social protection, Parliament adopted legislation on social security reform in May and June 2006, providing for a complete overhaul of the Turkish social security system. This will be simplified and bureaucracy reduced, benefits-liabilities will be equal for everybody, free healthcare will be provided to all children under 18 years old. The reform aims to ensure the long-term financial stability of the social security system and to regulate assistance to the poorest. Upgrading of the administrative capacity of the newly established Social Security Institution is ongoing.”

But the 2007 Progress Report criticized the delay in implementation of the social security reform and the fiscal deficit: “In the field of social protection, little progress has been achieved. The enforcement of the social security reform was postponed to 2008” (European Commission, 2007d: 53-54). Moreover the report emphasized the weakness of the institutional structures and policy measures concerning social inclusion and criticized the non-completion of the Joint Inclusion Memorandum (JIM), underlining that: “The percentage of the population at risk of poverty is among the highest when compared to those of member states and candidate countries. The lack of efficient social transfers, together with the high percentage of ‘working poor’, leads to an important child poverty rate” (European Commission, 2007d: 54).

The 2008 Progress Report admitted that Turkey had made some advances in the field of social policy and employment through the parliamentary adoption of the Law on Social Insurance and General Health Insurance in October 2008 (European Commission, 2008b: 62):

“In the field of social protection, some progress has been achieved. The most significant pillar of the social security reform, the Social Insurance and General Health Insurance Law, entered into force in October 2008. Its aim is to regulate, among others, the pension parameters and the general health insurance system with a view of ensuring adequate and sustainable pensions.... However, there has been no development as regards new legislation on social assistance and services. Preparations in this area have started”.

The 2008 Progress report also evaluated some efforts for fostering social inclusion because the new health law provided general health insurance coverage for everyone under 18 and the health premiums of those who cannot afford to pay were covered by the state.

Since 1999, the Progress Reports systematically stressed three general themes regarding the social security system: the urgency of controlling the fiscal deficit; administrative and management problems created by having different institutional frameworks; and the non-universal character of social protection, health-care and social assistance. The social security reform was treated under two sections in the Progress Reports; in the one regarding Economic Criteria and in the Social Policy and Employment chapters. The Commission emphasized in the Economic Criteria chapter the need for reform measures to control the fiscal deficit of the social security system. The administrative and management problems related to different institutional structures and the non-universal coverage of the social security and healthcare system came up under the chapter of Social Policy and Employment.

Beginning with the 2002 Progress Report, the Commission started to emphasize the “social inclusion” aspect of social policies and social protection. Accordingly the evolution of Progress Reports also indicates that the EU emphasis on developing social policies in line with EU standards has strengthened since 2002. Following the opening of accession negotiations in 2005 with the launch of the screening process under the chapter headings of Social Policy and Employment, the EU has a better assessment of the problems related to the Turkish welfare state.

Labor law was addressed in two sections of Progress Reports from 1999 to 2002: Economic Criteria and Social Policy and Employment. The two main themes regarding the labor law were, on the one hand, the lack of employment policy and the weakness of the institutional structure to support the formulation of such strategy and on the other hand the lack of a legal framework for the employment relationship, health and safety of temporary workers, the organization of working time, and part-time work. The Progress Reports assessed as a positive development the establishment of the Turkish Employment Agency in 2001 and the adoption of the labor law in June 2003 that introduced social protection and flexible working time.

The European Commission's Progress Reports for Turkey stressed the need to develop social dialogue mechanisms with the social partners. Social dialogue as the tripartite and bipartite social dialogue mechanisms is a requirement for membership. The Progress Reports ask for the development of bipartite social dialogue mechanisms and collective agreements as well as strengthening union rights. The Turkey Regular Report 2006 indicates that "As regards social dialogue, no progress can be reported on the pending draft laws aimed at bringing the currently applicable Trade Union and Collective Bargaining, Strike and Lockout Laws in line with ILO and EU standards" (European Commission, 2006: 53). The EU emphasis on the development of social dialogue has influenced to a certain extent the social security reform process. The AKP governments have used the social dialogue mechanisms, such as Economic and Social Council, to discuss the reform with the social partners.

III.c. Budgetary and financial resources for social policy reforms in Turkey

Another important aspect of the candidacy process is the EU's financial assistance. It provides significant budgetary resources and these were used for remodeling the employment agency and reforming both the social security system and labor law. Financial assistance under the program for the MEDA (1996-2001) and Turkey's Instrument for Pre-accession Assistance (IPA) 2002-2006) covered areas relevant for institution building.

Turkey was a recipient of MEDA funds as part of the Euro-Mediterranean Partnership program since 1996 (Yakut-Çakar, 2007: 118). Accordingly, under MEDA I (1996 to 1999), €376 million in financial assistance was provided for 55 projects (Avrupa Birliği Bakanlığı (2012b: 2-3). Under MEDA II €889 million was committed as grants and €1.47 billion as

credits although a certain portion of this financial assistance was later transferred to the Pre-accession Assistance program (Avrupa Birliği Bakanlığı, 2012b: 4; Tatham, 2009: 314-315).

As already noted, a Pre-accession Assistance program replaced the MEDA in 2002 in order to “provide support for institution building, investment to strengthen the regulatory infrastructure needed to ensure compliance with the *acquis*, investment in economic and social cohesion and the promotion of the civil society dialogue” (European Commission, 2007b: 2). Budgetary allocations under the pre-accession assistance for the six objectives in the period from 2002 to 2006 have reached in total to €1,235,520,000 and the amount for the economic and social cohesion⁸⁰ and social policy sectors have increased steadily (European Commission, 2007b: 8).

Table 2. Budgetary allocations under the Turkey National Programs (Pre-accession assistance program) 2002-2006, millions of euros (€)

Sector	2002	2003	2004	2005	2006	Total
Social Policy	7		17.174	7.757	5	36.931
Economic Social Cohesion	40	45.3	77.556	117.059	182.054	461.969

In line with the 2001 and 2003 Accession Partnership Documents, the EU’s emphasis has been oriented towards strengthening the institutional capacity of the new Turkish Employment Agency. Under the economic and social cohesion objective of Pre-accession Assistance, a program called the Active Labor Market Strategy Programme provided funds for the Turkish Employment Agency aimed at institution building, support for the modernization of the offices and for active employment measures with a budget of €50 million from 2003 to 2006 (European Commission, 2002c). A second phase of the project involved investment in the local capacity of the Turkish Employment Agency and was implemented from 2006 to 2009 with a budget of €20 million (Delegation of the European Commission to Turkey, 2012a). These programs provided substantial financial resources to the Turkish Employment

⁸⁰ The economic and social cohesion component aims to address regional differences in various areas including structural labor market problems in parallel to European Structural Funds.

Agency and for its efforts to implement active labor market policies.

Starting in 2007, Turkey began to benefit from a new IPA in which the human resources development component supported activities addressing social inclusion as well as other issues such as employment, education, and training (European Commission, 2007b: 16). The human resource development assistance under the IPA aimed to increase general labor market participation and employment rates, especially women's low level of participation; improve the quality of education, so as to improve the linkage between education and the labor market, and to raise enrolment rates especially for girls; improve the coordination and effectiveness of social services providing education, training and employment opportunities, towards the disadvantaged. Accordingly 40% of the financial assistance under the human resources development component went towards employment while 35% was oriented towards education and 25% towards social inclusion. The planned budget from 2007 to 2013 reached €479.6 million for human resource development where the total financial assistance of all components of IPA for this period would reach €4,831.6 million. This indicates a substantial increase in financial resources supplied compared to the previous period from 2002 to 2006 (European Commission, 2007b: 17).

Table 3. Instrument for Pre-Accession Assistance (IPA), 2007-2013, millions of euros (€)

Components	2007	2008	2009	2010	2011	2012	2013	TOTAL
Institution Building	256.7	256.12	239.55	217.8	231.26	227.49	246.28	1,675.2
Cross-border cooperation	2.09	2.87	3.04	3.09	5.13	2.17	2.21	20.6
Regional Development	167.5	173.8	182.7	238.1	293.4	356.8	378	1,790.3
Human Resources Development	50.2	52.9	55.6	63.4	77.6	83.9	96.0	479.6
Rural Development	20.7	53.0	85.5	131.3	172.5	189.8	213	865.5
TOTAL	497.2	538.7	566.4	653.7	779.9	860.2	935.5	4,831.6

An institution-building project under the IPA was launched in 2007, titled “Capacity Building of the Social Security Institution” (Coucheir and Hauben, 2011: 8). This project had two goals. On the one hand it sought to strengthen the institutional and administrative capacity of the new Social Security Institution so as to develop aligned policies in the field of coordination of social security schemes and social security policy and on the other hand, it targeted compliance with the EU *acquis* on the coordination of social security schemes and overall social security policy (Coucheir and Hauben, 2011: 8). The project provides financial assistance of €1.10 million for three years to increase the institutional capacity of the Social Security Institution (European Commission, 2007e). The initial project was extended in 2011 with addition IPA financial resources (Delegation of the European Union in Turkey, 2012b).

III.d. Institutional and programmatic resources: Sub-committees, screening processes and twining projects

The most important institutional resource supplied during Turkey’s candidacy is the sub-committees established on specific areas of the *acquis communautaire*. Following the Helsinki Council decision, the Association Council in 2000 established eight subcommittees to monitor progress with the priorities of the Accession Partnership Document and with moving towards legislation (European Commission, 2000a). One of these was the EU-Turkey subcommittee on Regional Development, Employment and Social Policy. Accordingly this subcommittee has provided an important space for information exchange and has been a coordination mechanism. The subcommittees’ role is to provide an overview of developments, to exchange information and to screen specific issues related to the *acquis communautaire*. The information gathered by the subcommittees is used in the preparation of Progress Reports. Although the subcommittees do not have decision-making capacities, they have provided the main institutional tool for allowing the encounter between the representatives of different Directorates-General and the bureaucracies of Turkish ministries (European Commission, 2000a).

The Subcommittee on Regional Development, Employment and Social Policy met several times from 2000 to 2004 and that served as a screening exercise (EC-Turkey

Subcommittee on Regional Development, Labour and Social Affairs, 2002: 2). For instance, at the 2004 meeting of the Subcommittee, after the Turkish side made a presentation of the reform of the labor law, the Commission side communicated its evaluation of certain shortcomings related to the provisions regarding non-discrimination in the termination of contracts to businesses with more than 30 workers and to workers and employees with at least six months of service, mentioning that these restrictions are not in line with the relevant EU legislation on non-discrimination (EC-Turkey Subcommittee on Regional Development, Labour and Social Affairs, 2004).

When in December 2004 the Council concluded that Turkey had fulfilled the Copenhagen political criteria and accession negotiations could open, the situation changed somewhat. When negotiations started on 3 October 2005 the Council adopted a Negotiating Framework, dividing the *acquis* into 35 chapters. The analytical examination of the EU legislation, which is the screening process at the first stage of negotiations, started in March 2006 (Delegation of the European Commission to Turkey, 2006: 8-9). The screening process of the chapter on Social policy and Employment was completed by November 2006 conducted by the DG Employment, Social Affairs and Equal Opportunities and a screening report was published. This report addressed the problems of the social security system, stating: “In 2005, Turkey’s social security deficit reached 4.81% of the GDP, the highest among OECD countries. The main cause of the ballooning deficit is early retirement. In 2006, the minimum retirement age is 43 for women and 47 for men, and 60% of the retired people are under 60” (Delegation of the European Commission to Turkey, 2006: 9). Moreover, the screening report analyzed the social security reform package and concluded that it would decrease the fiscal deficit and also increase the coverage of the social security system to all the population: “The social security system will thus be simplified and reduced in bureaucracy, benefits-liabilities will be equal for everybody, free healthcare will be provided to all children under 18 and the retirement age is to be gradually raised to 65 by 2048... the whole population will be covered by the General Health Insurance” (Delegation of the European Commission to Turkey, 2006: 6).

The screening report also analyzed the legal framework of labor law and assessed the degree of alignment with the *acquis* as well as the implementing capacity. The screening

report evaluated positively the 2003 labor law reform (Delegation of the European Commission to Turkey, 2006: 2):

“The Turkish Labour Law was revised in May 2003 and is complemented by by-laws. The Labour Law provides for rights and obligations regarding working conditions and work environment of employers and workers. Latest revisions aimed at introducing provisions inspired by the *acquis* in the fields of working time and working conditions.”

Accordingly the screening report assessed that a satisfactory level of alignment has been reached in the field of labor law where most of the principles of the *acquis* were in place. The screening report found that the scope of application of the labor law was still too limited, considering the degree of informal employment as well as in certain sectors such as agriculture. There are certain shortcomings in terms of administrative capacity where there is a need to strengthen the recruitment of staff and training capacity.

The screening process provided extensive legal resources by analyzing Turkish legislation and comparing it to the EU *acquis* requirements. This practice demonstrated the serious shortcomings of the Turkish legislation and provided resources for Turkish actors in their debates about reform. Moreover the screening exercise provided cognitive resources for bureaucratic actors by focusing on conformity to EU *acquis* and policy directions more generally.

Although the screening process of the social and employment policy chapters have been completed and approved, the Chapter on Social Policy and Employment was not opened for actual negotiations. Instead, the Commission recommended that the Council set two opening benchmarks to be fulfilled in order to open negotiations of the chapter (Avrupa Birliği Bakanlığı, 2013). The opening benchmarks set for the opening of the chapter on Social Policy and Employment are the establishment of full trade union rights⁸¹ in line with EU standards and ILO conventions and the preparation of an action plan for the transition, implementation and enforcement of the relevant *acquis communautaire* covering all aspects of employment policy and the labor market (Avrupa Birliği Bakanlığı, 2013). An action plan was prepared and submitted to the Commission in 2010. The reform related to trade-union rights was dealt

⁸¹ The benchmark for the opening of the chapter insists on legal reforms concerning trade unions' rights to organize, trade unions' right to strike and trade unions' right to bargain collectively both in public and private sectors.

with in the draft laws on Collective Labor Relations and on Public Servants' Trade Unions and Collective Agreements prepared by the AKP government after the 2010 referendum. However the Commission did not recommend the opening of the chapter to the Council, asking further reform of the legislation on trade unions in the private and public sectors.

The preparation of Joint Inclusion Memoranda (JIM) started in 2004 with the participation of different ministries and state agencies and including social actors (Yakut-Çakar, 2007: 118). The JIM is an exercise in which the Commission can inform Turkey of the necessary statistical indicators to measure the extent of poverty and social exclusion and emphasize the development of a comprehensive approach considering regional aspect of the poverty including exclusion of certain minority groups. The JIM process has also revealed the absence of relevant data and statistics in analyzing the extent of poverty as well as social exclusion. The drafting of the JIM process stalled, however, from 2007 to 2009 due to a major disagreement between the Turkish side and European Commission on the definition of ethnic minorities in assessing social exclusion. The Commission insisted on disaggregating poverty rates of ethnic and linguistic minorities such as Kurdish and Roma population as well as by region. However the representatives of the ministries claimed that the Turkish state recognizes only religious minorities, based on the Lausanne Treaty, and it is not possible to provide data on ethnic minorities' poverty.

The exercise for the preparation of the Joint Assessment Paper⁸² of employment priorities has been crucial to provide the analysis of the Turkish labor market identifying key challenges and employment priorities (Ministry of Labour and Social Security, 2011: 22). Considering the priorities of the European Employment Strategy, the drafting process of the JAP initiated through the formulation of the Employment Background Report in 2003 with the participation of ministerial actors and the Turkish Employment Organization (Ministry of Labour and Social Security, 2011: 22). Although a draft JAP was prepared, the process is not finalized as the Council of the EU did not approve it and the Turkish government did not agree on this draft version. The JAP process has provided cognitive resources with participation of

⁸² The JAP aims to orient candidate countries to define employment policies to be ready for membership and to progressively adjust institutions and policies to be able to fully participate in the EU wide employment policy coordination following accession.

various bureaucratic actors defining the main challenges related to the employment policy and labor market institutions.

An important aspect of the candidacy process are the twinning, mutual learning projects and IPA institution building components that aim to assist the candidate state in the development of modern and efficient administrations, making available the structures, human resources and management skills needed to implement the *acquis communautaire*. Accordingly, twinning and the IPA institution-building component provide legal, budgetary and cognitive resources allowing candidate countries' administrations and semi-public organizations to work with their counterparts within the EU.

A project entitled Harmonisation and Implementation of Legislation on Flexible Work in Turkey was developed from 2003 to 2005 with the cooperation of the Netherlands Ministry of Social Affairs and Employment (SZW) and Turkey's Ministry of Labor and Social Security and the Turkish Employment Agency with the assistance of the University of Tilburg (Netherlands Ministry of Social Affairs and Employment, 2005). On the one hand, the twinning project foresaw exchange of information among the involved parties, with the aim of providing a general level of understanding and knowledge of Directives 93/104/EC, 99/70/EC and 97/81/EC on flexible working.⁸³ Through the twinning project, Turkish labor law was analyzed, recommendations for harmonization were formulated, and draft legislation on flexible working and social security in accordance with the Directives prepared (Pennings and Süral, 2006). The project provided technical assistance for the drafting of the legislation on flexible working as well as institution building. Its budget was €415,605 (Netherlands Ministry of Social Affairs and Employment, 2005). The screening process and sub-regulation that emerged following the reform of the Labor Act in 2003 drew significantly on this twinning project that provided technical expertise and legal resources related to the *acquis communautaire*, while providing cognitive resources regarding the social security system and flexible working time and budgetary resources related to institution building.

⁸³ Directive 93/104/EC concerns certain aspects of the organization of working time, Directive 99/70/EC concerns the framework agreement on fixed-term work concluded by the European Trade Union Confederation (ETUC), the Union of Industrial and Employers Confederations of Europe (UNICE) and the European Centre of Enterprises with Public Participation (CEEP), and Directive 97/81/EC concerns the framework agreement on part-term work concluded by UNICE, CEEP and ETUC.

IV. Findings and conclusions about the research hypothesis

The European Commission's main emphasis, through all these multiple and varied instruments, was to provoke the modernization of Turkish labor law and social security so as to adapt to the changing conditions of the labor market and allow flexible work arrangements as well as improve equality and non-discrimination towards vulnerable groups such as young workers, women or minorities. In doing so, it has emphasized the legal resources associated with the process of a required alignment with specific directives and *acquis communautaire*. But political resources have also been generated by the deployment of these instruments. Those promoting Turkish membership in the EU could appeal to these reforms as conditions of membership and emphasize the new financial resources, while those opposed to membership could point to the constraints imposed. The institutional resources such as sub-committee meetings and screening exercises have raised the awareness and understanding among Turkish bureaucrats about social policy trends in the EU and thereby provided cognitive resources. Moreover the financial resources have supported various training programs and organization of workshops and conferences where problems related to the social security system and labor law were discussed towards harmonizing legislation. Accordingly, the EU has provided legal resources with the *acquis communautaire*, cognitive resources via the guidelines of the EES and political resources by framing these institutional and policy developments to the EU membership conditions.

The EU membership process has evolved from 1999 to 2008, with a major change when the accession negotiations on specific chapters including social policy and employment started in 2005. The institutional evolution of Turkey-EU relations since 1999, considering different legal and financial resources supplied by the EU for Turkey, indicates that the social security system and labor regulation including employment policy has been more extensively under the scrutiny of the Commission since 2005 with the launch of the accession negotiations.

This chapter enables me to address the hypothesis, coming from the Uses of Europe approach, that European resources provided by the EU institutions tend to vary according to the institutional relationship that a country has with the EU (Graziano, Jacquot and Palier, 2011: 8). Certainly the data on the financial resources support the hypothesis. The amount of

financial assistance for social and employment policies increased considerably between 1999 and 2008, under the various programs from MEDA to the Pre-accession Assistance Program to the IPA. The evolution of the institutional relationship from recognition of Turkey's status as candidate (1999 to 2005) to the launch of accession negotiations (2005 to 2011) brought increased financial assistance, especially for specific projects such as institution building, particularly with reference to the Turkish Employment Agency and the Social Security Institution.

The observation of the institutional and legal resources confirms also the research hypothesis; there were increasing institutional resources in the period from 2004 to 2008 that allowed the Turkish bureaucrats to participate in various programs and attend the Committees of the EU on social and employment policy, compared to the first phase from 1999 to 2004. Legal resources also increased with the start of accession negotiations in 2005. At that moment, efforts increased to provoke conformity, by laying out the discrepancies between Turkish law and practices and providing clear advice (via negative or positive evaluations) about what was needed to conform to the *acquis communautaire* and the directives. While such work on discrepancies and models was present in the first phase from 1999 to 2004, the emphasis was on compliance with the political criteria. Opening negotiations meant that attention and the supply of resources shifted to the social and employment fields.

The findings about the increase in cognitive resources are less conclusive. Little change in the cognitive resources was observed with the evolution of the institutional relationship from the first phase to the second. The more appropriate conclusion is that cognitive resources in the EU instruments have been qualitatively constant. This is no doubt due to the constancy in the European Union's own positions since Lisbon about the need for higher employment rates and labor market flexibility (European Commission, 2007f).

With respect to political resources in the EU instruments, providing the arguments for these resources have changed significantly over the whole the period from 1999 to 2008. In the first phase (1999-2004), the political resources were available to argue for reforms in order to start the accession negotiations. In the second phase, the emphasis turned to the need to comply with specific conditions of the negotiation chapters for the goal of EU membership. In both periods opponents and enthusiasts of EU membership had the resources to hand to make their case.

The above findings do not contradict the research hypothesis under study, and support it to a large extent. However, only more detailed examination of the processes of reform in the areas of social and employment policy will allow for detailed assessment of the uses of Europe over these years. Having resources tells us little about how they are used.

Chapter IV. Reforming Labor Legislation and Building a New Institution: Uses of EU Resources in Legislative and Institutional Changes

This chapter focuses on the revision of the Labor Law⁸⁴ with the enactment of the Law No. 4857 in 2003 that replaced the previous legislation, Law no. 1475 of 1971 and the establishment of the Turkish Employment Agency, that replaced the Turkish Job Placement Agency (*İş ve İşçi Bulma Kurumu*, İİBK)⁸⁵, with the enactment of the Law No. 4904 in 2003. Although both laws passed in 2003, their reformulation formally started in 1999 with the involvement of various state and corporatist actors and their full implementation, with additional related legislative changes and institution building continued until 2006.⁸⁶ Debates about changing the legislative framework of the 1971 Labor Act and restructuring the Job Placement Agency date back earlier in the 1990's. At that time coalition governments could not agree upon on legislative and institutional changes nor could compromises on the specific terms of the changes be reached between employer associations and union confederations.

In this chapter and concentrating on the uses of Europe in the reform of labor legislation and restructuring of the employment agency undertaken by the Justice and Development Party (*Adalet ve Kalkınma Partisi*, AKP) government, I observe the following: whether Europe is used in a cognitive, strategic or legitimizing way depends on the domestic actors' interest and coalition-building strategies in the reform process. I specifically examine which domestic actors were actively using Europe, exploring EU resources such as EU membership conditions, the *acquis communautaire*, EU standards and norms (especially the

⁸⁴ Labor law had two components historically in Turkey: individual and collective (Süral 2004; Sur, 2009). The reform focused on in this thesis involves individual labor law regulating the relations between an employer and an employee arranging the conclusion, form, type, content, or termination of labour contracts; the reciprocal rights and duties of the worker and the employer; and the dispute settlement mechanisms and rules.

⁸⁵ Turkish Job Placement Agency is the official English name used by the agency. In the literature the term Job Brokerage Agency is sometimes used for the same organization.

⁸⁶ The reform of the labor law and the restructuring of the employment agency with the establishment of the Turkish Employment Agency involve changes in employment policy that consists of "laws that establish the rights and entitlements of workers and structure the work relationship" and policies and measures "to protect and promote employment more generally" in a systematic manner (Rhodes, 2005: 280).

European Employment Strategy, EES). I inquire about their impact on the content and the dynamics of the reform process.⁸⁷ The European Commission has expressed its priorities for labor law and employment policy via Progress Reports, Accession Partnership Documents and the screening process. In addition to the prerequisite of aligning employment regulation with the *acquis*, the EU has specific policy priorities on the use of active labor market policies, targeting measures promoting young workers, and women's employment developed through the EES.

With this analysis, my goal is to follow a theoretical explanation of why a certain type of actors as governmental, bureaucratic or corporatist is involved with certain type of uses of Europe. Using process-tracing, the aim is to understand actors' uses of Europe, among other strategic tools available to them. Such analysis involves, of course, also reporting when there are no uses of Europe in the reform process. In line with the neo-institutionalist theoretical framework developed in previous chapters, the policy legacies that conditioned the revision of the Labor Act and the restructuring of the employment agency will be described and assessed by analyzing the historical trajectory (timing and sequencing) of reform debates and actions since the mid-1990s.⁸⁸

Debates about changing the Labor Act of 1971 and restructuring of the Employment Brokerage Agency proliferated among employers' associations and union confederations. The coalition governments were also under pressure from international institutions such as World Bank concerned about structural reforms of labor market institutions and regulations. Although no legal changes and reforms were implemented at the time, the debates in the mid-1990's were important in framing the definition of the problems and shaping the policy choices.

This chapter proceeds through three sections. First it describes the legal framework of Turkish labour law, presenting its origins and evolution in order to expose the policy legacies

⁸⁷ The analysis and empirical evidence are based on the parliamentary minutes of major laws, texts of reform proposals, reform programs announced by various political parties, five year development plans of the State Planning Organization, policy papers of the Ministry of Labor and Social Security and the JDP [is the the name you are using?] government including draft laws, programming documents, action plans and ministerial programs, including the parliamentary hearings and discussions during the reform process; EU documents concerning Turkey's accession such as the Progress Reports, Accession Partnership Documents and screening reports; World Bank and OECD reports and data; and searches of Turkish newspaper databases and web sources.

⁸⁸ As noted in the Introduction, the perspective on change is that it is "a sequential process of change whereby one reform is partly to be explained by the consequences of the previous ones" (Palier and Martin, 2008: 8).

that have influenced the direction of the reform. It focuses on policy debates and economic context during the 1990's that induced the problem definition. This section will also describe the institutional legacies of the Job Placement Agency in shaping the process leading to the establishment of the Turkish Employment Agency.

The second section follows the reform of the Labor Act, focusing on the policy formulation by a specific committee with an epistemic character and negotiations between corporatist actors from 1999 to 2003. In its later phase this reform involved several uses of Europe. The third section then centers on the restructuring of the employment agency and the establishment of the Turkish Employment Agency, examining bureaucratic dynamics of this institution building and the use of EU resources from 2000 to 2003.

I. Policy legacies in the domain of labor regulation and the institutional framework for employment policy in Turkey

In the early years of the Turkish Republic from 1923 to the 1950's, one of the main goals of the Kemalist political elite⁸⁹ was to encourage industrialization as part of the modernization project and economic development (Ünay, 2006: 36). However the economy that was inherited from the Ottoman Empire was overwhelmingly dominated by the agricultural sector and large segments of the society were living in rural areas (Pamuk, 2008: 275). The Republican state aimed to promote a flourishing national industrial and commercial bourgeoisie through incentives and privileges distributed to groups to favor capital accumulation while state-led industrialization and "étatisme" became the official economic development strategy in 1932 (Ünay, 2006: 37; Buğra, 1994: 98). The political elite's modernization project involved constructing a classless society (Boratav and Özuğurlu, 2006: 158), and therefore it prohibited associations based on social classes. Strikes, collective bargaining and trade unions were banned.⁹⁰

⁸⁹ Şevket Pamuk (2008: 276) writes "the former military officers, bureaucrats and intellectuals who assumed the positions of leadership in the new republic viewed the building of a new nation-state and modernisation through Westernisation as two closely related goals."

⁹⁰ The first legal regulation of the labour market in 1924 instituted a weekend vacation on Fridays (changed to Sundays in 1935). Turkey became a member of the International Labour Organisation (ILO) in 1932.

I.a Regulation of working conditions and the labor market institutions from the early Republican years to the end of 1970's

The early legislation and institutions first targeted civil servants and the military and then workers in the larger state-controlled enterprises.⁹¹ The Turkish government passed the first Labor Act of the Turkish Republic in 1936 (Law no. 3008), targeting workers in manufacturing industry, setting regulations on working conditions and providing limited protective measures for enterprises with more than ten employees (Özbek, 2006: 132-133).⁹² The 1936 Labor Act (no. 3008) also foresaw the establishment of a public agency responsible for employment services while prohibiting private employment agencies (Özbek, 2006: 134).

This institution was intended to be responsible for job matching and employment promotion but it could not actually be created in these years due to scarcity of resources and to an economic and political context shaped by the start of the Second World War. With Law no. 4837 introduced in 1946, the İİBK was founded with the goal of “finding appropriate work for the qualified labor force and assisting employers in their search for workers with sufficient and necessary qualifications” (İŞKUR, 2011a: 17). Offices were established in Istanbul, Eskisehir, Ankara and Izmir. The İİBK was administratively under the jurisdiction of the Ministry of Labor⁹³ but was designed as a quasi-independent organization that would be responsible for job matching and also collecting data on the labor market, advising governments on policies, investigating the level of salaries, brokering the preparation of labor contracts and planning the amount of trained personnel for developing sectors (Özbek, 2006: 226). However the İİBK had limited resources which meant that it was concerned mainly with job-matching functions.

The legal framework of industrial relations was quite restricted in the early years of the Republic. Trade unions were banned between 1938 and 1946 (Sur, 2009: 191). The first law on trade unions, allowing their formation was introduced in 1947. Moreover disputes on

⁹¹ In 1945, the Law on Work Accidents, Occupational Diseases and Maternity Insurance (İs Kazalari ve Meslek Hastalıkları ve Analık Sigortaları Hakkında Kanun) introduced a social insurance scheme for those workers covered by the Labor Law, which was elaborated with an old-age pension scheme with the Old-Age Insurance Law (İhtiyarlık Sigortasi Kanunu) of 1949.

⁹² After Turkey joined the ILO in 1932, this relationship became crucial. ILO experts were involved in the preparation of the draft legislation (Sur, 2009: 191).

⁹³ In 1946, the Ministry of Labor was established.

individual labor contracts were to be resolved by compulsory arbitration, according to the 1936 labor law (Boratav and Özuğurlu, 2006: 167). Coverage was also limited. In 1952, the Labor Act was applied to workplaces employing four to nine workers in cities with at least 50,000 inhabitants. But even this meant that only a limited portion of the 14.5 million workers in the active labor force was covered, and those working in the large agricultural sector were excluded completely. Agricultural employment constituted 80% of total employment in 1950 (Buğra, 2008: 161; Pamuk, 2008). Although there is an increase in the number of people covered by the Labor Code from 1947 to 1960, reaching 19% of the active population (Sur, 2009: 192), large segments of those working in the service sector and manufacturing in the cities were not covered by this legislation that remained intact without any changes until the 1960's.

After the coup d'État of May 1960, the military regime imposed a shift in economic policies towards the protection of the domestic market from international competition and an import-substitution industrialization (ISI) strategy. With the adoption of this nationalist development strategy, a series of legal and institutional changes were introduced, oriented towards state-led planning (Aydın, 2005: 35).⁹⁴ This period also saw reforms of labor legislation and the regulatory framework of workers' rights and their representation.

The 1961 Constitution specified the social aspect of the state. In this legal framework, employees gained rights to social security, to form trade unions, to engage in collective bargaining and to strike (Boratav and Özuğurlu, 2006). In the post-1960 period, the Law on Unions (no. 274) and the Law on Collective Agreements, Strikes and Lockouts (no. 275) were introduced. The number of working population covered by the Labor Code almost doubled from 1947 to 1965 (Sur, 2009: 193).

The development strategy based on ISI was supported by a large coalition of civil servants, working-class organizations as well as industrialists and entrepreneurs of medium

⁹⁴ The State Planning Organization was established in 1960 and five-year plans to organize Turkey's industrial development were introduced starting from 1963 (Ünay, 2006: 102). The transition towards import-substitution industrialization (ISI) was influenced by internal and external factors. A coalition of domestic actors constituted of industrialists, small and medium-size business owners, workers and civil servants supported the idea of national developmentalism with protected markets (Pamuk, 2008: 284; Aydın, 2005: 35). In this period, the Turkish economic bureaucracy also adopted Keynesianism as an economic doctrine (Şenses and Öniş, 2007: 266). The international institutions such as the World Bank and OECD also supported protectionism as well as the idea of planned development as a way of supporting rapid industrialization and development (Ünay, 2006: 103; Pamuk, 2008: 283).

and small enterprises (Aydın, 2005: 35-36 266; Ünay, 2006: 61). State enterprises as well as medium and even large private firms benefited from being protected from international pressures (Ünay, 2006: 56-60). Şevket Pamuk (2008: 283-285) describes the key policy tools of import substitution as the heavy use of a restrictive trade regime, investments by state enterprises, and subsidized credits, with the State Planning Organization (*Devlet Planlama Teşkilatı*, DPT) being the crucial institution with centralized capacity in policy-making via its five-year development plans. The first five-year development Plan (1963-1967) foresaw (SP0, 1963: 10, Cited in Ünay, 2006: 103):

“The projected targets to promote economic growth in Turkey in the next fifteen years are the creation of a highly qualified labor force led by scientific and technical experts, realization of a growth of 7 per cent per annum, finding solutions to the employment problem, realizing a sound balance of payments and fulfillment of all of these goals in accordance with the principles of social justice in Turkish society.”

Although expressing some broad social goals, the Planning Organization prioritized the attainment of economic growth and industrialization based on ISI while downplaying the employment objectives or improving income distribution in this period (Ünay 2006: 104). The planned structural shift in the development strategy towards industrialization also aimed to trigger a decline in agricultural employment. Ünay (2006: 104-105) indicates that the first three development plans all sought to advance industrialization and increase employment in the manufacturing sector.

It is also important to emphasize that with the return to electoral politics and democratic competition in 1961, the technocratic autonomy enjoyed by the Planning Organization was reduced as it became subject to political pressures in the mid-1960's. Priorities changed, including the introduction of incentives and subsidies for the agricultural sector (Boratav and Özüğurlu, 2006: 174).

With the economic growth from 1960's to late 1970's,⁹⁵ civil servants, industrial workers, and to a certain extent agricultural workers prospered in the context of a protected domestic market (Ünay, 2006; 61). The urban bourgeoisie grew and migration from rural areas

⁹⁵ The average annual growth rate was 4.3% during 1963–77 (Pamuk, 2008: 284). The GNP grew 6.4% in the period from 1960 to 1979 (Boratav and Özüğurlu, 2006: 179).

to urban centers also increased (Boratav and Özüğurlu, 2006: 176).

An additional component of the policy legacy that influenced the later reforms was the migration patterns that emerged in the 1960's. They shaped the functioning of the İİBK. Following the Second World War, the continental European countries' faced labor shortages with rapid industrialization and economic growth; and they turned to a strategy of guest workers (İŞKUR, 2011a: 18). The first agreement on accepting guest workers was signed between Turkey and Germany in 1961 and it gave the İİBK responsibility for brokering and selecting the workers (İŞKUR, 2011a: 18). Several such agreements were signed in 1964 with Austria, Netherlands and Belgium, in 1965 with France, and in 1967 with Sweden and Australia.⁹⁶

In the 1970's more than one million workers were registered under the guest workers program and went to European countries through the brokerage actions of the İİBK that developed its institutional capacity by opening new offices in different regions of Turkey (İŞKUR, 2011a: 6). This new pattern also responded to labor market developments in Turkey; the labor force with low skills could find working opportunities as guest workers. Through the 1970s, the İİBK remained the formal channel for sending Turkish workers abroad.

There were also important legal and institutional developments aimed at establishing organized and state-led industrial relations that were put into place in parallel to the planned industrialization strategy by the central government. In 1963 the definition of legal union activities was broadened, while bargaining over pay, strike and lockout regulations were legislated in 1965 (Cizre-Sakallıoğlu, 1992). The Turkish Trade Union Confederation (*Türkiye İşçi Sendikaları Konfederasyonu*, TÜRK-İŞ) was the only union confederation until 1967. Then the Confederation of Revolutionary Labor Unions (DİSK) was formed as a leftist alternative to TÜRK-İŞ in 1967.⁹⁷ From 1967 to 1980, DİSK was active with a successful collective bargaining strategy and use of strikes, leading to important economic gains for its members (Adaman, Buğra and İnsel, 2010).

One of the main issues that unions actively targeted was reforming the regulative

⁹⁶ The range of countries to which İİBK has sent workers changed over time. With the changing economic context in the late 1970's, the European countries' demand for guest workers diminished considerably. However the İİBK developed new bilateral agreements with countries such as Libya, Saudi Arabia, Bahrain, Qatar and later the Russian Federation since 1980's (İŞKUR, 2011a).

⁹⁷ Union density reached its peak point in 1979 at 27% (Cam, 2002: 108).

framework of the labor market and employment regulations.⁹⁸ A new Labor Act (no. 1475) was introduced in 1971 and systematically consolidated the by-then quite scattered legislation, while covering both white-collar and blue-collar employees and their employment contracts.⁹⁹ Toker Dereli (2012) argues that Labor Act of 1971 was based on a Fordist model of work, which implied continuing (not time limited) employment contracts with rigid regulations governing working time and the organization of work.¹⁰⁰

The 1971 Act covered the main and standard components of a labor contract, such as the form, wages, working hours, rest days, annual paid leave, the protection of children and pregnant women, workers' compensation and work rules.¹⁰¹ This legislation that remained in force for more than three decades reflected the political alignment at the time of its passage in which the state and union confederations had an interest in the institutionalization of employment (Cizre-Sakallıoğlu, 1992: 720).

The 1971 Act has also modified the goals and duties of the İİBK, making it institutionally responsible for the planning of employment policy (İŞKUR, 2011a: 18). With the 1971 Labor Act, the İİBK also gained a new role as responsible for labor-market integration of disadvantaged groups, such the disabled and ex-convicts, and it became responsible for their job matching as well as implementing the regulation of their labor contracts. These regulations obliged the private and public sector to hire a certain number of disabled persons and ex-convicts through the İİBK.

The normative assumption and logic of the Labor Code of 1971 reflected a male breadwinner model of employment, targeting mainly industrial workers in urban settings, emphasizing full-time work, with no recognition of atypical types of contracts or part-time work. The underlying assumption of the planning period in the 1960s was that with policies

⁹⁸ A new labor law was prepared and accepted in 1967 but later was cancelled by the Constitutional Court's decision in 1970 that evaluated as unconstitutional the procedure followed to legislate this reform (Üçkan and Kağnicioğlu, 2004: 230).

⁹⁹ The Labor Act (Law no.1475) regulated the relationship between the worker and the employer as individual parties in a contractual context while Law no. 657 regulated working conditions of civil servants.

¹⁰⁰ Dereli (2012) concludes that the Labor Act of 1971 provided a low degree of job security considering the requirements of notice to be respected to terminate the employment status and the payment of severance pay in certain dismissals.

¹⁰¹ In 1975, there were important changes about severance pay, which went from a half month's wage to a month of wage for each year of employment. It also increased eligibility for severance pay from after three years of employment to only one year. The extension of the severance pay program was related to the lack of an unemployment insurance program and job security.

oriented towards industrialization with import substitution, the share of agricultural employment in Turkey would shift towards industrial and manufacturing sectors and male workers would enter into standard employment contracts with adequate wages to support their dependents.

The Labor Act of 1971 based on male breadwinner arrangements reflecting the characteristics of the Fordist period constituted the policy framework and formed the policy legacy. These arrangements would be challenged by economic and political changes in the 1980's requiring the reform of the institutional and policy settings. Turkey was not alone in breaking with its past but the way it did reflected its own political and economic conditions.

I.b. Labor market institutions in the post-1980 period in Turkey

Following the military coup d'État in 1980, a new economic strategy was adopted, including a transition to market-oriented policies within an export-oriented growth strategy (Aydın, 2005: 43; Keyder, 2004: 67-68; Buğra, 2003: 459). The reforms implemented aimed to transform Turkey's economy towards an outward oriented one (Arıcanlı and Rodrik, 1990:1345; Öniş and Webb, 1994).

From 1980 to 1987, the policy package that was introduced under the military regime and the first Motherland Party (*Anavatan Partisi*, ANAP) government under Prime Minister Turgut Özal's leadership was particularly harsh for the agricultural sector whose subsidies and price-support programs were eliminated. Workers' incomes also fell, with considerable drops in real wages (Boratav and Özüğurlu, 2006: 180). The 1982 Constitution also limited the role of labor unions, making illegal their political activities, restricting their right to strike as well as collective bargaining mechanisms (Adaman, Buğra and İnel, 2010: 174; Blind, 2009: 49).¹⁰²

The export-oriented growth strategy had important implications for the labor market in Turkey. On the one hand, the integration of Turkey into international markets increased pressure on Turkish companies to minimize production costs so they could compete in terms of prices (Aydın, Hisarcıklılar and İlkaracan, 2010: 1). With increasing migration from rural to urban areas in this period (because of the worsening economic context for agricultural

¹⁰² The union density decreased to 9.5 % in 1985 from its highest level of 27% in 1979 (Cam, 2002: 108).

employment), informal employment became much more significant (Buğra and Keyder, 2006: 216).¹⁰³ The privatization of public enterprises (Arıcanlı and Rodrik, 1990: 1345) affected the formal employment sector, leaving the former employees of these enterprises either in unemployment or in less secure jobs and often in informal employment (Adaman, Buğra and İnsel, 2010: 176; Blind, 2009).¹⁰⁴ With liberalization and spread of flexible modes of production, many companies became involved either with informal employment or complied poorly with social security legislation (Cam, 2002, 94; Buğra and Keyder, 2006: 216). From the late 1990's, enterprises are increasingly involved with subcontracting and outsourcing practices that linked the formal sector with informal employment practices popular in subcontracted companies (Cam, 2002: 95; Adaman, Buğra and İnsel, 2010). In fact, the demand side factors in small and mid-size export-oriented companies (seeking to lower the cost of labor) can explain to a certain extent the increases of informal employment (World Bank, 2010).

The labor market in the post-1980's period was characterized by informal employment, structural unemployment,¹⁰⁵ unpaid family labor and self-employment as well as by a low participation rate of women in the labor force (Buğra and Keyder, 2006: 212).¹⁰⁶

It is important to emphasize that it is the duality of the labor market in Turkey, with formal sector workers under legal protection and a large informal sector,¹⁰⁷ which provides de facto flexibility for employers (European Training Foundation - ETF, 2011).

Nonetheless, considering the changing economic policy context and the post-1980 policy reorientation, the 1971 Labor Act, albeit having been revised in 1989, was kept mostly

¹⁰³ Using the broadest definition, Bulutay and Taştı (2004) argue that the share of the informal sector in non-agricultural employment approached 40% during the mid to late 1990s. In assessing informal employment, Kaşnakoğlu and Yayla (2000) estimate the size of the unrecorded economy in Turkey using three different methods offered in the literature and found that the share of the unrecorded economy increased from the mid to late 1980s, eventually amounting to 30% of the official GNP in 1997.

¹⁰⁴ The share of public sector employment has declined incrementally. The share of public sector employees among all wage workers was 33% in 1990, 28% in 1996 and 12% in 1998 (Tunalı, 2003: 16).

¹⁰⁵ The rate of structural unemployment is calculated as 7.5 % in 1996 (İŞKUR, 2011a: 18).

¹⁰⁶ The labor force participation of women declined from 57.5% in 1988 to an even lower 46.2% in 2007 (Aydm, Hisarcıklılar and İlkkaracan, 2010: 7).

¹⁰⁷ Aydm, Hisarcıklılar and İlkkaracan (2010: 26) calculate the share of informal employment in non-agricultural wage employment as 34% in 1988 and 36% in 2007 based on the Household Survey. The share of informal employment in total non-agricultural employment has been 33.2% in the 2000-2007 period (OECD, 2009: 2). Only around one-quarter (23.5%) of the working age population (defined as those aged 15-64) were contributing to a social security institution, while approximately half were not participating in the labor market and the remainder were working in the informal sector (Brook and Whitehouse, 2006).

intact. In addition, the İİBK continued its institutional legacy in the field of employment brokerage in the 1980's and 1990's. In the liberal policy orientation, the overwhelming emphasis in the discourse of state actors and governments was providing economic growth, developing the internal market, increasing productivity for export orientation and integrating Turkey into the global economy (Öniş and Webb, 1994; Arıcanlı and Rodrik, 1990: 1345). Little time was devoted to talking about improving employment opportunities or identifying a strategy to tackle unemployment and informal employment (Buğra, 2003: 459).

The policy legacy of the 1971 Labor Act and the institutional legacy of the İİBK were both, therefore, based on a development model that focused on expanding industrial and manufacturing employment in order to support the economic transformation of Turkey from an agriculture-based economy to an industrialized one. By the late 1980's and 1990's the new economic and policy context meant that the legal framework of both the Labor Act and the employment brokerage institution had become defunct. Several actors began to consider possible reforms.

II. Economic crisis, international financial institutions and corporatist actors: Diagnosing the problems of the labor market with conflicting agendas during the 1990's

With the return of a competitive electoral regime and multiparty politics after 1987, the economic decisions under the second ANAP government had distributional consequences and meant to satisfy some of the demands from the unions and other groups. The early 1990's saw limited increases in public sector wages and in salaries more generally and higher subsidies for agricultural products. This all increased the public sector deficit (Öniş and Webb, 1994: 172). Although corporatist actors saw the removal of certain restrictions on their activities and they could become more active in the mid-1990's,¹⁰⁸ the coalition governments in this period did not move to make the reforms called by these domestic actors.

During 1990's under the coalition governments, the public sector deficit continued to

¹⁰⁸ The legal restrictions on the activity of civil society organizations, including unions, introduced by the 1982 Constitution were removed in 1995, which allowed them to increase their political activities (Özbudun, 2000: 131).

increase as a result of distributional dynamics in which various segments of the electorate benefited from cheap credit (to small and medium-size businesses), from the lower retirement age and more generous retirement benefits, and from provision of high price supports for agricultural products (Pamuk, 2008: 290). Considering the key role of domestic and international borrowing to finance the public sector deficit, the Turkish economy also became much more vulnerable to external shocks and outflow of capital. This vulnerability combined with unregulated financial and banking sector and inflation led to an economic crisis in 1994 (Ünay, 2006).

Table 4. Total Employment and Sectoral Distribution of Workforce¹⁰⁹

Year	Total Employment	Agriculture	Industry	Construction	Services
1980	18 552 332	60 %	11.6 %	4.1 %	23.4 %
1985	20 556 786	59 %	11.4 %	3.7 %	25.5 %
1990	23 381 893	53.7 %	12.8 %	5.1 %	27.9 %
2000	25 997 141	48.4 %	13.3 %	4.6 %	33.5 %

If we consider the distribution of employment in various sectors, there were important structural changes in the 1990's as well. In 1990, as Table I shows, in the labor force of 18.5 million, three in five Turks worked in agriculture, only slightly more than one in 10 in industry, and less than a quarter in services (Tunalı, 2003: 26). By 2000 agricultural employment had fallen to 48%, while service sector employment increased as more than one in three worked therein this sector (İŞKUR, 2011a: 18).

Segmentation of the labor market was further entrenched. One segment consisted of the formal sector workers that included public servants, those in manufacturing, some parts of the formal and generally unionized private sector, and those working in finance and financial services. A second segment constituted of agricultural workers, the self-employed in both the agricultural and non-agricultural sectors, and salaried workers in the services and construction

¹⁰⁹ The information is gathered from İŞKUR (2011a: 18).

sectors, where informal practices predominated (Tunalı, 2003; Yakut-Çakar, 2007).

The policy and regularity framework dragged behind these realities. Reflecting the policy and institutional legacies of the 1960's, it was based on passive measures such as severance payments¹¹⁰ for workers with indefinite employment contracts. Active labor market policies were limited mostly to vocational training (Tunalı, 2003).

Numerous actors sought reform. In the early 1990's, the union confederations and employer associations began to call for reform, but presented opposing positions on a series of legal and policy changes touching on labor regulation for flexible work arrangements, the introduction of an unemployment insurance program,¹¹¹ the establishment of a job security act and reducing severance payments (Van der Valk and Süral, 2006: 62). Employer associations; the Turkish Confederation of Employer Associations (*Türkiye İşveren Sendikaları Konfederasyonu*, TİSK), the Turkish Industrialists and Businessmen's Association¹¹² (*Türk Sanayicileri ve İşadamları Derneği*, TÜSİAD) and the Union of Chambers and Commodity Exchanges of Turkey (*Türkiye Odalar ve Borsalar Birliği*, TOBB), were opposed to the rigidities of the Labor Act and called for changes to regulations about severance payments. Union confederations, both the Confederation of Turkish Trade Unions (*Türkiye İşçi Sendikaları Konfederasyonu*, TÜRK-İŞ) and especially the Confederation of Progressive Trade Unions of Turkey (*Türkiye Devrimci İşçi Senikaları Konfederasyonu*, DİSK), advocated

¹¹⁰ Labor Law No 1475 requires the employer to compensate an employee who has qualified for an indefinite contract for the accumulation of the services in the event of: death, voluntary termination of employment (as a result of retirement, marriage (female workers) or military service obligations (male workers), or for an involuntary discharge (Tunalı, 2003; Süral, 2005a). A worker who worked for at least a year without a written fixed-term contract was automatically granted an indefinite contract with the firm. Severance pay had two components: seniority payment (*kidem tazminatı*) and (advanced) notice payment (*ihbar tazminatı*). Seniority payment was equal to a full month's (30 days) salary for every year of service. Notice payment covered wages payable to a worker for the period indicated under the advanced notice requirement in case of firing the worker immediately.

¹¹¹ The lack of unemployment insurance in Turkey was related to the particular historical development of the labor code and social security system. Due to the focus on economic development in the 1960's, unemployment was not an issue prioritized by state agencies. In the period from 1960 to 1975, in the era of the national development strategy based on ISI, the growth rate was high. The dominance of the State Economic Enterprises in the economy also prevented unemployment by providing job security to their employees. In 1975, the social democratic Prime Minister, Bülent Ecevit, increased severance pay and increased eligibility. The rationale behind the extension of the severance payment program was the lack of an unemployment insurance program and job security.

¹¹² The Turkish Industrialist's and Businessmen's Association is a non-governmental voluntary association composed of owners and managers of individual firms, groups of companies and holding companies operating in the Turkish manufacturing and service sectors.

the establishment of an unemployment insurance program and the introduction of job security.

The return of multiparty politics in 1987 and political competition during the 1991 elections brought the involvement of several political parties. In the 1991 election, the social democratic party, Social Democratic People's Party (*Sosyaldemokrat Halk Partisi*, SHP)¹¹³, promised the introduction of unemployment insurance and a job security act as well as improving the coverage of the social security system (Kömürcü, 2009: 10; Akat 2004: 75).

After the 1991 election, the coalition government established between the True Path Party (*Doğru Yol Partisi*, DYP) and SHP agreed on the enactment of both a job security law and unemployment insurance program and the Ministry of Labor and Social Security prepared the draft law in 1992. TÜRK-İŞ asked for a law on job security and supported the proposal of the Ministry (Koç, 2002: 8-9) but the employer associations opposed them on the grounds they would increase non-wage costs. In 1993, TİSK, TOBB and TUSİAD publicly expressed their opposition to the preparation of a regulation on job security (Koç, 2002: 9).¹¹⁴ The coalition majority partner, DYP, aimed to find a balance, considering the opposition of the employer associations. The Minister of Labor and Social Security, Mehmet Moğultay, facing strong opposition from employer associations, put on the agenda Turkey's signature of ILO Convention 158 on the Termination of Employment. This strategy triggered an extensive debate among union confederations, employer associations and academic circles (Koç, 2002: 10). The coalition government agreed to sign the ILO Convention, and passed it through the Grand National Assembly (TBMM) in 1992. However, acting as a veto point, President Özal sent the law back to the TBMM, arguing that the economic context in Turkey was not appropriate for the implementation of this Convention. After the election of President Süleyman Demirel in 1993, the government again sought to ratify the ILO Convention, the law was passed at the TBMM in 1994, and approved by President Demirel.

ILO Convention 158 would become the main reference for the demands of job security legislation by the union confederations. The coalition governments in the 1990's did not enact a law on job security despite ratifying the ILO Convention. This led the union confederation to

¹¹³ A list of the abbreviations for Turkish political parties is presented in the List of Abbreviations as well.

¹¹⁴ Koç (2002: 8) indicates that TİSK opposed forcefully the proposals of the union confederations on job protection from 1992 to 1994. In the early 1990's, TİSK's position criticizing the rigidities of labor market regulations is stated in its 1994 report titled *Çalışma hayatında esneklik (Flexibility in Working Life)*.

appeal to the ILO in order to demand the enforcement of the Convention. The union confederations' emphasis on the ILO Convention 158 would continue into the post-1999 period after the recognition of candidacy status for the EU membership. Even though the EU *acquis* does not directly cover the job security aspect of labor law, the EU institutions recommend the signing of the ILO Convention 158. In the reform process of the Labor Act, these resources would influence the strategies of the union confederations.

Concerning the İİBK, a project to modernize its services was implemented with the cooperation of the German Employment Organization and with a grant provided from 1990 to 1993 (İŞKUR, 2011a: 20). This project involved training Turkish personnel in Germany and German specialists working at the İİBK. In 1991, the Ministry of Labor and Social Security prepared a reform proposal for restructuring the İİBK but the coalition governments failed to be implement it (İŞKUR, 2011a: 20). These policy and institutional changes could not be implemented during the 1990's due to the instability of the coalition governments.

At a more technical level, the World Bank was active in shaping the analysis of the labor markets, framing definition of the problems and launching programs to promote new policy orientations. World Bank established close cooperation with with the bureaucracy of several Turkish ministries with the preparation of the *Human Resources and Developing Employment Systems Policy Document* in 1991 (Tunalı, 2003: 95; İŞKUR, 2011a: 20). The main World Bank program on employment policy and the labor market was the Employment and Training Project that ran between 1993 and 2000 (World Bank, 2001: 2). The multipurpose project aimed at improving the employment services of the İİBK, including the introduction of employment counseling for job seekers and screening of job seekers, the modernization of job placement practices, improved management of employment services and development of occupational standards and certification.¹¹⁵ This World Bank project aimed to promote women's employment and conducted research to analyze constraints on women's employment. The *Labor Market Information Project* (LMIP) component of this program was

¹¹⁵ In parallel to both World Bank programs, the number of training courses that the İİBK provided and the number of participants in these programs increased considerably in the mid-1990's: in 628 courses organized by İİBK, there were 11,536 participants trained in 1993; in 841 courses organized by İİBK, there were 15,695 participants trained in 1994; in 1,092 organized by İİBK there were 20,937 participants trained in 1995; in 611 courses organized there were 11,426 participants trained in 1996 (Tunalı, 2003).

used to upgrade data collection and dissemination capabilities.¹¹⁶

The World Bank's Employment and Training Project showcased new and "modern" labor market policies, while also exposing the lack of administrative capacity and the limited resources of the İİBK. It also importantly provided capacity for analysis of labor market characteristics by collecting comparable data. This data would be used in developing the policy reforms in 2000's (Tunalı, 2003: 95-07). The World Bank sponsored a pilot program of job-insertion training developed in cooperation with İİBK, which constituted an example of active labor market programs promoted in this period.

Nonetheless, the World Bank in its self-assessment of the program said that "policy implementation in a time of unstable coalition governments is difficult, particularly if implementation may involve legislative action" (World Bank, 2001: 17). Accordingly the World Bank evaluation found that the program had given positive results on the technical level, in cooperation with relevant bureaucracies, but the legislative frame could not be changed because the coalition governments had difficulty making legislative changes in parliament to both the Labor Act and the employment agency.

Another relevant program of the World Bank was related to the privatization drive of the 1990's. This was the Privatization Implementation Assistance and Social Safety Net Program initiated in 1994 (World Bank, 2000: 7). This project was prepared in accordance with the DYP-SHP government privatization program that asked the assistance of the Bank in 1993. According to the World Bank, there was a need to incorporate a social dimension (social safety net measures) into the program, in order to address the consequences of privatizations. The social safety net aspect of the project was composed of income support programs and a labor adjustment program. The income support program would provide early retirement and severance pay for those affected by a privatization. The labor adjustment component, designed as an active labor market measure, involved providing counseling and

¹¹⁶ The World Bank program on The *Labour Market Information Project* (LMIP) helped to upgrade data collection and dissemination capabilities and this was key to assisting the Turkish Statistical Institute (*Türkiye İstatistik Kurumu*, TÜİK) to improve its institutional capacity. The Program provided training to collect labor market statistics comparable to international standards. The World Bank program, built on an earlier study of the ILO project from 1986 to 1993, which had developed measures for the analysis of key variables (employment and labor force participation rates, flows into and from the labor force, migration rates, creation and loss of jobs) providing periodical labor market measurement especially in the form of Household Labor Force Surveys.

training for displaced workers and strengthening the İİBK so it could be responsible for fulfilling this function. Financing came partly from the World Bank (World Bank, 2000: 56). The labor adjustment component was meant to complement the Employment and Training Project.

Both World Bank sponsored programs were important in providing justification for the revision of the labor law and the restructuring of the İİBK. They revealed again the continuing structural limits of the labor market in Turkey but also its transformation. Based on its empirical studies, the World Bank (1995), in line with other international organizations such as the OECD (1994),¹¹⁷ argued that there was a strong connection between employment protection legislation and employment outputs. This approach focusing on the close connection between labor law, employment objectives and economic development constituted the insertion of a novel element into the Turkish policy world, considering the policy legacy in which labor law was primarily designed only to protect workers' rights and to clarify employers' and employees' obligations. As the World Bank pointed out, disseminating this approach to labor market policy and law was not easy in the political context of the 1990's. Change was coming, however.

II.b. Diagnosing the problem following the 1994 crisis: Conflicting agendas of domestic actors

The 1994 economic crisis increased the involvement of the international institutions. The IMF signed a loan agreement in 1994 and the World Bank had several programs in place in the mid-1990's when the crisis hit. In addition the Under-secretariat of the Treasury increased its role in labor and social policy-making in this period, moving into policy domains that were not directly related to public finances (Ünay, 2006: 143).¹¹⁸

At the time, a whole series of related issues entered the policy reform agenda, such as social security reform, privatization, and changes to the Labor Act. The corporatist actors had,

¹¹⁷ OECD's (1994) emphasis was more on the positive relation between stricter employment protection legislation and less informality.

¹¹⁸ Ünay (2006: 143) says that following the economic crisis of the mid-1990's, "At this juncture, with insertion of mini-departments dealing with policy implementation in major economic sectors as well as a close association with the Economy Minister, the Undersecretariat of Treasury was increasingly transformed into a makeshift pivotal institution as well as a monitoring site for international institutions."

as noted above, also addressed these issues in an interconnected way; the union confederations were against the social security reforms and were asking for a law on job security and unemployment insurance while employers' associations supported to a certain extent the social security reforms as long as they would not increase their premium payments and they advocated lowering severance pay and introducing flexibility¹¹⁹ arrangements in the labor law. The legal situation changed, however in 1994.

After the initial use of a veto point by the President Özal, ratification ILO Convention 158 on the Termination of Employment was reintroduced into parliament, passed and accepted by the new President Demirel in 1994. This ratification meant that the Turkish government became required to enact legislation on job security. The two union confederations, TÜRK-İŞ and DİSK, had already made extensive use of the ILO convention on job security pressuring the government on their international obligations, even as employers' associations remained opposed. No new legislation was brought to the TBMM, however, despite the strong pressure of the union confederations (Koç, 2002: 10).

In reaction, TÜRK-İŞ applied in 1997 to the ILO to investigate the lack of implementation by the Turkish state.¹²⁰ The ILO then began to pressure the Turkish government to enact legislation in order to fulfill its obligations (ILO, 1999). In this period from 1994 to 1998, the union confederations, TÜRK-İŞ, HAK-İŞ¹²¹ and DİSK, kept up their pressure on the coalition governments for job security legislation.

As the 1994 economic crisis deepened, the employers' associations (TİSK, TÜSİAD and TOBB) followed another route that eventually led them to make use of European resources rather than international ones. They called for the introduction of flexibility arrangements in the labor law (Özdemir and Yücesan-Özdemir, 2008: 98-99; Özdemir and Yücesan-Özdemir, 2006: 315). According to TİSK (1999: 28-34), competition was becoming much more difficult for Turkish firms as technological developments moved forward in

¹¹⁹ In this research, the term “flexibility” refers to the characteristics of the employment protection legislation, as the main institution that set the parameters for hiring and firing of workers as well as the types of labor contracts that could be established.

¹²⁰ This demonstrates that the domestic actors have a variety of strategies and practices. The TÜRK-İŞ strategy on the ILO Convention was to pressure the Turkish government and it follows a boomerang pattern allowing domestic actors to by-pass domestic indifference and to pressure by transferring debate onto the international level (Keck and Sikkink 1998).

¹²¹ HAK-İŞ is the Confederation of Turkish Real Trade Unions (*Türkiye Hak İşçi Sendikaları Konfederasyonu*) that supported conservative or right wing political parties (RP during 1990's and AKP during 2000's).

advanced industrial nations. TİSK argued that there was a need to introduce more flexibility into Turkish labor law, particularly with respect to regulations for hiring and firing employees (TİSK, 1999: 28).

It is here that the establishment of a Customs Union with the EU provided further resources to these actors. The employers' associations began to argue for revisions to regulations of labor relations in order to provide more balanced and fairer incentives and constraints in the context of their increasing competition with European companies as trade barriers fell. The stronger institutional relation with the EU also helped shape the reform agenda of the coalition governments and corporatist actors' as they took up revision of the Labor Act and set out to develop another employment policy during the mid-1990's.

The coalition government of DYP and Republican People's Party (Cumhuriyet Halk Partisi, CHP) negotiated the Customs Union Agreement with the EU between 1992 to 1994 removing tariffs and duties between EU member states EU and Turkey (Eder, 2004: 66). The employer association TİSK published a technical report and analysis prepared by university researchers in 1994, titled *Flexibility in Working Life*, that was revised and republished in 1999. TİSK argued that in order to increase the ability of Turkish firms to compete with their European counterparts within a customs union, there was a need to remove labor market rigidities such as costly severance payments, and to change the existing labor law that prevented other flexibility arrangements (TİSK, 1994a and 1999). TÜSİAD, representing large business, also insisted on the need for reforming labor law.

The 1995 reform package of the DYP-CHP government, prepared by the Minister of Labor and Social Security, Aydın Güven Gürkan during his short tenure of four months, aimed to address these domestic and international pressures (Özkan, 2009: 9). The Ministry of Labor and Social Security suggested a package that included social security reforms, creation of an unemployment insurance program, and a job security act. The package aimed both to satisfy IMF and World Bank demands and to respond to the union confederations via the unemployment insurance program and job security. This draft reform package was never enacted.

Despite the absence of movement, debate and uses of Europe continued, shaping among other things the analysis of the State Planning Organization, as reflected in its Plans. The State Planning Organization called for reform of labor law in the Seventh Five-Year Plan

(1996-2000) that advocated measures very similar to those in the European Employment Strategy. It stated that “the number of international agreements has increased substantially but they are not reflected in the domestic regulations both in job security and flexibility... there should be planned changes in labor law in order to allow part-time work, flexible contracts and atypical work.” (DPT, 1996a: 51). The Seventh Plan also insisted on the need to restructure the İİBK (DPT, 1996a: 54-55):

“There is a need to prepare the workforce to respond to changing market conditions by introducing new training programs to provide the necessary skills and education ... In this framework, considering globalization processes and the necessary harmonization to the EU, there is a need to restructure the İİBK, to adopt active labor market policies and transform this organization into the Turkish Employment Agency.”

The Seventh Plan also emphasized that “the planned changes of labor law and the regulation of the working life would aim to harmonize with the EU and to comply with ILO agreements.” (DPT, 1996a: 54).

The above analysis demonstrates that the reform of labor law and the restructuring of the İİBK constituted a significant portion of the issues discussed among corporatist actors as well as between the coalition governments and corporatist actors. International institutions such as the World Bank, IMF and ILO were involved but so too was the EU. World Bank projects were influential in particular by providing technical expertise and justification for the legal and institutional reforms.

In the political domain, however, the coalition governments until the mid-1990's had trouble balancing their policy seeking and vote-seeking objectives, because they faced strong opposition from corporatist actors. The coalition governments generally relied on compensation practices, preparing packages combining reforms to provide unemployment insurance and job security, at the same time as revising labor law and the social security in order to ease the opposition of corporatist actors. Over time, however, these reforms lost their momentum on the agenda of the coalition governments after 1997. Through the second half of the 1990s, state agencies, employer associations and unions as well as international organizations continued to be involved in discussions regarding the regulatory framework of labor relations and the employment agency. Despite the enthusiasm within state agencies and the bureaucracies of key ministries for reform of labor law and institutional restructuring of

the İİBK, changes could not be introduced, however, because of the instability of the coalition governments and their inability to agree in the TBMM.

There continued to be diverging diagnoses within the political realm, despite the agreement among bureaucratic actors with the positions of the international institutions that something needed to be done about labor law and that the İİBK needed remodeling. Other domestic actors had diverging interests on a several interrelated issues, and there was no agreement on which policy options to prioritize in the design of policy reforms and institutional restructuring.

III. Revising the Labor Act and restructuring the İİBK: EU resources and domestic actors in the formulation of the reform proposals and institutional changes

The analysis in this section concentrates on the preparation and introduction of a reformed Labor Act and the restructuring of the employment organization, İİBK that eventually became the Turkish Employment Agency from 1999 to 2003. The section focuses particularly on the use of European resources in both processes.

Reform of the Labor Law and institution-building with respect to the Turkish Employment Organization have certain similarities. First, both the policy and institutional changes were prepared during the coalition government established between the Democratic Left Party (*Demokratik Sol Parti*, DSP), ANAP and the Nationalist Movement Party (*Milliyetçi Hareket Partisi*, MHP). They were initiated after the Council of the European Union recognized Turkey's candidacy for membership in December 1999. After the 2002 elections, it was the AKP government that enacted and implemented both changes in 2003. Moreover both changes had little visibility in public debates, especially in their preparation phase, as they involved technical and legal issues.

Nonetheless, each process also represents important differences. Revision of the labor law involved a major disagreement among employer associations and union confederations, around a range of issues including unemployment insurance, severance pay and job security.

This lack of agreement put the governments under pressure from these domestic actors. Restructuring of the İİBK was a less contentious issue. Bureaucratic actors initiated the process following World Bank advice in the 1990's and both corporatist actors and political actors agreed on the need to modernize the employment agency. In this regard both processes had their own dynamics that require separate analyses. The next sections concentrate first on the reform process of the Labor Act and second on the restructuring of the Turkish Employment Organization, while analyzing the uses of Europe in both processes.

III.a. Reforming of Labor Act: complex negotiations, persuasion and powering

Through the 1990's as described already, reform of the Labor Act was discussed in several milieux but coalition governments could not implement the revisions, despite both domestic and international pressures to do so. The political scene changed following the elections of April 1999. As a result of the elections a coalition government was established between the left-of-center DSP, center-right ANAP and right-wing nationalist MHP (Hale, 2000; Avcı, 2004).¹²² The Minister of Labor and Social Security, Yaşar Okuyan, came from the center-right and liberal ANAP and he was a key actor in the preparation of the reforms and legislative changes between 1999 and 2002 (Koç, 2002: 11).

In the DSP-ANAP-MHP coalition protocol and the 57th government program, there was a no direct reference to reform of the Labor Act (No. 1475), but it was indicated that reforms and legislative changes would be introduced in order to increase employment opportunities, by creating a political and economic context favorable for employers and employees (57. Hükümet Programı, 1999). One of the first reforms prepared by the DSP-ANAP-MHP government was in the area of social security. The strategy of the Ministry of Labor and Social Security was to establish an unemployment insurance program¹²³ at the same

¹²² The 1999 election could be considered as a victory for the DSP, a nationalist-left party, which became the largest party (Hale, 2000). The MHP, which had a nationalist-conservative tradition, also significantly increased its votes, becoming the second largest party in the parliament. ANAP, a center-right liberal party, was a minor partner of the coalition government.

¹²³ The unemployment insurance scheme was a fund set up to cover unemployment benefits, health benefits for the unemployed and their training and job placement expenses. The first contributions started in June 2000 and the first payments were made in March 2002. Insured workers who lost their jobs were eligible, excluding civil servants and the self-employed. The duration of unemployment payments depends on the length of service and

time as the social security reform and to combine both changes under the same legislative framework. It was thought this would lessen the opposition of the union confederations. The reform (Law No. 4447) was prepared quickly and introduced without negotiating and consultation with the union confederations and employer associations (Yakut-Çakar, 2007).¹²⁴ The Ministry of Labor and Social Security aimed thereby to lower the opposition of the union confederations to social security reform by offering unemployment insurance as an integral part of the package.

In 1999 legislation no. 4447 was passed, titled “Changes to the Law of Social Insurance, Law of State Retirement Fund, Law of Insurance Self-employed Institution, Social Security Law for Agricultural Workers, The Social Security Law for Self-Employment in Agriculture and Labor Law, Law on the Establishment of Unemployment Insurance” (TBMM, 1999a). The pace of the preparation of the social security reform law was notable. It was brought to the parliament and enacted just four months after formation of the DSP-ANAP-MHP coalition government. The Prime Minister, Bülent Ecevit (leader of the DSP), supported the introduction of unemployment insurance as did his party (Koç, 2002: 18).

Passage of this legislation and introduction of an unemployment insurance program did not settle the issue by any means, however. Indeed, it left on the agenda a number of interrelated policy and legal issues. These included job security and reform of labor regulations that corporatist actors had been advocating throughout the second part of the 1990’s. Here the union confederations and employer associations had differing positions.

The union confederations, including TÜRK-İŞ and DİSK, considered the coverage and benefits provided with the unemployment insurance too limited and they continued to call for the introduction of job security measures, still linking them Turkey’s obligations under the ILO declaration it had ratified (Özkan, 2009: 11). For their part, the employer associations, especially TİSK, also had concerns about the unemployment insurance program and they continued to argue for removing or lowering severance payments and for legal changes to

the contributions made. Contributions are jointly paid by the employer, worker and the state. The amount of unemployment benefits is 50% of the worker’s daily net wage, but not exceeding the net minimum wage. To be eligible the worker must have been working as an insured worker for at least 600 days during a three-year period and must have been working continuously and paying contributions for at least 120 days prior to termination of the contract.

¹²⁴ The legal framework for unemployment insurance was established in August 1999, the premium collections were started in June 2000 and the first payments were made in March 2002.

introduce greater flexibility into the labor code (TİSK, 2001a; Koç, 2001: 13).

The result was that the coalition government and the Ministry of Labor and Social Security, rather than satisfying the corporatist actors with the unemployment insurance program, found that they still needed to bargain and negotiate for further reforms with the corporatist actors around job security, the labor code and employment policy. Accordingly, the main arena of discussion and negotiating became the corporatist arena. Employer associations and union confederations continued to pressure and lobby heavily the coalition government, itself composed of political parties with varying partisan orientations.

The context was, then, one in which the corporatist arena had become a main locale for policymaking and negotiations among actors and this coincided with the recognition of Turkey's candidate status for EU membership in December 1999. This change in the institutional relationship altered the resources available for domestic actors. But their positions on Europe also varied. On the one hand, the employer associations such as TİSK were already closely following European developments since the initiation of the Customs Union in 1995. They had developed knowledge via expert reports on EU labor standards and were aware of EU' employment policy orientations, albeit mainly related to the flexibility issue.¹²⁵ The union confederations on the other hand had a more complicated approach to the EU, having varying amounts of support and acceptance of EU standards. For instance, DİSK had established a close relation with European institutions since mid-1990's when it became a member of the European Trade Union Confederation (ETUC) (Alemdar, 2009). TÜRK-İŞ and HAK-İŞ had developed a more distant approach to Europe during the 1990's.

The parties also differed in their proximity to Europe. The coalition government supported Turkey's membership in the Union but the three political parties had diverging positions on a range issue areas related to the membership conditions. The ANAP and DSP were supportive in general of the political and economic reforms necessary for EU membership, but the MHP was opposed to certain changes.

In this situation, the coalition government did not use Europe or make any references

¹²⁵ TİSK published four research reports in 2000 and 2001 on the EU's social and employment policies: *The Social Policy Agenda in the EU, Flexibility Policies in Europe: Creating Employment in Europe, Comparing EU member states and candidate states, The policies towards tackling informal employment at the EU and reflections on Turkey.*

to the membership process while developing Law No. 4447 on the social security reforms and unemployment insurance program between June and September 1999. Moreover, while the reforms were not in contradiction with European standards, they tended to be drawn more explicitly from earlier policy development when the World Bank and ILO influence was significant. However, starting from December 1999 with the recognition of Turkey's candidate status, a wider set of European resources, both incentives and constraints, were available to domestic actors.

III.b. Towards the preparation of the Labor Law with the Scientific Committee

After the introduction of the social security reform and the unemployment insurance in 1999, the union confederations insisted on the preparation of legislation on job security. Here, the main resource still used was the ILO convention ratified by Turkey. Accordingly, TÜRK-İŞ applied a second time in 2000 to the ILO to investigate the Turkish state's lack of adoption a law on job security in accordance with ILO Convention 158 (Koç, 2002: 13). The ILO initiated an investigation and reminded the Turkish government of its obligation to prepare such legislation. This recommendation coincided with the agenda of the Minister of Labor and Social Security who had already declared his willingness to act on the matter (Koç: 2001: 8). Yaşar Okuyan was a key figure of the DSP-ANAP-AMHP government pushing a controversial reform agenda in various policy domains from 1999 to 2002 (Özbek, 2006). A draft law on job security was prepared in September 2000 by the Ministry of Labor and Social Security.

Faced with this draft law on job security, TİSK brought forward its own proposal for labor law reform in 2000, reminding the coalition government that action on job security without a broader revision of labor regulations created additional advantages for employees and restrictions on employers (Koç, 2002:14). TİSK also mobilized two other employer associations, TÜSİAD and TOBB, to oppose the law on job security (Koç, 2002: 14; TİSK, 2000). The President of TİSK also called for the resignation of the Minister if the legislation were enacted. All of this opposition resulted in the job security legislation failing to pass in 2000 (Koç, 2002: 15).

In this context, the Minister of Labor and Social Security, Yaşar Okuyan, established a

scientific committee composed of academics specialized in Turkish labor law and industrial relations. They were asked to prepare draft legislation reforming the Labor Act (Dereli, 2012: 4; Koç, 2002:17). The tripartite scientific committee was composed of nine experts: three appointed by the government, three by the Turkish Confederation of Employers' Association (TİSK); and one by each of the three labor confederations (TÜRK-İŞ, HAK-İŞ, DİSK) (Çelik, 2003).

The committee was established in June 2001 by a Protocol negotiated among TİSK, representing the employers, the employees (the three union confederations), and the Ministry of Labor and Social Security (Süral, 2005b: 407, TİSK, 2001c).¹²⁶ The Protocol stated that any binding decisions would be taken unanimously by the Scientific Committee (TİSK, 2001c). Then the government and corporatist actors agreed to enact, without any changes, the draft unanimously accepted by the Scientific Committee (Koç, 2002: 17). In the absence of unanimity, the Committee would publish a report clearly identifying the main points of disagreement.

The goal of establishing such a Scientific Committee and the strict rules set down in the Protocol was to push for a consensus solution to the revision of the Labor Act (Çelik, 2003: 3). For this group of academics, the ILO Conventions and the EU Directives constituted reference points as the Committee discussed the revision of the Labor Act (Dereli, 2012; Süral, 2005a: 251).

This Scientific Committee was an original example of a tri-partite corporatist institution composed of academics and experts created for negotiations among corporatist actors and the government in Turkey. It was also the only example of a Turkish government in the post-1980 period allowing the preparation of crucial legislation by a committee composed of academics whose members were selected by corporatist actors and the government. The committee was not only innovative. It also had the character of an epistemic community.¹²⁷

¹²⁶ The document of the protocol signed is gathered from TİSK (2001c). Prof. Dr. Sarper Süzek represented TÜRK-İŞ, Prof. Dr. Devrim Ulucan represented DİSK, and Prof. Dr. Öner Eyrenci represented HAK-İŞ. Prof. Dr. Münir Ekonomi, Prof. Dr. Algin Çifter and Prof. Dr. Teoman Akunal were selected by TİSK and Prof. Dr. Metin Kutal, Prof. Dr. Toker Dereli and Prof. Dr. Savaş Taşkent represented the Ministry of Labor and Social Security.

¹²⁷ The epistemic community is defined by Haas as networks formed by knowledge-based experts that have competence in a specific domain (Haas, 1992: 3). These groups of experts share “normative and principled understandings”, “common beliefs on the cause-and-effect relationship” between policies and their outcomes,

The members were known experts in the fields of labor law and industrial relations who had close connections with international policy circles and detailed knowledge about ILO conventions and the EU *acquis* (Dereli, 2012: 4).¹²⁸

The coalition government had prepared the 2001 National Program for the Adoption of the Acquis (NPAA) clarifying the reforms that would be prepared in order to comply with the priorities emphasized at the Accession Partnership Document and to align the Turkish laws with the *acquis communautaire*. The NPAA identified enactment of job security legislation as a short-term priority (within a year), as a mechanism for further strengthening the civil society (NPAA, 2001). This meant that preparation of job security legislation had become part of the accession process.

This was not easy to do, however. Koç (2002: 16) insists that Yaşar Okuyan and the bureaucracy of the Ministry had worked hard to include the law on job security as one of the short-term priorities of the NPAA. The President of TİSK, Refik Badur, did not agree and claimed that job security was not part the *acquis*. He argued, based on his association's research on the EU, that matters of job security were left to the member states' discretion (Koç, 2002: 1). However, the European Union recommends following ILO Convention 158. Moreover the European Social Charter article 24 and the Charter of Fundamental Rights of the European Union Article 30, both require proof and validity in the case of dismissal of a worker.

Despite these disputes, we can observe that the *acquis communautaire*, and directives as well as EU standards based on ILO conventions were used in a legitimizing way in the work of the Scientific Committee and as justification of its draft legislation. Indeed, one goal of the Committee was to transplant the *acquis* and ILO labor law into Turkish legislation (Dereli, 2012: 3). Before focusing on the work of the Scientific Committee, I look more generally at the EU resources available for the reform of Turkish labor law between 1999 and 2003.

“share a notion of validity” in their policy domains and a set of common practices related to the set of problems that they focused on (Haas, 1992: 3).

¹²⁸ The Committee also had a strong corporatist character and was not therefore independent from political influence and interest representation. Because the members were selected either by the corporatist actors or by the government, and the Protocol assigned them a role of interest representation, they needed to consult the party that they were representing throughout the process (Dereli, 2012: 3-4).

III.c. EU resources for the reform of the Labor Act in the early phase of the candidacy process

As noted, this reform process coincided with the recognition of candidacy status in December 1999. The strengthening of the institutional relationship with the EU brought new legal, cognitive, financial and political resources for the reform of Turkish labor law, including the institutional tools such as Accession Partnerships and Regular Progress Reports and instruments such as twining projects and financial assistance.

The EU's main emphasis in the domain of labor regulation was on "adaptability" and "modernization" of employment regulation in Turkey, so as to prepare its labor market for accession. The adaptability emphasis of the EU Commission has been based on adjusting labor market regulations to economic developments related to globalization and technological change (ETF, 2011: 7; EU Council: 2003b). The modernization emphasis of the EU implied developing an approach balanced between flexibility in the labor market and security of employment, often labeled "flexicurity" by scholars as well as by the European Commission (ETF, 2011). The 2001 European Employment Guideline identified the need "to negotiate and implement at all appropriate levels agreements to modernise the organization of work, including flexible working arrangements, with the aim of making undertakings productive and competitive, achieving balance between flexibility and security and increasing the quality for jobs" (EU Council, 2001b).¹²⁹ Such notions informed the reports that were prepared, as well as 2001 and 2003 Accession Partnership Documents prepared by the Commission. On the Turkish side, they influenced the preparation of the 2001 and 2003 NPAAAs. In other words, these employment guidelines constituted cognitive resources provided by the accession process

There were also longstanding European standards that constituted regulatory conditions, including Framework Agreements,¹³⁰ Directives and Guidelines on labor rights.¹³¹

¹²⁹ In the 2003 revised European Employment Strategy, the Employment Guidelines also said "providing the right balance between flexibility and security will help support the competitiveness of firms, increase quality and productivity at work and facilitate the adaptation of firms and workers to economic change" (EU Council, 2003b).

¹³⁰ Framework Agreements are between the European Trade Union Confederation (ETUC) and the UNICE-CEEP. These are the European-level social partners.

Directives were binding as part of the *acquis* for candidate states. The most relevant of these on individual labor rights were related to employment rights and work organization, health and safety at work, and equality of women and men. These directives provided both cognitive resources and legal constraints. They were cognitive resources about how to balance flexibility arrangements with job security concerns via both legislation and cooperation of corporatist actors. Turkey was required to align its legal framework with these directives.¹³²

On the job security aspect, the EU's approach has developed less through binding rules in terms of Directives than by the use of Guidelines.¹³³ The EU did not develop a competence on the termination of employment relationships within the EU *acquis* while the member states regulate this area according to the subsidiarity principle. However the EU recommends the ratification of the ILO Convention 158 on the Termination of Employment,¹³⁴ as well as the European Social Charter¹³⁵ (revised in 1996) (Articles 24; as well as 1.29 and 20) (European Commission, 1997).¹³⁶

The 2000 Progress Report on Turkey's Progress Towards Accession (European Commission, 2000b: 49) assesses Turkey's legal framework and labor code, saying: "In the field of Labor law much remains to be done in areas such as collective redundancies, the protection of employees with regard to the transfer of undertakings and insolvency, the contract or employment relationship, health and safety of temporary workers, the organization of working time, part-time work, the protection of young people at work, European Works Councils and posting of workers."

The 2001 Progress Report (European Commission, 2001b: 43) took up gaps in Turkish labor market policy:

¹³¹ Because we focus in this research on the reform of labor relations affecting individuals, EU resources related to collective labor rights are not analyzed.

¹³² They were: Directive 91/383/EEC supplementing measures to encourage improvements in the health and safety of workers with fixed-duration employment; Directive 91/533/EEC on information for employees; the Directives 93/104/EC and 2000/34/EC concerning the organization of working time; Directive 94/33/EC on the protection of young workers; the Directive 97/81/EC on the Framework Agreement on part-time working and Directive 99/70/EC concerning the framework agreement on fixed-term work.

¹³³ The area of collective redundancies is covered by the Directive 98/59/EC.

¹³⁴ ILO Convention 158 on the termination of employment relationships at has been ratified by Finland in 1982, Spain in 1985, France and Portugal in 1994, Sweden in 1983 (European Commission, 2006).

¹³⁵ The European Social Charter is not an EU document but a Council of Europe treaty that guarantees social and economic human rights. It was adopted in 1961 and revised in 1996.

¹³⁶ European Commission has conducted two studies, one in 1997 and another in 2006 to monitor the regulation of the termination of employment relationships in the member states.

“...labor market policies are hardly discussed during policy formulation. However, recently the institutional set-up and the involvement of the social partners have been improved. Tri-partite commissions, representing the state, employers and employees, are preparing reports and proposals on how to improve the efficiency of Turkish labor market policy.”

In addition the 2001 Progress Report (European Commission, 2001b: 67) said: “The main challenges for Turkey remain the high level of youth unemployment, the structural changes associated with the transition from a labor market which is still dominated by the agricultural sector and the extent of the informal economy.”

In the 2001 Accession Partnership Document (EU Council, 2001a: 20) reform of labor law was listed among the medium-term priorities objectives that needed to be addressed:

“Transpose EU legislation in the fields of labor law, equality of treatment between women and men, occupational health and safety and public health, reinforce related administrative structures and those required for the coordination of social security while requiring development of effective implementation and enforcement of the social policy and employment acquis.”

The Accession Partnership Document in 2001 called for preparation of a national employment strategy in line with the European Employment Strategy (EES) and development of the capacity to monitor labor market and social developments (EU Council, 2001a: 21). In a similar vein, the Accession Partnership Document prepared in 2003 referred to the reform of the labor law under the social policy and employment heading, emphasizing the transposition of EU legislation in the field and development of administrative capacity to implement a national employment strategy in line with EES and invest into the necessary monitoring mechanisms of labor markets (EU Council, 2003a: 13-14).

In the NPAA, the Turkish government responded by indicating the reforms to be implemented in the upcoming period in order to comply with the priorities emphasized in the Accession Partnership Document and to align Turkish laws with the *acquis communautaire*. Accordingly the 2001 NPAA, referred to labor law reforms in several sections of the document, and indicated that enactment of a law on job security was a short-term priority (NPAA, 2001).

Under the heading “capacity to assume the obligations for membership”, the section on labor law first describes the characteristics of the legal framework of Turkish labor regulations (NPAA, 2001: 316). The NPAA mentions that studies on reforming the Labor Act have

started. However, it also recognizes that there is no legal framework yet for flexible work arrangements and that this needs to be included in the revisions of the law (NPAA, 2001: 318). The same section of the NPAA makes reference to a number of specific Directives that will be considered during the revision of Labor Act such as Directive 97/81/EC and Directive 98/23/EC for the preparation of legal regulations for flexible and atypical work, Directive No 91/533/CEE to modify the provisions regarding the contract of service, health and safety at work rules, and the notification and consultancy rules, and Directive 93/104/EC concerning minimum annual paid leave period (NPAA, 2001: 322-324). The NPAA further indicated in the section regarding “Equal Treatment of Men and Women” that the Labor Act and Law No 657 on Civil Servants are on their way to being harmonized with the European Union’s *acquis* treating gender discrimination in terms of wages, admission to employment, working conditions, and vocational training (NPAA, 2001).

Regarding labor law, the 2003 NPAA emphasized the legislative amendments to regulate flexible working patterns and measures to prevent child labor, both intended to comply with the relevant *acquis*.¹³⁷ The same NPAA explained in detail the ways that the reform of the Labor Law would help comply with the relevant part of the *acquis* and announced full compliance with the *acquis* when new with legislation was introduced in 2004 and 2005.

This announcement followed from the existence of a project, entitled *Harmonisation and implementation of legislation on flexible work in Turkey* that had been developed between 2003 and 2005 with the cooperation of the Netherlands Ministry of Social Affairs and Employment (SZW), Turkey’s Ministry of Labor and Social Security and the Turkish Employment Agency and with the assistance of the University of Tilburg (Netherlands Ministry of Social Affairs and Employment, 2005). The twinning project involved the exchange of information between the involved parties with the aim of providing a general level of understanding and knowledge of EU Directives 93/104/EC, 99/70/EC and 97/81/EC on flexible working.¹³⁸ This twinning project involved an analysis of Turkish labor law,

¹³⁷ These were Directives 80/987/EEC, 2002/74/EC and 91/383/EEC and relevant provisions of Directives 94/33/EC, 98/59/EC, 2001/23/EC, 91/533/EEC, 97/81/EC, 93/104/EC and 99/70/EC.

¹³⁸ A relevant aspect of this is related to the Directives 99/70/EC, 97/81/EC and 93/104/EC. Directive 93/104/EC concerns certain aspects of the organization of working time, Directive 99/70/EC concerns the framework

formulation of recommendations for harmonization, and development of draft legislation on flexible working and social security. In accordance with the directives mentioned, the project provided technical assistance and a draft was prepared with the involvement of Turkish bureaucrats and experts, bureaucrats from the Dutch Ministry of Social Affairs and Employment and experts from University of Tilburg (Pennings and Süral, 2006).

The screening process and the sub-regulation produced following the reform of the labor law in 2003 have benefited significantly from this twinning project that provided technical expertise and analysis of the legal situation related to the *acquis communautaire*, while providing cognitive resources regarding the social security system and flexible working time, and budgetary resources related to institution building.

The EU accession process also provided political resources. On the one hand, the directives on labor standards and flexibility arrangements as part of the *acquis communautaire* were part of the membership conditions. As constraints, they were political resources for those supporting the goal of becoming a member of the Union. On the other hand, with the EU actors encouraging employment and labor market efficiency as part of the EES to promote economic growth, competitiveness and employment, they provided political resources for those whose economic policy orientation were congruent with such goals.

The EU membership process has provided legal, cognitive and financial resources in line with its emphasis on “adaptability”, “modernization” and “flexicurity” for the reform of the labor law from 1999 to 2003.

III.d. The formulation of a new Labor Act by the Scientific Committee: Negotiations by “using Europe”

The Scientific Committee composed of nine experts appointed by the corporatist actors and the government started its work in June 2001. The government representative, Professor Dr. Metin Kutal, was appointed chair (Dereli, 2012). The Committee concentrated on the issue

agreement on fixed-term work concluded by the European Trade Union Confederation (ETUC), the Union of Industrial and Employers Confederations of Europe (UNICE) and the European Centre of Enterprises with Public Participation (CEEP), and Directive 97/81/EC concerns the framework agreement on part-term work concluded by UNICE, CEEP and ETUC.

of job security in the first phase. This emphasis followed from two important processes. Although Turkey has ratified the ILO Convention 158 on the Termination of Employment in 1994, the government had not enacted any legislation on job security despite significant pressure from the union confederations. Moreover in the preparation of the 2001 NPAA, the coalition government had identified such legislation as one of the legal reforms that would be introduced within a year, placing it within the urgent structural reform package of the EU membership process (Koç, 2002). This was done despite TİSK's argument that the EU did not require this piece of legislation as one of the membership conditions (Çelik, 2002; 2004a).

There are several reasons why this priority was identified. Koç (2002: 16) claims that the Minister of Labor and Social Security included job security on the list of short-term priorities precisely in order to counter the opposition of the employer association. Moreover, given the economic crisis in 2001 and the turbulent political context that followed the appointment of Kemal Derviş as Minister of Finance and the negotiation of a new IMF-led stabilization program, the Minister of Labor and Social Security specifically asked for the inclusion of this legislation among the structural reforms planned for 2002. He calculated that identifying it as part of the EU membership process would enhance its enactment in a parliament in which there was only a fragile majority for the coalition government (Koç, 2002: 19). Finally, the DSP-ANAP-MHP coalition government had promised during negotiations with TÜRK-İŞ the enactment of job security legislation.

We can interpret this concentration and prioritizing of job security as “policy seeking” derived from the coalition's bargaining strategy in the corporatist arena as well as being a vote seeking objective in preparation for the up-coming election in 2002. The inclusion of the Law on Job Security in the 2001 NPAA is a strategic use of EU resources by the Minister of Labor and Social Security.

The Scientific Committee set out to align Turkish legislation with the ILO Convention 158 on the Termination of Employment that specifically required valid reasons for any dismissals, regulations on procedural requirements that had to be fulfilled by employers as the burden of proof, and on the rights of employees when dismissed (Dereli, 2012: 6; Süral, 2005a). As noted in the previous section, the European Commission recommends adoption of Article 24 of the European Social Charter on the termination of employment, a provision that is in line with the ILO Convention 158. In its work the Scientific Committee went somewhat

further. In designing articles on collective dismissals, the Committee also considered Directive 98/9/EC, which deals with collective dismissals in a way that is consistent with Convention 158 (Dereli, 2012: 8).

Nonetheless, in the first phase of its work, the Scientific Committee made use of European legal resources only in a limited way. By November 2001 the Committee had prepared draft legislation on job security and sent it to the Ministry of Labor and Social Security and in this draft it used the ILO Convention as the reference point (Süral, 2005a). For the Committee this legislation was only the first phase of changes; a more far-reaching reform of the Labor Act was still needed.

The Law on Job Security (no. 4773), enacted in August 2002, increased protections against and in the case of dismissal. A worker who had worked for at least six months without a written fixed-term contract was automatically granted an indefinite contract. Workers in establishments with 10 or more workers fired on grounds other than those allowed under the new law (No 4773) would qualify for further compensation (Tunalı, 2003: 96).¹³⁹

The Minister of Social Security, however, made more use of Europe. During a conference organized by TİSK on “Towards a Modern Labor Law and Job Security” in June 2001, just after the preparation of the NPAA, Yaşar Okuyan argued that the Law on Job Security followed from obligations set down in the 2001 NPAA as well as being required by the ILO Convention 158 (TİSK, 2001b). Okuyan emphasized that the reform was one of the urgent 15 laws to be introduced part of Kemal Derviş’ structural reforms in order to satisfy the EU membership conditions (TİSK, 2001b). Accordingly, we can say that the Minister was involved with a legitimizing use of political resources. At same conference, TİSK President Refik Baydur called, however, for postponing the enactment of a separate job security regulation and treating the matter in a Labor Act.

In March 2002, in another TİSK conference on working life, Okuyan expressed again the relation between the Law on Job Security and EU membership (Hürriyet, 2002a): “We

¹³⁹ The new law allows the worker fast access to legal action. If there is a finding of wrongful dismissal and the firm does not take her or him back, the law imposes a penalty of no less than six, and no more than 12 months of wages, plus up to four months of additional wages for compensation for the time taken for the legal proceedings (Süral, 2005a). In addition, the Job Security Law enlarged the definition of mass dismissal, expanded job security to journalists, and included additional protection for workers working for unions.

promised the EU with the NPAA to enact the Law on Job Security on 19th of March. The employers misunderstand the job security legislation. It would not prevent firing workers but would bring specific rules and judicial mechanisms.”

The pressure of the employer associations increased on the coalition government before the parliamentary hearings and discussion of the Law on Job Security. The enactment of the Law on Job Security became a political crisis inside of the coalition and more precisely inside of the ANAP. The leader of ANAP and Deputy Prime Minister, Mesut Yılmaz asked Okuyan to withdraw the Law on Job Security proposal just a day before the parliamentary discussions. This led to a serious conflict inside of the ANAP which ended up with the resignation of Okuyan on 8 August 2002 (Hürriyet, 2002b). Okuyan explained that Yılmaz was under pressure from the main figures of the employer associations asking for the postponement of the reform law (Çelik, 2002; Hürriyet, 2002b).

Despite the resignation of the Minister and the political stalemate, the Law on Job Security passed the parliament on the 9th August 2002 and received the President’s approval on the 15th of of the same month. While passed shortly before the general elections held in November, its implementation was postponed to March 2003 because of the election period.

Süral (2005a: 249) argues that passing the Job Security Law before drafting and preparing a new Labor Act in the parliament can be explained by the upcoming elections where the members DSP-ANAP-MHP coalition government would want to gain the support of the union confederations.

In the meantime the Scientific Committee continued its work on drafting a new Labor Act that would cover both job security measures and flexibility arrangements. Tokeli (2012: 20) reports that the members of the Committee had extended discussions about the specific clauses of the Labor Act and could not agree upon several issues, including flexible work arrangements.

III.e. A New Labor Act: Use of EU legal and cognitive resources by the Scientific Committee and political resources by the AKP government and TISK

Following the November 2002 elections, the Justice and Development Party gained a majority of votes and seats, although it was only founded in 2001 (Cizre, 2008). AKP is a conservative liberal political party. As a result of the elections, it formed the first government with a single party parliamentary majority since 1987. The AKP favored EU membership and political and economic reforms, although it had to build a reputation for these positions and to legitimate its reformist agenda, given its roots in political Islam.

As noted in Chapter II, this political context of a majority government provided institutional conditions conducive to the introduction of reforms, including to the labor law. The Action Plan prepared in 2002 by the AKP government included the rapid reform of labor law (promised in six months) so as to make “legislative changes in order to allow flexible modes of working” (58. Hükümet Programı, 2002). The Action Plan (Acil Eylem Planı, 2002) also states clearly that the legislative changes related to flexible working arrangements would take EU norms and *acquis* as a reference.

Although the AKP was committed to reforming the labor law, it was less clear how the content of the reforms would be formulated. After the formation of the AKP government, the Minister of Labor, Murat Başesgioğlu, announced support for the Scientific Committee’s draft law while insisting that it was necessary to introduce additional flexibility and to alter rules about severance payments.

Moving beyond the ILO Convention, the draft law prepared by the Scientific Committee specifically set out to align Turkish law with the EU’s *acquis communautaire*, as indicated in its preamble justifying the changes introduced in the form, types, content of contracts, the reciprocal rights and duties of the worker and the employer during the course of the employment relationship, with respect to labor disputes and their settlement (TBMM, 2003a).

On several issues, there were important differences among the members of the Scientific Committee. The EU Directives constituted focal points to reach agreement (Dereli, 2012). Thus in the preparation of the draft proposal of the Labor Act, the Committee

considered Directive 93/104/EC, Directive 2000/34/EC, Directive 94/33/EC, Directive 97/81/EC and Directive 99/70/EC while deliberating about flexibility and atypical types of employment (Süral, 2006: 408). For instance, the principles developed for fixed-term employment contracts took into consideration Directive 1999/70/EC which improves the quality of fixed-term work by ensuring the observance of the principle of non-discrimination and establishes a framework to prevent abuse by means of successive fixed-term employment contracts (Taymaz and Özler, 2004: 10). The draft also addressed part-time work by following Directive 97/81/EC which prevents abusive use of this type of contract and requires employers to prioritize employees' requests to move into full-time from part-time jobs.

We see, therefore, that in designing the working time and flexibility measures that constituted major points of disagreement between employers and unions, the Scientific Committee made use of the European models to introduce measures of flexibility and different types of more flexible employment contracts. These were consistent with EU directive 93/104/EC (Dereli, 2012: 15).¹⁴⁰ Foreseeing the creation of temporary work, the Committee argued that it should be regulated according to EU standards and practices (Dereli, 2012: 13).

With respect to job security, the draft Labor Act prepared by the Committee incorporated the Law on Job Security (no. 4773) but with some changes (Dereli, 2012). In a similar way to the Law on Job Security, the criteria for coverage and its application in the Labor Act were set for establishments with 10 or more workers. Introducing novel norms that were missing in the previous Labor Act, the Committee also addressed the equal treatment of workers regardless of their contractual arrangements as well as in terms of gender, race, religion, and language, all this being in line with EU *acquis*. The draft also regulated the responsibility of the employer to provide the worker with a written document setting out the general and special working conditions. This too was directly in line with the EU *acquis* and an innovation for Turkey. The draft included increases in annual leave with pay and maternity leave. Maternity leave was increased from 12 to 16 weeks in total, in line with the commitments made at the NPAA. Another important change was the abandonment of the long-lasting prohibition of night-work by women in industry, encouraging the provision of

¹⁴⁰ The weekly normal working time was defined as 45 hours, but in accordance with European practice, can be reduced upon agreement of the parties or can be agreed through a contract either to divide the hours into daily hours or in a different way, allowing employers to meet their need for extra time in some periods.

equal opportunities for women and men in access to employment (Kılıç, 2009: 497). This too involved a direct import of European norms.

We see here the cognitive use of European legal resources in the preparation of the draft law by the Scientific Committee. EU standards and norms were deployed to provide justifications of decisions on the critical issues about which corporatist actors disagreed.

The draft Labor Act, mostly prepared during 2002 by the Scientific Committee, was sent to the Minister of Labor and Social Security, Murat Başesgioğlu, in early 2003. The Ministry of Labor and Social Security had already decided to discuss the draft law further with the corporatist actors (union confederations and employer associations). Even though this was against the protocol agreed in 2001, the union confederations and employer associations were pressuring the new AKP government because they were not satisfied with the draft law prepared by the Scientific Committee.

During the discussion of the draft law following the report in the Health, Family, Employment and Social Affairs Commission in parliament in March 2003, Minister Başesgioğlu said that as the new AKP government found itself in the middle of the reform process, arriving in office when the Scientific Committee had already finished most of its work on the new Labor Act, it was willing to consider the demands of the union confederations and employer associations (TBMM, 2003c). During the negotiations, however, Murat Başesgioğlu insisted that the corporatist actors needed to find an agreement or otherwise the draft law, as prepared by the Scientific Committee, would be sent to parliament (Koç, 2003: 2).

In winter and spring 2003, the AKP government and the Ministry of Labor and Social Security were subjected to intense pressure from the corporatist actors to alter certain articles of the draft law. In fact, there were six meetings organized from January to April 2003, during which 126 articles of the draft law were analyzed by the corporatist actors and the AKP government (Koç, 2003: 2). The union confederations argued that there was not adequate protection provided to them in the articles related to the fixed-term contracts, flexible forms of employment, and temporary employment relations (Çelik, 2003: 12-16). In contrast, TİSK and TOBB claimed that these arrangements were already regulated extensively and that procedures and details for the implementation of flexible forms of employment were too

complicated (Dereli, 2012: 22).¹⁴¹ TÜRK-İŞ, DİSK and HAK-İŞ adopted a common position during negotiations with the employer associations, where 34 articles became the subject of most disagreement (Koç, 2003: 2). Over the course of the meetings the number of articles that were in dispute diminished to 11 but no agreement could be reached on these sections of the draft law. Accordingly, the Minister of Labor and Social Security, Murat Başesgioğlu, announced that on those 11 articles, the government would follow the recommendations of the Scientific Committee (Koç, 2003: 2).

TİSK was active throughout this process, preparing meetings, conferences, and research reports on the draft of the Labor Act; while insisting on the flexibility practices found in European law and the necessity of adopting these practices in order to qualify for EU membership. For example in 2003 TİSK published a research report on *The Draft Labor Law and EU Practices* (TİSK, 2003a).¹⁴² It compared in detail the articles of the draft law and labor law in selected member states as well as analyzing the conformity of the articles on flexible work arrangements with EU Directives.¹⁴³ In addition TİSK organized a conference and a workshop in 2001, entitled “Towards a Modern Labor Law: The Relation between Job Security, Severance Payment and Flexibility,” on the draft law and on the reform processes and the proceedings were published as well (TİSK, 2001b).¹⁴⁴

TÜSİAD also published two research reports one on *Improving the effectiveness of labor markets: The role of private employment agencies and improving flexibility in Turkey* in 2002 (TÜSİAD, 2002a) and another one entitled *Labor Market and Unemployment in Turkey* in 2003 in which flexibility arrangements were suggested as policy tools to increase women’s participation in the labor market as well as to improve employment (TÜSİAD, 2003a).

At a TİSK Council meeting on 15 April 2003, TÜSİAD President Tuncay Özilhan emphasized that (TÜSİAD, 2003b):

¹⁴¹ Tekeli (2012: 22) quotes TİSK representative Erdogan Karakoyunlu’s statement to the Scientific Committee: “What we expected from you was the flexibilization of our labor legislation; on the contrary, you have overregulated it.”

¹⁴² TİSK’s report published in 2003 titled *İş Kanunu Tasarısı ve AB uygulamaları*.

¹⁴³ TİSK report argues on the diversity of job security regulations in the EU member states, emphasizing that among the 15 member states in 2003, only five of them have ratified the ILO Convention 158 (TİSK, 2003a).

¹⁴⁴ TİSK conference and workshop in 2001 was titled “Çağdaş Bir İş Kanunu’na Doğru: İş Güvencesi, Kıdem Tazminatı”.

“As the new law will allow flexibility measures, it is more modern and developed compared to the old legislation ... The EU that Turkey aims to become a member of has developed goals of promoting entrepreneurship and improving employment, where the European employer organization, UNICE, insists on developing flexible work arrangements. ... Although this new law has certain shortcomings, it needs to be passed as soon as possible by parliament.”

All this constitutes examples of the strategic use of Europe, cognitive, legal and political resources by employer associations.¹⁴⁵

The Minister of Labor and Social Security also made use of Europe in promoting the reform of the Labor Act. Murat Başesgioğlu indicated in an article written for a TİSK publication in March 2003 (TİSK, 2003b): “The new Labor Act based on EU norms and ILO conventions will legislate the flexibility measures prevalent in EU member states. ... In the European Union membership process, there was a need to harmonize Turkish labor legislation with EU norms, implementing missing legal arrangements”. This exemplified the legitimizing use of the membership process by the Minister, justifying the reform as the adoption of norms required for membership.

The union confederations, especially TÜRK-İŞ, continued to make more limited use of Europe in the reform process and to rely on the ILO Convention 158 when addressing issues of job security (Koç, 2002). Çelik (2004a) and Ehmke (2009) point out that in the early phase of the EU accession process, until 2004, there was strong Euro-skepticism in the labor movement and among union confederations. The unions claimed that European labor standards and the social policy dimension were too weak.¹⁴⁶ Çelik (2004a) argues that the process of drafting the new labor law increased this skepticism among union confederations. Thus ILO standards constituted the main references for the union confederations who evaluated the EU directives as simply reinforcing the interests of employer associations. In turn this skepticism helps to explain their low organizational capacity and limited knowledge of the *acquis* and Guidelines as well as their claim that the Turkish employer associations had managed to manipulate the interpretation of EU directives in a way to serve their interests

¹⁴⁵ Under pressure from TİSK and other employer associations, the AKP government tried to further postpone the implementation of the Law on Job Security (no. 4773), waiting instead for the more comprehensive reform of the Labor Act, which would include both job security and flexibility aspects (Çelik, 2004a; Koç, 2001). The President, however, vetoed this postponement and the law came into effect in March 2003.

¹⁴⁶ Yıldırım Koç (2004a; 2004b) summarizes the criticisms of the weak character of the social dimension of the European Union and presents the views of the union confederations.

(Çelik, 2004a; Ehmke, 2009: 115).

There were even uses of Europe in the law itself. In the preamble of the Labor Act (no. 4857), which summarizes the reasoning of the law, one can read (TBMM, 2003a):

“Other than the above stated general factors requiring the preparation of a new labor law, another major development is Turkey’s candidacy for European Union membership. It is important to consider that the EU has specific regulations on social affairs. There is a need for Turkey to harmonize with EU norms on social policies, in addition to international norms and standards ... Turkish legislation lacks certain rules and norms that are already in practice in the EU member states. In the candidacy process for EU membership, Turkish labor legislation needs to be aligned with the EU norms and standards...The alignment of the Labor Act conforming to the EU standards and norms will occur in the accession process that will take time. However the current changes will move Turkish legislation towards EU norms and standards.”

Moreover in the section justifying the articles of the Labor Act, there are direct references to the Directives on working time, labor standards and flexibility arrangements. In addition to showing the extent to which the Scientific Committee relied on cognitive and legal resources coming from Europe, the passage of this law with these references can be interpreted as an effort by the AKP government to claim credit by aligning the new labor law with EU standards.

The parliamentary discussion of the Labor Act occurred in the general assembly of the TBMM between 13 March and 22 May 2003. There were extensive debates between members of the AKP government party and members of the opposition political party, the CHP. In these debates, Europe was again used to argue for the law. In the parliamentary discussion on May 22, 2003, the AKP deputy, Agah Kafkas said (TBMM, 2003c: 33):

“We want to become a member of the EU... While becoming a member of the EU, there is no way to discuss the conditions, there is no way we can not not implement EU standards in this issue, while doing so in others. EU membership conditions are one piece that can not be divided... Thus if we are to conform to EU labor standards, we can not choose only those are beneficial for employees or for employers.”

This speech is an example of the legitimizing use of EU political and cognitive resources. He links the reforms to the accession conditions and the necessity of attaining European standards.

In the parliamentary debates the AKP members of parliament made reference to

flexibility measures in the EU member states and called for implementation of European norms and standards. As such, they were involved in an extensive legitimizing use of EU acquis and EES in order to delegitimize the opposition. They argued that policies in European countries constituted good practices to be replicated and that European norms were solutions to domestic problems.

The opposition did not agree. In the same parliamentary discussion on May 22, 2003, the CHP deputy, Enver Öktem criticised the proposed law, stating that (TBMM, 2003c: 21):

“The AKP government argues that this new labor law has taken EU standards as a reference. They argue that part-time work, temporary work, private employment agencies are current practices in the EU member states. However they do not consider the differences between Turkey and the EU. The economic context is different...The workers are asking to have employment opportunities at the same level with the EU, to attain the unemployment insurance system as in the EU member states, to lower the unemployment rate as in the EU.”

In other words, this member of the opposition party makes strategic use of Europe to criticize the new Labor Act.

During the parliamentary process, the union confederations and employer associations pressured the AKP government hard. Last minute bargaining between the corporatist actors and the AKP government was reflected in the final version of the law which altered the disputed articles of the draft law as prepared by the Scientific Committee. Following the position of the employers, especially TİSK, the law would apply only to establishments that employed 30 or more workers, up compare to the 10 workers threshold set at the draft law and designed in the earlier law on job security. This change represents a division strategy of the AKP government because the Labor Act would be applicable towards the large enterprises and conglomerates that employ mostly more than 30 workers, for instance members of the TÜSİAD, but exempt small and medium size enterprises, represented by TİSK. This change on the application of the Labor Law satisfies the demands of the TİSK that represents the interest of the small and medium size enterprises. The strategy of division affected employees because large segments in the labor market were employed in this type of companies.

The state monopoly on providing employment service and establishing employment agency was ended; the law authorized the establishment of private employment agencies that could act as intermediaries between employers and workers. The establishment of private

employment agencies was demanded by TÜSİAD and to a certain extent by TİSK. In addition, no changes were made to the regulations on severance payments; these reforms were postponed as the union confederations had wanted. Procedures for various flexible types of work were introduced. However, in the draft law the provision regulating temporary employment through the intermediary of private employment agencies was removed in the last version of the Labor Act in line with the union confederation's opposition.

The last version of the Labor Act represented the result of the negotiations between the AKP government and corporatist actors. Law No. 4857 was passed by the TBMM on 22 May 2003 and approved by President Ahmet Necdet Sezer on the 9 June 2003.

With the end of this reform process we can assess the uses of Europe. During its preparation, the Scientific Committee made extensive cognitive use of EU legal resources, following the reasoning of several key directives. Nonetheless, despite the emphasis on flexicurity in both EU and member state discourse at the time, it was the term flexibility that continued to be used by domestic actors in Turkey, whether corporatist, bureaucratic or political actors and even by the members of the Scientific Committee. During the reform process from 2000 to 2003, and using European resources, a common language was built by juxtaposing job security and flexibility.

The employer associations (TİSK, TÜSİAD and TOBB) made strategic uses of EU legal resources when they argued for greater flexibility in labor regulation. For their part, the CHP and the unions also made use of EU legal and political resources when they tried to broaden the discussion by arguing that the membership conditions consist of a wider range of social policy and employment issues.

After the Scientific Committee, it was probably the AKP as well as the coalition government that made most use of Europe, and in a variety of ways. In line with the theoretical expectations of neo-institutionalism, the AKP government deployed credit claiming as well as legitimizing and strategic uses of Europe during the reform process. The previous DSP-ANAP-MHP coalition government had made strategic use of EU political resources, by tying the law on job security to the short-term priorities of the NPPA and the accession process, and thereby trying to squeak the law through the parliamentary process. The AKP governments continued with this legitimizing use, linking the provisions of the law to EU conditionality and the need to respect labor standards in the *acquis communautaire*. AKP

credit-claiming practices included the claim that not only were the changes were in line with European policy orientations and a condition of membership but that the government would compensate the employer associations by framing a Labor Act that combined both more flexibility and some job security. This was a clear effort to avoid the reaction that TISK had towards the enactment of the Job Security Law by the DSP-ANAP-MHP coalition government in the first phase. The AKP government did not, however, engage in blame avoidance strategies. It did use a division strategy on the applicability of the Labor Act, which satisfied different groups on the employer side and limited the application of the labor legislation to the largest segments in the labor market. Moreover the AKP government negotiated different components of the Labor Act with corporatist actors and aimed to satisfy their demands on different components. In the policy sector of labor law, the technical and legal aspects of the regulation constitute the main disputed aspects for corporatist actors, where an obfuscation strategy was not available to the AKP government as the actors had already focused on these technical and legal dimensions of the Labor Act and they had acquired substantial technical knowledge developed over time.

IV. Restructuring the Turkish Employment Agency in line with the European Employment Strategy

This section will concentrate on the establishment of the Turkish Employment Agency, covering the period from 2000 to 2003 and examining the uses of Europe in this institutional reform that restructured the employment services and the organization responsible for employment policy in Turkey. The recognition of Turkey's candidate status for membership in the European Union in December 1999 coincided with work to create the Turkish Employment Agency, and the cognitive, legal, financial and political resources made available by the new institutional relationship played a key role. The legal framework for the establishment of the Turkish Employment Agency was enacted by the AKP government in 2003 and the uses of Europe were frequent in the discussion.

As already described in this chapter, this public agency, the İİBK, had a monopoly on employment services, concentrated on job-matching for the unemployed and on regulating the flow of Turkish workers to European countries. This was its policy legacy through the 1990s.

But as has also been described, with the economic changes that influenced the labor market characteristics after the 1980's, the İİBK failed to function effectively. It had limited institutional capacity and its job-matching functions have become defunct in time (Tunalı, 2003; ETF, 2011).

Despite the recommendations of international organizations as well as domestic policy-makers, the İİBK did not develop a capacity to monitor labor market transformations, to address the consequences of a politics of privatization on employment outputs and for the laying-off of workers, or to address the needs of the private sector (İŞKUR, 2011a: 24). Nor did it develop comprehensive and institutionalized active labor market policies. The World Bank's *Employment and Training Project* in place between 1993 and 2000 had provided a diagnosis of the problems and framed the policy options. Its evaluations had demonstrated the limited capacity of the İİBK and its policy weaknesses, although the project had promoted and supported active labor market policies and training.

The corporatist actors had been involved to a limited extent with the İİBK. On the one hand, employer associations and especially TİSK, TÜSİAD and TOBB considered that its rigid structure and inefficient policy approach did not serve their needs for trained workers in specific sectors. They were advocating that private employment agencies be allowed. The union confederations, especially TÜRK-İŞ, had been calling for a more important role in the management of the institution and better representation where policies for its member could be implemented much more efficiently. Thus, by the mid-1990's it had become clear that there was a need to restructure the İİBK to create the institutional structure appropriate to a new policy approach.

The establishment of the Turkish Employment Agency was related to two other reform processes: introduction of unemployment insurance and the unification of the three social security institutions under the Social Security Institution (İŞKUR, 2011a: 25). The creation of the unemployment insurance program in 2000 and described above, probably constituted the main reason to restructure the İİBK and transform it into the Turkish Employment Agency as the responsible institution for the management of the unemployment insurance fund. The legislative framework of the Law no. 4447 that established the unemployment insurance program at the same time introduced the social security reform in 1999. However the legislative framework did not establish the institutions, namely the Turkish Employment

Agency and Social Security Institution (*Sosyal Güvenlik Kurumu*, SGK), which were planned to be formed with a decree within a year. The institution building of both institutions was connected, as the SGK was responsible of collecting the unemployment insurance premiums and the Turkish Employment Agency was responsible for the management of the fund. Both institutions also shared similar problems in the lengthy process of their establishment through law-making via decree.

The first phase of the restructuring of Turkish Employment Agency aimed to establish the necessary settings for the functioning of the unemployment fund. The transformation of the İİBK into the Turkish Employment Agency was initiated during the DSP-ANAP-MHP coalition government. In the program of the 57th Government, established via a coalition protocol, it was stated that “unemployment insurance will be introduced for those workers who lose their jobs and the İİBK will be restructured in order to properly administer the unemployment insurance program” (57. Hükümet Programı, 1999).

The law no. 4447 prepared by the coalition government was passed by the TBMM in 1999, as noted above. Thus the unemployment insurance system was established in 1999, with the collection of premiums planned to begin in mid-2000 and with the first benefit payments planned for 2002 (Tunalı, 2003). The contributions to the unemployment insurance regime were to be collected by the Social Security Institution, and transferred to the Turkish Employment Agency. However, neither of these institutions was yet in place; their legal framework was not enacted.

Such a complex institutional process to implement the unemployment insurance regime was partly related to the reaction of the corporatist actors. The union confederations and employer associations had diverging interests and agendas. On the one hand, employer associations argued that the new unemployment insurance program implemented without changes in severance payments would put an unnecessary burden on Turkish companies, as we noted above. On the other hand, the union confederations sought a role in the management of the unemployment insurance once it was housed in the Turkish Employment Agency (TÜRK-İŞ, 2010). Such disputes, however, were not concerned with the main functions of the Turkish Employment Agency.

The coalition government began the process of creating the new agency a year after the enactment of the Law no. 4447. In October 2000 it issued a decree (No. 617) for the

establishment of the Agency with responsibilities such as protecting employment, helping to counter unemployment, engaging in active labor market policies and training programs, managing the unemployment insurance regime, and offering job and career counseling services (İŞKUR, 2011b: 24; Sayan, 2006). This decree also named a tri-partite committee, called the Unemployment Insurance Fund Management Board, responsible from managing the unemployment fund within the Turkish Employment Agency.

The Health, Family, Employment and Social Affairs Commission Report on Decree no. 617 (TBMM, 2000) explains the reasons for the institutional reform, and here the uses of Europe were evident: “The İİBK needs to be modernized to a large extent and restructured according to EU norms. The agency needs to become similar to its equivalent institutions at the EU member states in line with the EU membership requirements in order to harmonize our employment services.” The Report of the Commission also noted that the new Agency would be responsible for monitoring European employment patterns and new policy initiatives (TBMM, 2000).

Following the Decree no. 617, Necdet Kenar, who had worked at the Under-secretariat of the Treasury within the sub-department responsible for the 1999 social security reform and involved with World Bank programs, was the first Director of İŞKUR. His goal was to develop an employment policy agenda in preparation of national strategies in line with the European Employment Strategy (Kenar, 2003a; 2001). With respect to employment services and employment policy instruments, we will see, the process involved a major restructuring of employment services and a reorientation of the employment agency towards active labor market policies. In the first General Assembly of İŞKUR in May 2001, in which participated the representatives of the Ministry of Labor and Social Security, state institutions, union confederations and employer associations, the goal of preparing a national employment strategy was front and centre (TİSK, 2001d).

However the establishment of the Turkish Employment Agency would not be easily concluded, as veto points were available to its opponents. Deputies from the opposition political party, the Virtue Party (*Fazilet Partisi*, FP) applied to the Constitutional Court for the cancellation of Decree no. 617 on 24 August 2001. They claimed that this institutional transformation could not be done with a decree and that it should be enacted only by passing a law in parliament. The Constitutional Court canceled Decree no. 617 on the grounds that using

a decree in these circumstances was inappropriate and parliamentary legislation was necessary to set up this new institution (Anayasa Mahkemesi, 2000). However, the Constitutional Court also decided that the decree would remain valid for nine months following its own decision, considering the level of public interest involved. This decision and process complicated institution-building. The Turkish Employment Agency was enfeebled because it lacked the necessary legal framework while the coalition government needed to initiate a new legislative process.

By this time, however, EU resources for employment policy had increased with the preparation of an Accession Partnership Document and the related NPAA's and Regular Progress Reports. Therefore, before analyzing the political and bureaucratic process that completed the restructuring, it is worth reviewing the EU's position concerning the restructuring of the İİBK into the Turkish Employment Agency.

IV.a. The EU Position on the new Turkish Employment Agency

Various European actors emphasized the advantages of such an employment agency in order to permit modernization of employment services, to develop employment policy in line with the European Employment Strategy (EES) and to enable the introduction of active labor market policies (European Commission, 2007f; European Commission, 1999b). These conditions could become resources within Turkey for moving the reform forward. The EES and Guidelines developed since the Amsterdam Treaty promoted this orientation. Therefore, Turkey's accession process, taking place in this context, made available a number of legal, cognitive, financial and political resources that could be deployed during the structuring of the Turkish Employment Agency.

Concretely, the EU's approach towards this reform developed through the institutional tools of the accession process after 1999. The 2001 Accession Partnership Document called for the preparation of a Turkish employment strategy in line with the EES as well as a greater capacity to monitor labor market and social developments. With a similar approach, the Accession Partnership Document prepared in 2003 identified the national employment agency as a medium-term goal: "Strengthening the administrative capacity in the field of social policy and employment by supporting Turkish government efforts to structure and develop İŞKUR,

the Turkish Employment Organisation” (European Commission, 2003b: 14).¹⁴⁷ In other words, via these conditions and encouragements, the accession process provided cognitive resources about employment policy directions and political resources for the restructuring the employment agency, linking the institutional reform to the membership conditions.

The Progress Reports also provide examples of the European position on this restructuring of the employment agency and the pressure being exerted for change. The 2000 Progress Report indicates that, “...the Employment Organization is not effective and urgently needs to be improved...” (European Commission, 2000b: 51).

The 2001 Progress Report looked favourably on the Turkish coalition’s actions but also pushed for more (European Commission, 2001b: 68):

“The Turkish Employment Organization is the agency in Turkey dealing with matters relating to employment and unemployment issues, job finding, placement of workers into public and private organizations and vocational training activities. Following a restructuring on the basis of a decree in 2000, Turkish Employment Organization has started to design pro-active labour market policies at the provincial level in conjunction with the social partners, but it still lacks the financial resources required.”

The 2002 Progress Reports insisted that Turkey should accelerate its efforts to develop a national employment policy in line with the EES, with the aim of having higher employment rates and lower levels of youth and female unemployment. It also emphasized that the extent of the informal economy remained a concern (European Commission, 2002b: 92). The Progress Report demonstrates the monitoring that the EU Commission was doing of the restructuring of the employment agency.

The EU’s emphasis has been, therefore, oriented towards strengthening the institutional capacity of the new agency and it provided financial resources for the reform. The European Commission launched a programme called the Active Labour Market Strategy Programme, under the MEDA and provided pre-accession assistance. The three main components of the program focused on institution building, support for the modernization of the offices and a fund for active employment measures. The budget was €50 million from

¹⁴⁷ The EU referred to the Turkish Employment Agency as the Turkish Employment Organisation. I use the official English name for the İŞKUR rather than EU’s reference.

2003 to 2006 (European Commission, 2002c; İŞKUR, 2005).

The budget of the Active Labour Market Strategy Programme (ALMSP) increased substantially from 2003 to 2009. As part of this phase of ALMSP, €50 million was provided for investing in institutional capacity where 241 projects were implemented between 2003 and 2005 with 48,000 people receiving training and other active labor measures (İŞKUR, 2005). A second phase of the project, termed the Active Labour Market Strategy Programme and Investment in Local Capacity of the Turkish Employment Organization (European Commission, 2006) was implemented from 2006 to 2009, with a budget of €20 million (Delegation of the European Commission to Turkey, 2012a). These programs provided substantial financial resources for the consolidation of Turkish Employment Agency and for its active labor market policies.

The exercise involved in the preparation of a Joint Assessment Paper of employment priorities was also a crucial moment in these years. It provided an analysis of the Turkish labor market, identifying key challenges and employment priorities (Ministry of Labor and Social Security, 2011: 22). It took into account the priorities of the European Employment Strategy throughout the drafting process of the Employment Background Report in 2003, which included the participation of ministerial actors and the Turkish Employment Agency itself. This analytic process was a moment in which cognitive resources coming from Europe were used by the bureaucratic actors so as to define the main challenges related to employment policy and labor market institutions.

The EU membership process provided cognitive, political and financial resources for the institution building of the Turkish Employment Agency from 2000 to 2006. Most of the resources provided from 2000 to 2005 were prior of the screening process. It was at this time that uses of Europe in the establishment of the Turkish Employment Agency were most numerous.

IV.b. From a failed attempt to success: Bureaucratic dynamics, government strategies and EU resources in the creation of the Turkish Employment Agency

The DSP-ANAP-MHP coalition government in the 2001 NPAA responded to the priorities set out in the Accession Partnership. It indicated that “The activities leading to the restructuring of employment services have been completed by converting the Labor and Employment Agency [İİBK] into the more compatible Turkish Employment Institution” (NPAA, 2001: 333). The NPAA indicates that the institutional reform would enable the agency to enlarge its duties to include active labor market policies as well as to assume the unemployment insurance services. In other words, the 2001 NPAA emphasized that the establishment of the Turkish Employment Agency was a way of adopting a policy orientation in line with the EES and Guidelines as well to comply with the *acquis*. In this way the coalition government was making use of both European cognitive and political resources as it undertook the restructuring of the Turkish Employment Agency.

The veto by the Constitutional Court of the coalition government’s effort to establish the Agency by Decree no. 617 created a certain vacuum. The Agency established by decree would cease to exist in August 2001, after the nine months grace granted by the Court. The economic crisis of 2001 made the context even more complex as the coalition government had to prioritize its agenda to address the financial and economic crisis. Accordingly, passing legislation for the (re)establishment of the Turkish Employment Agency lost its urgency and dropped far down the coalition government’s agenda in 2001. Nor during the election year of 2002 did the partners of the coalition government treat the restructuring of the Turkish Employment Organization either as a priority or as a tool for vote-seeking purposes.

Between 2001 and 2003 the Director of the Turkish Employment Agency, Necdet Kenar, and the management team of the new organization continued to implement the restructuring despite the serious shortcomings and the lack of legitimacy after the Constitutional Court’s use of a veto point (Kenar, 2003b). The Turkish Agency continued its activities but with limited financial resources (Çetinkaya, 2011: 40). Doing so, it used Europe and the various resources available via the on-going accession process.

Proposals were designed by the team at the Agency in order to benefit from a range of

European resources for institution building and for introducing active labor market policies and they were submitted to the Active Labour Market Strategy Program under the EU pre-accession assistance in 2002 (European Commission, 2002a). In the second General Assembly¹⁴⁸ of the Turkish Employment Agency, held in 2003, bureaucrats as well as the social partners attended and heard that the institution aimed to develop a national employment strategy in line with the EES and implement active labor market policies in line with the EU recommendations (TISK, 2003c).

Following the November 2002 elections, the majority AKP government promised to regularize the agency's situation, all the while being supportive of the EU membership process. The Action Plan prepared by the AKP government for the 58th government included the (re)establishment of the Turkish Employment Agency, via legislation this time, and the restructuring of employment services. They were described as medium-term measures to be accomplished within 12 months (58th government, 2002).

The draft law establishing the Turkish Employment Agency (Law no. 4904) was sent to the Commission on Health, Family, Labor and Social Affairs on December 11, 2002, a month after the formation of the AKP government (TBMM, 2002). The preamble of the law indicates that (TBMM, 2002):

“The Job Placement Agency aims to function in a similar way to its counterparts in western countries. But there are serious shortcomings in terms of services provided and the policies conducted. There is a need to modernize the institution and restructure its services. Modernizing the institution like its counterparts in the West would assist the harmonization process with the European Union in which we intend to become a member and would help us to tackle the unemployment problem.”

The parliamentary discussion of the law occurred between the 19th and 24th of June 2003, in two sessions. Debate among the AKP deputies and the deputies from the opposition political party, the CHP, was limited. Nonetheless in the time available, the AKP deputies made legitimizing use of Europe's political resources. On 24 June 2003 the AKP deputy, Sabri

¹⁴⁸ The social partners are represented at the level of the General Assembly and the executive board. Out of 50 members of the general board of İŞKUR, 28 represent employer organizations, trade unions, chambers of commerce, and civil society organizations. Other members are government appointees. The Executive Board of İŞKUR includes one representative each from TESK, TISK and TURK-IS. Moreover the Unemployment Insurance Fund Management Board and the Occupational Standards Commission under İŞKUR have representatives from employee and employer organizations.

Varan, argued that “It is necessary to restructure the employment organization to modernize its services and transform it into a real employment agency. The new agency should look like the ones in the European Union member countries, this is necessary for harmonizing our employment policies with the European Union and a necessary condition for membership...” (TBMM, 2003d).

The CHP deputies who spoke also made strategic use of European political resources, but this time to oppose the imported model. In the debate that same day the CHP deputy, Izzet Cetin, asserted, “Arguing that similar institutions exist in the EU member states is not logical, as the unemployment problems in Turkey, the production and investment problems in Turkey are quite different” (TBMM, 2003d). In the same parliamentary discussion the CHP deputy, Yakup Kepenek, expressed his skepticism too. “We must really prioritize the development of national employment plans. ...In a country where women are not working, child labor is pervasive, informal employment is around 53%, where young people lack training, we can not become a member of the EU” (TBMM, 2003d). These criticisms from the CHP deputies were directed at the ways the Turkish Employment Agency would be responsible for the preparation of a Turkish employment strategy and organize the local delivery of services.

The Law no. 4904 establishing the Turkish Employment Agency was accepted by the TBMM on 24 June 2003 and approved by the President on 4 July 2003. Passage of the law allowed the Turkish Employment Agency to benefit from the European Union’s Active Labour Market Strategy Programme, which brought with it a capacity-building component, modernization of the Agency’s offices and capacity to invest in active labor market measures (European Commission, 2002c). Thus under the scope of the Active Labour Market Strategy Programme 241 projects were implemented and new local offices were opened with the financial assistance provided (İŞKUR, 2005).

Murat Başesgioğlu, the Minister of Labor and Social Security, claimed credit and made use of EU political and cognitive resources in an article that he wrote for a TİSK publication in 2003 after the enactment of the Law no. 4904 (Başesgioğlu, 2003):

“We restructured the Turkish Job Placement Agency in order to conform to the EU norms and standards that asked for the modernization of employment services. The new Employment Agency will prepare annually the national employment strategy in line with the EU requirements and priorities and will be key to the transposition of EU *acquis* in employment policy in Turkey”

Furthermore Başesgioğlu (2003) emphasizes that:

“The first step towards conforming to the European Employment Strategy is the preparation of the Joint Assessment Paper through the cooperation of the İŞKUR and the Ministry of Labor and Social Security with the Commission. İŞKUR has prepared the background paper for the official start of the process...Considering the General Assembly decision of İŞKUR, all these steps will help to prepare a national employment strategy in line with the European Employment Strategy”.

The opening ceremony of the Turkish Employment Agency Office on 7 October 2005 in Kayseri, financed by Europe’s Active Labour Market Strategy Programme, was attended by the Union’s Enlargement Commissioner, Oli Rehn, and the Turkish Minister of Labor and Social Security, Murat Başesgioğlu (İŞKUR, 2005). Commissioner Rehn said (İŞKUR, 2005):

“We know that unemployment is one of the major issues Turkey has to overcome. There are some long lasting issues waiting for solutions. One of them is the low contribution of women to the labor force; another issue is the division between urban and rural areas. All these issues have to be dealt with during accession negotiations. The aim of assistance given to Turkey is to contribute to make the reform process go further. The main aim is to increase the economic development level in Turkey. When this building completely fulfills its services, it will make an important contribution to solve unemployment problem in Kayseri on regional base. I wish success both in terms of continuing economic reforms and decreasing the level of unemployment.”

At same opening ceremony the Minister of Labor and Social Security emphasized that with a budget of €50 million, active labor market projects could be implemented with the support of the EU: “The only purpose of these efforts in our country is to reduce unemployment to a reasonable and to increase employment. Turkey is now in a phase in which there are many projects with the EU covering a large spectrum and we wish these projects to be continued” (İŞKUR, 2005). This speech was clearly an example of credit-claiming by the Ministry of Labor and Social Security and of the uses of Europe.

In the process of the restructuring of the employment agency and the establishment of İŞKUR from 2000 to 2003, there are various uses of Europe by domestic actors. The bureaucratic actors, as the İŞKUR management cadres, made cognitive use of Europe in

setting employment policy orientation of the institution towards active labor market policies and modernization of employment services. Considering the legal problems in the formation of the İŞKUR, strategic use of European membership process, including references to the NPAA, by these bureaucratic actors was important in keeping the restructuring on the government agenda. The DSP-ANAP-MHP government made limited legitimizing uses of Europe, linking the establishment of the new institution to the EU membership conditions, and hoping to by-pass opposition that way. However the choice of establishing İŞKUR through a decree was a part of obfuscation strategy related to the establishment of unemployment insurance, and it did not work because of institutional veto points.

The AKP government did manage to establish the Agency and then claimed credit for the modernization of employment services with the establishment of İŞKUR and made extensive legitimizing uses of EU membership and cognitive uses of European Employment Strategy. İŞKUR made strategic use of EU financial assistance in institutionalizing the new policy orientation and cognitive use of the EES in its various activities. This chapter has not found practices of blame avoidance or other strategies such as obfuscation or division by the AKP government that could be explained by its access to reliable majority support in parliament when the issue again came up.

Chapter V. The Social Security Reform Trajectory in Turkey: Exploring the Uses of Europe

This chapter focuses on social security reform in Turkey between 2003 and 2008 that involved the restructuring of pension and health care systems and the administrative unification of the social security institutions. Concentrating on the uses of Europe in the social security reform process implemented by the Justice and Development Party (*Adalet ve Kalkinma Partisi*, AKP), the chapter explores whether Europe is used in a cognitive, strategic or legitimizing way and shows that the use depends on the domestic actors' interest and coalition-building strategies in the reform process. It specifically examines which national actors have been involved with what types of use of which European resources. These include reliance on membership conditions, the *acquis communautaire*, European standards and norms on social protection and the European Social Model or administrative practices.¹⁴⁹ The goal in this chapter, as in the previous one, is to assess how certain actors (governmental, bureaucratic and corporatist) make use of Europe through process-tracing.

In line with the neo-institutionalist theoretical framework developed in previous chapters, the policy legacies in the social security system will be described by following the historical trajectory (timing and sequencing) of reform debates since the mid-1990s. In particular there were parametric changes to the pension system in 1999 and the introduction of a third private pillar to the pension system in 2002. These were important precursors to the major reform of the social security system in 2008.

This chapter proceeds through two main time periods, divided into four sections. First I describe the social security system before the reform, discussing its origins and evolution in order to expose the policy legacies, especially those of the reform debates during the 1990's

¹⁴⁹ The analysis and empirical evidence are based on the parliamentary minutes of major laws, texts of the reform proposals, reform programs announced by various political parties, five year development plans of the State Planning Organization, policy papers of the Ministry of Labor and Social Security and the AKP government including draft laws, programming documents, action plans and ministerial programs, including the parliamentary hearings and discussions during the two reform processes. EU documents used are those concerning Turkey's accession to the Union, such as the Progress Reports, Accession Partnership Documents and screening reports. World Bank and OECD reports and data are also analyzed and searches of Turkish newspaper databases and web sources were undertaken. The interviews listed in Appendix A also inform this chapter.

that shaped the problem definition and diagnosis. In the second section, I focus on the politics of the first phase of social security reform initiated in 1999. Then attention turns to how the social security reform process progressed after 2003, to examine the uses of Europe considering increasing EU resources.

I. Overview of the social security system up to the 1980's

Until the most recent reforms the social security system covering pensions and health insurance consisted of three institutions: the Social Insurance Institution (*Sosyal Sigortalar Kurumu*, SSK); the Retirement Chest (*Emekli Sandigi*, ES), and the Institution for the Self-Employed (*Esnaf ve Sanatkarlar ve Diğer Bağımsız Çalışanlar Sosyal Sigortalar Kurumu*, Bağ-Kur).¹⁵⁰ This tripartite institutional structure established varying protection schemes, differentiated by eligibility and benefits in accordance with the beneficiary's occupational situation (Buğra and Keyder, 2006: 213). The system covered five occupational groups: workers, public servants, self-employed, agricultural workers¹⁵¹ and those self-employed in agriculture¹⁵² (Şahin, 2012: 146).

Turkey's formal social security system, introduced for the most part after the Second World War, was built as a social insurance regime initially composed of two organizations providing old age and health benefits to employed workers (in the formal sector) and civil servants (Gümüş, 2010: 6). The Worker's Insurance Institution, relabeled as the Social Insurance Institution (SSK)¹⁵³ in 1965, was established in 1945 to protect private-sector

¹⁵⁰ The social security system, under this tri-partite institutional structure, provided six protection functions against social risks: job accidents and occupational disease; sickness; maternity; invalidity; old age; and survivors. It is important to note that the social security institutions assumed these functions over time with piecemeal and fragmented institutional developments via legislation, as the welfare state developed in Turkey. For the SSK, the legislation for each function providing coverage against social risks was enacted from 1949 to 1964 (Özbek, 2006: 245). For the ES, the Law on the Retirement Fund in 1949 provided pension protection with insurance and income maintenance in the form of pensions for the retired, widow and orphans covering the occupational group of civil servants. The Law on Civil Servants (Law no. 657) regulated the health benefits of civil servants covering protection against the risks of illness, maternity, accident and disease. The Bağ-Kur provides coverage for old age, disability and death risks; with the Law no.3235 enacted in 1985, health insurance was established for the members of the Bağ-Kur (Özbek, 2006, 318-319).

¹⁵¹ The Law no. 2100 in 1977 included in the SSK those working in the agricultural sectors with an indefinite contract.

¹⁵² With the Law no. 2926 in 1983, those working in the agricultural sector independently were covered by Bağ-Kur.

¹⁵³ The law no. 4792 on the Worker's Insurance Institution enacted in 1945 constitutes the legal framework.

employees and blue-collar¹⁵⁴ public workers. It was financed by employer and employee contributions. The Retirement Chest (ES) was introduced in 1949 for civil servants, and therefore the state as employer makes contributions.¹⁵⁵ The third social security organization, Bağ-Kur was founded in 1971. It provides coverage of pensions and health insurance for the self-employed and agricultural workers and was extended to include independent farmers in the 1980's.¹⁵⁶ Entitlements are provided for dependent family members as well, although arrangements differ in the three social security institutions (Aybars and Tsarouhas, 2010: 752). These three institutions provide pensions according to a pay-as-you-go (PAYGO) system¹⁵⁷ (Elveren, 2008: 217). The state guaranteed to cover the deficit of all three institutions, but only made direct public contributions in the case of civil servants.

The healthcare system, in its original form, was based as well on social insurance through a parallel and equally fragmented structure (Üstündağ and Yoltar, 2007). The state had the main responsibility for the provision of health care services,¹⁵⁸ supplied jointly by the Ministry of Health, SSK, universities, other state institutions such as the Ministry of Defense, municipalities and private hospitals. Health benefits were tied to membership in one of the three social security institutions and were therefore based on occupational status. Benefits also varied across different social insurance funds (Ağartan, 2012: 60-61). There were significant differences among the three social security institutions in terms of access to healthcare facilities, the quality of services and the benefit packages provided (Ağartan, 2008).

The social security system in Turkey in these years has been correctly characterized as “corporatist” and “inegalitarian” (Buğra, 2012; Yakut-Çakar, 2007), although the

¹⁵⁴ Workers employed by state owned enterprises.

¹⁵⁵ The law no. 5434 on the Retirement Chest enacted in 1949 is the legal framework. The ES serves as the pension fund administration for white-collar workers employed by local and the central governments. The pension benefits and healthcare services of the Retirement Chest are financed in part through deductions from the salaries of state employees.

¹⁵⁶ The law no. 1479 on Bağ-Kur was enacted in 1971. Law no. 2229 in 1979 allowed for the membership of housewives and others seeking voluntary membership. The Law no. 2926 in 1983 included those working in the agricultural sector.

¹⁵⁷ PAYGO involves a transfer from the employed labor force to the retired.

¹⁵⁸ The public system was based on the provision of primary care services through state-owned health centers and facilities by physicians that were state employees. The secondary and tertiary care was vertically organized through hospitals and health facilities owned by the Ministry of Health (MoH), the hospitals owned and operated by the SSK, university hospitals and health facilities owned and managed by public institutions and municipalities.

corporatist¹⁵⁹ feature was less apparent in the management of social security institutions. The main corporatist features derived from the fact that claims for benefits and coverage are highly dependent on membership of occupationally defined corporatist groups. As a Bismarckian corporatist¹⁶⁰ regime the aim was to preserve status, based on the normative assumptions of the male breadwinner model and combined with strong familialism (Kılıç, 2009).¹⁶¹ The social security institutions assume that the “father” or “husband” provides coverage to the dependent members of the family.¹⁶²

The inegalitarian character of the social security system reflected in its corporatism and its limited coverage of only those working in the formal sector.¹⁶³ Everything from pension entitlements to healthcare services varied according to occupational groups. Civil servants covered by the ES had generous pensions and quality healthcare services with access to the university hospitals (Sayan, 2006; Aybars and Tsarouhas, 2010: 752; Ağartan, 2012).¹⁶⁴ The workers’ pension benefits under the SSK fluctuated in time while their members and dependents received healthcare services in SSK owned hospitals (Kılıçdaroglu, 1998). The pension benefits for the self-employed including agricultural workers under Bağ-Kur were

¹⁵⁹ SSK and Bağ-Kur were designed as autonomous social security institutions where the board of directors was composed of the representatives of union confederations, employer associations, representatives of retirees and professional associations and state representatives appointed by the Ministry of Labor (later in the 1970’s by Ministry of Social Security; and after 1980’s following their merger by the Ministry of Labor and Social Security). The balance in the composition of the Board of Directors between the corporatist actors and state representatives has varied in time but state actors dominated in the post-1980 period. The ES, however, was institutionally under the authority the Ministry of Finance. Despite the autonomous status of SSK and Bağ-Kur, ministries and state agencies set the rules for insurance funds, decided the criteria for entitlement, the premium rates and co-payments. Özbek (2006) emphasizes that this interference into the management of insurance funds dates back to the early formation phase of the SSK in the 1950’s, where the Ministers of Labor commanded certain decisions and interfered into the affairs SSK Directors and Board.

¹⁶⁰ Although the term “Bismarckian” is used in different ways by scholars (Bonoli, 1997), it refers to the conservative corporatist regime type described by Esping-Andersen (1990). Palier (2010: 24) characterizes the four main characteristics of Bismarckian tradition of social insurance: “Entitlements are associated with employment status...primarily aimed at insuring salaried workers who paid contributions...; Social benefits are earnings-related...; Financing mechanisms are based principally on social contributions...; Administrative structures are para-public, involving the social partners in the management of the social insurance funds...”

¹⁶¹ Familialism is defined by the extent to which families can be held responsible for their members’ welfare (Esping-Andersen, 1999).

¹⁶² Male breadwinner was also reflected in the survivor pension, which favors female over male survivors (Kılıç, 2009). Accordingly, women left without a male breadwinner were protected by the state, until they (re)married.

¹⁶³ The informal and formal segmentation of the labor market also constitutes an important dimension that demonstrates the inegalitarian structure of the social security system. Aydın, Hisarciklilar and Ilkcaracan (2010: 26) calculate the share of the informal employment in total non-agricultural sectors as 34% in 1988.

¹⁶⁴ ES members also could access public hospitals and private healthcare facilities with which the fund had established a contractual agreement.

comparatively less generous, healthcare coverage was fragmented and quality lower (Sayan, 2006). The formal system and social insurance schemes reinforced the inequalities over time among different groups of beneficiaries.

With a Bismarckian regime of this type, Turkey's non-contributory social assistance mechanisms were limited (Buğra, 2012: 24).¹⁶⁵ Introduced in 1976, a means-tested social assistance program, in the form of a minimum pension targeting the disabled and elderly, was conditional upon the absence of close relatives (Özbek, 2006: 360). The establishment of the Social Solidarity and Assistance Fund (*Sosyal Yardimlaşma ve Dayanışmayı Teşvik Fonu*, SYDTF) in 1986 provided emergency relief for citizens in severe deprivation and poverty. Benefits were mostly in-kind, as a last-resort mechanism. The Fund was an umbrella organization for a network of local Social Cooperation and Solidarity Foundations which cooperated closely with the local authorities on the district or provincial level in the provision of social services (Eder, 2010: 174). In addition, informal mechanisms of social protection based on family and kinship relationships were an important pillar of the welfare regime in Turkey.

This overview of the social security system up through the 1980s illustrates the institutional characteristics and provides a description for the subsequent analysis of the reforms. However the above overview informs little about the politics that generated this inegalitarian and corporatist system grounded on the structural economic and societal changes at the time. The analysis of these historical dynamics is key in order to characterize empirically the policy legacies of the social security system. Of course, an exhaustive historical analysis of the Turkish social security system is beyond the scope of this chapter. The characterization of the policy legacies is based on the findings of the scholarly research already undertaken into the historical development of social policies in Turkey such as Özbek (2008; 2006); Buğra (2008; 2007a; 2006) and Boratav and Özügürü (2006).

¹⁶⁵ Social assistance and social services were underdeveloped and not institutionalized until the reforms in 2000's. The policies were strongly means-tested and designed as a last-resort safety net for the poor.

I.a. The historical development of social security in Turkey: From the early Republican period to the 1980's

The aim in this section is to analyze the genesis and evolution of social policies in various sequences. In what follows, the scope of analysis will concentrate on the overview of institutional and legislative measures in the social security system, analyzing the relation between the state, political elites and corporatist actors while considering the realignments of domestic actor coalitions.

In a first period from 1923 to 1946, and as already sketched in Chapter IV, modernization and economic development were the two main projects of the political cadres who, under the leadership of Mustafa Kemal Atatürk, embarked on the societal project of reforming the *ancien régime* (Pamuk, 2008; Eralp, 1994). In the early years of the Republic, and despite its *étatisme*, there were few legislative and institutional developments in the realm of social security. The Law no. 151 in 1921 (amended in 1923) established an insurance fund for the mineworkers of the Ereğli region that provided workmen's compensation, sickness and old-age pension coverage. In 1930, the Military and Civil Retirement Fund (*Askeri ve Mülki Tekâüd Kanunu*) was established as a fund for military personnel and civil servants (and their widows and orphans) against the risks of old-age, sickness and job accident. This was done by uniting the old Ottoman retirement funds.

In the period 1923 to 1946, state ideology was characterized by a nationalist civic republicanism that framed an organic relationship between state and society and rejected class-based or interest-based representation (Baban, 2005: 54). Buğra (2008) and Boratav and Özügürü (2006) indicate that the state elite considered child poverty as the main social problem.¹⁶⁶ Thus the Public Health Law (Law no. 1593) introduced in 1930 aimed to tackle major illnesses and emphasized building and growing a healthy nation. It prioritized pro-natalist policies on the grounds that rising birth rates were needed for modern state-building (Ağartan 2008: 139; Özbek, 2006: 90-91).¹⁶⁷ However the development of healthcare services

¹⁶⁶ The Red Crescent Society (*Kızılay*) inherited from the Ottoman Empire and the Society for the Protection of Children, established in 1921 (*Himaye-i Etfal Cemiyeti*, later *Cocuk Esirgeme Kurumu*) exemplify the quasi-public charity associations that used limited state funds to address the poverty and health problems of children.

¹⁶⁷ The Ministry of Health was established in 1921.

was also shaped by the limited state capacity to finance centralized health services and by shortages of health personnel particularly in rural areas. The Law no. 1593 recognized the need to provide insurance-based health benefits for the working population but never fully implemented this regime. In reflecting the main concerns of this period, this legislation has prioritized the protection of children and women by regulations on the minimum age of employment, working time and health conditions (Özbek, 2006: 132). Another important innovation was the Labor Law no. 3008, targeting workers in manufacturing industry. It regulated working conditions and provided limited protective measures for enterprises with more than ten employees (İŞKUR, 2011a: 6).¹⁶⁸ This period was characterized by social policy initiatives constrained by a scarcity of resources and shaped by the political and economic goals of the Turkish elite before the Second World War.

In a second period from 1946 to 1980 major institutional and policy developments concerning the social security system occurred, as Turkish elites sought to respond to the needs of an industrialized and then import-substitution economy, which was the strategy behind developmentalism in these years. The main institutions were built in a top-down manner by the state. The transition towards multiparty democracy in 1946 and the election of the Democrat Party (DP) under the leadership of Adnan Menderes in 1950 represented new dynamics in the social policy environment in Turkey (Aydın, 2005).

In 1945 the Worker's Insurance Institution (later the SSK) was established for private-sector employees (more than 10 employees) and blue-collar public-sector workers (Özbek, 2006: 162).¹⁶⁹ The fund provided coverage first against the risk of industrial accidents and occupational diseases. Then pensions were added in 1949¹⁷⁰ and health insurance¹⁷¹ in 1950. With the introduction of the Retirement Chest (ES) in 1949 for civil servants, two of the major institutions of the social security system had been established. Buğra (2007a) indicates that the Turkish context of transition to multi-party democracy in 1945 was conducive towards the

¹⁶⁸ Turkey joined the International Labor Organisation (ILO) in 1932, with the result that ILO experts became involved in the preparation of draft legislation (Sur, 2009: 191).

¹⁶⁹ Ayşe Buğra (2007a) and Adem Y. Elveren (2008) indicate that German experts who escaped from Nazi Germany, such as Ernst H. Hirsch who was the First General Director of the Worker's Insurance Institution (Özbek, 2006: 170), were instrumental in the establishment of the modern social security institutions.

¹⁷⁰ The first legislation set the minimum age for retirement at 60 years old, and required contributions for 25 years (200 working days per year).

¹⁷¹ The Social Insurance Institution added health insurance in 1950 and coverage extended from urban city centers to all regions over ten years.

establishment of the two main pieces of the institutional structure. An important issue that emerged in these years was the problems of the rural areas, in terms of both adequate income and health services. Agricultural price support policies and subsidies were introduced to address the first and primary care was developed at the district level to deal with the second (Ağartan 2008: 150).

After the coup of May 1960, as already noted, the military regime imposed a shift in economic policies towards the protection of the domestic market from international competition and an import-substitution industrialization (ISI) (Aydın, 2005).¹⁷² With the adaptation of a nationalist developmentalist strategy, a series of legal and institutional changes were introduced, oriented towards state-led planning and industrialization including the establishment of the State Planning Organization (Devlet Planlama Teşkilatı, DPT) as already described in Chapter IV (Ünay, 2006: 104). This period brought crucial changes to social security legislation, and as we have already described in Chapter IV, to labor law.

The 1961 Constitution specified the social aspect of the state, institutionalizing the access to education, health and employment as constitutional rights for citizens (Boratav and Özuğurlu, 2006: 174; Buğra, 2007:178). The Constitution also provided a legal framework for industrial relations. In this framework, employees had a right to social security as well as to form trade unions and engage in collective bargaining and strike. Tripartite representation was institutionalized as well (Boratav and Özuğurlu, 2006).¹⁷³

With respect to the social security system, the First Five Year Development Plan (1963-1967) (DTP, 1963: 109) prepared in 1963 indicated the policy direction chosen for this period:

“One of the main issues regarding income inequality involves expanding the coverage of social security. In the next 15 years, the fragmented and limited social security system will be expanded and unified incrementally to provide adequate coverage.”

³⁷ The transition towards import-substitution industrialization (ISI) was influenced by internal and external factors. On the one hand, a coalition of Turkish actors (industrialists, small and medium size business owners, workers and civil servants) supported the idea of national developmentalism with protected markets (Pamuk, 2008: 284; Aydın, 2005: 35). The international institutions such as the World Bank and OECD also supported protectionism as well as the idea of planned development as a way of supporting rapid industrialization and development (Ünay, 2006: 103; Pamuk, 2008: 283).

¹⁷³ These rights were granted in a top-down manner by the military regime and they were not the result of labor struggle (Boratav and Özuğurlu, 2006). Ünay (2006) argues that the developmentalist economic policy necessitated the support of the working classes for planned industrialization and wage arrangements.

One of the main goals expressed in the first Five Year Development Plan (DTP, 1963: 111) was to expand the coverage of health insurance following passage of a Law on the Socialization of Health Services¹⁷⁴ in 1961 by the National Unity Council after the 1960 coup. It represented major changes in terms of financing and provision of services (Ağartan, 2008).¹⁷⁵

In 1964 the Social Insurance Law (no. 506) unified several different social insurance regimes for workers under a single legislative framework and at the same time adopted the name Social Insurance Institution (SSK) (Özbek, 2006: 245). This law expanded the regime by obliging all employers and workers to pay into social insurance even in companies with less than 10 employees (which had been the previous limit) and coverage was extended to new occupational groups and new retirement ages were set. The institutional capacity of the SSK was also reinforced. The Bağ-Kur,¹⁷⁶ founded in 1971, provided coverage of pensions for the self-employed, and agricultural workers as well as local administrators, allowing participation of these groups in the social security system, even though it was less generous than the pillars for civil servants and industrial workers (Buğra and Keyder, 2006; Sayan, 2006; Aybars and Tsarouhas, 2010).

In 1974, the Ministry of Social Security was established and SSK and Bağ-Kur were put under its jurisdiction, while the ES was kept under the jurisdiction of the Ministry of Finance (Ministry of Labor and Social Security, 2012). With amendments in 1979¹⁷⁷, voluntary participation in Bağ-Kur was opened to all, including housewives. However the Bağ-Kur did not provide healthcare benefits until the mid-1980's. The retirement age was also adjusted, and the contribution period was reduced to 20 years for women (Özbek, 2006: 295). From 1977, the SSK covered agricultural workers with a permanent contract.¹⁷⁸ The first means-tested social assistance scheme in the form of a pension was introduced in 1976

¹⁷⁴The Law No: 224.

¹⁷⁵ Although certain components of the reform were successful such as the reorganization of the health facilities in rural areas, its implementation was finalized only in the 1980's while certain elements planned were never fully realized (Ağartan, 2008).

¹⁷⁶ Law no. 1479.

¹⁷⁷ Law no. 2229.

¹⁷⁸ This law has also allowed those working with a salary from home to contribute to and be covered by the system.

(Karadeniz, 2009). Those benefiting from minimum pension has also benefited free from publicly provided healthcare.

Concerning the healthcare system, the transfer of various healthcare facilities owned and managed by public institutions to the Ministry of Health was never fully realized (Ağartan, 2008). The SSK owned hospitals where union confederations such as the Turkish Confederation of Employer Associations (*Türkiye İşveren Sendikaları Konfederasyonu*, TÜRK-İŞ) and employer associations such as the Turkish Confederation of Employer Associations (*Türkiye İşveren Sendikaları Konfederasyonu*, TİSK), were active in their management with quality healthcare service and benefits (Kiliçdaroglu, 1998).¹⁷⁹ Thus the dual character of the healthcare system was consolidated in this period. The public healthcare system financed from the general budget developed in this period addressed mainly the population living in rural areas, also with healthcare facilities in urban areas providing services to the poorer population (Ağartan, 2008: 195).

We see, in other words, that in these years social insurance to address various social risks was prioritized by the state that invested in and regulated these regimes. These institutional developments of occupationally based insurance regimes from the mid-1960's to the 1970's substantially expanded the coverage of the social security system (Table 5) within a consolidated tripartite institutional structure.

¹⁷⁹ In fact SSK invested resources for establishing new healthcare facilities and hospitals for its own members starting from the mid-1970's (Ağartan, 2008).

Table 5. Population covered by social security institutions ¹⁸⁰

Years	The coverage of the SSK, ES and Bağ-Kur (after 1971) % of population covered by	
	Pensions	Health
1965	20.2	20.2
1970	26.9	26.9
1975	41.7	33.6
1980	48.9	38.4
1985	59.0	42.1
1990	72.7	54.4
1995	81.3	64.3
2000	87.0	83.0

Following the military coup d'État, the post-1980 period in Turkey witnessed the transition to more market-oriented policies and integration into the global market, as already described in Chapter IV (Ünay, 2006; Keyder, 2004: 67-68; Buğra, 2003: 459). Under military rule (1980 to 1983) and then by Turgut Özal's government, which took office after the elections of 1983 (see Chapter II), a series of economic reforms were implemented which substantially shifted employment patterns. The new economic policy restricted the employment in state economic enterprises, such that employment in the public sector declined (Adaman, Bugra and İnel, 2010).¹⁸¹ Reforms appeared to be necessary to the social security

¹⁸⁰ Information for the Table is compiled from Boratav and Özügürü (2006: 175).

¹⁸¹ The share of public sector employees among all wage workers was 33% in 1990, 28% in 1996 and 12% in 1998 (Tunalı, 2003).

system. One change was institutional; in the 1983, the Ministries of Labor and Social Security were merged to become the Ministry of Labor and Social Security. In 1986, the retirement age for female workers was set as 55 and 60 for male workers with 5000 days of contribution (Aktuğ, 2010).¹⁸² One important change¹⁸³ involved the inclusion of self-employed (or independent) farmers into the Bağ-Kur regime in 1983 and the addition of health coverage (Boratav and Özüğurlu, 2006: 176).

These changes reflect the emphasis of the period from 1980 to 1983, under military rule, to increase coverage of the social security system. As for the first ANAP government under Özal's leadership, its major reform attempt was a Basic Health Law in 1987 (Ağartan, 2008: 24). However, this effort never came fully to fruition because the Constitutional Court exercised its veto and overruled some of its provisions.

The 1980s also saw the deterioration of the economic situation in rural areas, with declining subsidies to agriculture and cuts to price-support programs following trade liberalization (Eder, 2004). The result was a reduction of agricultural employment and an increase in migration towards urban centers. However the context and settings of this migration was different than earlier. It was no longer possible to construct illegal settlements in the same way as in the 1960's; liberalization entrenched the rules of the property market (Buğra, 2003). Moreover, the new migrants in urban settings could no longer rely as much on extended family ties and kinship relations from their hometown (Buğra and Keyder, 2003:31-33). The weakening of informal support mechanisms for new migrants in urban centers led to worsening conditions among the poor and creation of a new type of urban poor (Aran et al., 2010; Buğra and Keyder, 2003).

The central state's response was the creation of the Social Solidarity and Assistance Fund (*Sosyal Yardimlaşma ve Dayanışmayı Teşvik Fonu*, SYDTF) in 1986, intended to address new risks of poverty by mobilizing private donations and organizing charitable funds (Buğra and Keyder, 2003: 36; Buğra and Candas, 2011: 519).¹⁸⁴ A second major policy development was the establishment of the Green Card by the coalition government composed

¹⁸² This criterion for retirement is similar to the previously (25 years of employment), but it is stricter as it is based on the days worked per year and making contributions.

¹⁸³ The Law no. 2926 in 1983.

¹⁸⁴ There are other formal and informal mechanism of social assistance in Turkey but the reforms under study are not directly related to this pillar.

of the True Path Party (*Doğru Yol Partisi*, DYP) and Social Democratic People's Party (*Sosyaldemokrat Halk Partisi*, SHP) in 1992. This program for the low-income population not covered by social security insurance provided income-tested healthcare for the poor. As a means-tested measure for one segment of the population, it reinforced the fragmented character of the healthcare system (Yoltar, 2009).

I.b. Policy legacies in the social security system

The main aim of tracing these major developments concerning the social security system from the early years of the Republic through the institutionalization of occupationally based corporatist system in the 1960's and its evolution in the post-1980's period is to characterize the policy legacies. An important continuing character of the social security system (pension and healthcare benefits) is the dominant policy approach based on social insurance and occupational status. The insurance principle was apparent in the two social security institutions established for workers in 1945 and for civil servants in 1949. The risk coverage of these institutions has evolved in time from providing coverage against occupational accidents and disease to including old-age pensions and healthcare. The drive for modernization and the use of examples from European countries was influential in setting the policy design, already a practice in the Ottoman period (Buğra, 2008; Özbek, 2006). The social security system created and reformed in these decades provided coverage for a small segment of the population - workers in the formal sector and civil servants (Buğra, 2008). The healthcare system became a dualistic one, with insurance coverage (of various qualities) and a non-insurance based coverage for the poor (Ağartan, 2008).

This insurance-based social security system providing differentiated coverage and benefits was consolidated from the 1960's to the 1980's. Alongside the state's move to import-substitution industrialization as a national development strategy, the SSK and ES increased their insurance-based coverage for workers and civil servants and a new institution and insurance-based schemes was established with Bağ-Kur in 1971. The expectation was that expansion of the formal sector employment would swell membership in the social security institutions (Ünay, 2006: 60). Çağlar Keyder (2005: 125) describes the expectations of these years:

“During the period of successful modernization, the literature on migration and on urban growth focused on problems of integration of the new population Employment was the focus of economic integration. Problems of absorption of the immigrants into the modern sector were acknowledged, especially through the construct of the informal sector, yet formal employment was always considered a possibility, and economic development promised the eventual dominance of the wage relationship in the organized sector. The modernist model that became the aspiration for developmentalist purposes derived from the first-world experience, where, during the post-war boom of Fordist regulation, most of the population was successfully incorporated into formal wage relations under legal supervision. It was hoped that industrialization through import substitution and the imitation of the Fordist model would permit a transformation of the informal into the formal in due time.”

Therefore the focus remained on expanding the insurance-based social security system and the privileges of the employed increased as they gained new rights and risk-coverage. The same type of regime was extended to the self-employed and agricultural workers with Bağ-Kur in the 1970's.

The commitment to these principles of occupationally based regimes meant that the social security system grew as a highly fragmented structure with three institutions providing different benefit packages with varying premium rates. Access to healthcare facilities was also dependent on membership in one or the other of the social security institutions, and the result was variation in the quality of services provided in different facilities.

But informal employment practices did not disappear. Moreover, low rates of compliance with social security laws, a high dependency ratio, a low active-passive ratio all meant that the social security institutions were at risk of serious fiscal and institutional challenges during the 1990's (Gümüő, 2008: 5) and would come under pressure to change in the next decade.

II. The social security system in the narrative of economic crisis during the 1990's: Diagnosing the problems and limiting reform options with the involvement of international actors

If one focus of this thesis is the 2008 social security reform and the uses of Europe, this reform needs to be located in the historical trajectory of reform debates since the mid-1990s. Reform of the social security system came onto the agenda of coalition governments during the 1990s and was discussed extensively among corporatist actors and received substantial media coverage. Özbek (2006: 343-344) describes the debates that followed the liberalization reforms in the economy as focusing on the crisis of the social security system. The imbalances and fiscal deficit of the social security institutions were described as a black hole.

Turkey's discussion of reform options also involved international actors. The policy deliberations among national actors were influenced by the involvement of international institutions whose policy recommendations often shaped the policy options considered.

II.a. From early retirement schemes to the economic crisis in the 1990's: Domestic politics under IMF constraints

At the beginning of the 1990's, the key event was the DYP-SHP coalition government's introduction of early retirement schemes and their reduction of the minimum retirement age for all three social security institutions in 1992 (Yakut-Çakar, 2007). Süleyman Demirel, as the leader of DYP, was instrumental in this change, which kept an election promise of early retirement (Gümüş, 2010: 12).¹⁸⁵ The coalition government argued at the time that early retirement would lead to a decrease in unemployment, as younger workers would pick up the jobs of the early retirees and it would also allow a reduction of employment in the public sector. What happened was more often that the early retirement programs

¹⁸⁵The 1992 legislation brought down the minimum retirement age to 38 for females, and 43 for males. A World Bank Report (2006b: ix) indicates "The abolition of the minimum pension age in 1992 provided a significant incentive for early exit from the labor force. Analysis of micro data from household surveys in 1994 and 2002 show a significant increase in young pensioners."

allowed the young retirees to take up informal employment (Oral, 2008: 137).

The introduction of politically stimulated early retirement schemes caused the system to generate cash deficits and also exacerbated the active-passive ratio.¹⁸⁶ The fiscal imbalances of the social security system were exacerbated also by the use of its funds for financing the domestic debt during the 1990's and unwise investment decisions associated with this (Yakut-Çakar, 2007: 119; Sayan, 2006: 257; Özbek, 2006: 294-296). Kemal Kılıçdaroglu (1998) argues that the SSK funds were used to finance overspending on other budget items and for agricultural support purchases. Gümüş (2010: 18) indicates that the publicly managed funds of the social security institutions (SSK, ES and Bağ-Kur combined) have lost 25% of their value from 1984 to 1988 because of not being invested in proper financial instruments. Table 6 provides the budgetary balances of the ES, showing the deficit of the regimes increased steadily after 1992. Table 7 documents the budgetary balances of the SSK.

Table 6. ES Budgetary Situation during the 1990's (Millions US \$)

Year	Budgetary Balance
1990	97 (surplus)
1991	208 (surplus)
1992	199 (surplus)
1993	-360 (deficit)
1994	-204 (deficit)
1995	-105 (deficit)
1996	-486 (deficit)
1997	-676 (deficit)
1998	-712 (deficit)
1998	-1 218 (deficit)

¹⁸⁶ The deficit of the social security system as a percentage of GNP rose from 0.3% in 1990 to 4.5% in 2004 (Brook and Whitehouse, 2006: 7).

Table 7. SSK Budgetary Situation during the 1990's (Millions US \$)

Year	Budgetary Balance (US\$)
1990	531 (surplus)
1991	30 (surplus)
1992	-365,4 (deficit)
1993	-720,7(deficit)
1994	-641(deficit)
1995	-1 749,9 (deficit)
1996	-1 738,6 (deficit)
1997	-2 221 (deficit)
1998	-1 692 (deficit)
1998	-2 662 (deficit)

Public spending under the DYP-SHP coalition government increased from 1992 to 1994. Various groups in the electorate benefited from cheap credit to small and medium-size businesses, the lower retirement age and more generous retirement benefits and provision of high price supports for agricultural products (Pamuk, 2008: 290). There was a resulting increase of public deficits (Boratav and Özügürlü, 2006: 181). The increasing fiscal and financial fragility led to first economic crisis in 1994, characterized by a large outflow of capital from Turkey (Özatay, 2000: 329). The financial crisis led to a severe devaluation of the currency. The IMF arrived with a stabilization program including measures such as devaluation, privatization targets, severe budget cuts and additional taxes (Eder, 2004).

Accordingly the debates surrounding the social security system in the mid-1990's were shaped by this economic crisis. The mid-1990's also brought the involvement of the World Bank and the ILO¹⁸⁷ in discussions about the social security system. An ILO report, titled *The*

¹⁸⁷ An earlier ILO report in 1972 documented actuarial calculation problems in the Turkish social security system (Özbek, 2006).

Turkish Government Social Security and Health Insurance Project was prepared in 1995 and proposed a variety of pension reforms, including alternative mixtures of a reformed and expanded pay-as-you-go and new private funding schemes as well as institutional reforms, all intended to control the deficit in the social security system (ILO, 1995a; Yakut-Çakar, 2007: 117).

Following the economic crisis in 1994, Turkey signed a Stand-by Agreement with the IMF that called for the introduction of structural reforms, including in the social security system (Karagöl, 2008: 2; Özatay, 2000: 340). As a part of the stabilization program, a social security reform was prepared in 1995 by Aydın Güven Gürkan, Minister of Labor and Social Affairs in the DYP-CHP coalition government (Özkan, 2009: 9).¹⁸⁸ But there were disagreements over the content of the social security reform among the partners of the coalition government and more specifically between Prime Minister Tansu Çiller and Aydın Güven Gürkan (Milliyet, 1995). The employer associations and union confederations were also opposed to the social security reform that would have changed the advantages and incentives for their members. The employer association was against the increase in the minimum contribution rate (TİSK: 1994b), while the union confederations opposed the increases in the minimum retirement age (TÜRK-İŞ, 1998). The reform proposal was not brought to parliament, due to this fragmentation of the executive and the upcoming elections in 1995.

Although the stabilization program was not passed in 1995, the IMF continued to put pressure on the government, insisting on the need to control government expenditure in order to sustain the budgetary discipline as “fiscal sustainability is threatened by the costs of an overly generous and poorly managed social security system, whose deficit reached 2% of GNP in 1996” and suggesting an increase in the minimum retirement age and tighter links between contributions and benefits (IMF, 1998).¹⁸⁹

The short-lived coalition government of the ANAP and DYP in 1996 promised in its government program to reform the social security system by developing obligatory private

¹⁸⁸ This reform proposal aimed to increase the minimum retirement age to 55 for women, 60 for men, as it was before 1992, with a minimum contribution rate of 25 years for men and 20 years for women.

¹⁸⁹ “IMF Concludes Article IV Consultation with Turkey,” Press Information Notice Number 97/17, August 5, 1997.

insurance funds and encouraging private investment in healthcare (53. Türkiye Cumhuriyeti Hükümeti, 1996). The minority ANAP government in 1997 argued for the necessity of introducing the social security reform that it promised would be prepared with the participation of employer associations and union confederations. However the coalition governments during the 1990's failed to pass any reforms.

In this context, maintaining budgetary discipline and cost containment in the social security institutions continued to be priorities, and the pressure of the IMF did not let up. Social expenditures in Turkey continued to rise despite – or perhaps because of – the fiscal crisis following 1994. The central state's responsibility for covering the deficit in the social security institutions also increased substantially in the mid-1990's. State agencies such as the SPO, the Ministry of Labor and Social Security, the Ministry of Health, the Ministry of Finance, the Undersecretariat of Treasury and all the social security institutions prepared reports analyzing the problems of the system and discussing options for reform that shared many of the IMF's premises.

The Five Year Plans are representative of these various discussions. These documents indicate the long-term strategic thinking of the state bureaucracy regarding the healthcare system and pensions and show the main trends they imagined the reform should take. The Sixth Five Year Plan (1990-94) proposed extending the coverage of social security to 75% of the population by including agricultural workers (DPT, 1990: 304). There was also a call for investments in the efficiency of the healthcare system via a reorganization of services. The Seventh Five Year Plan (1996-2000) set the goal of increasing the coverage of social security system to 90% of the population in 2000 (DPT, 1996a: 112). After diagnosing the problems of the system (low active-passive ratio, short contribution periods, early retirement and a weak financial structure) the Seventh Plan called for the establishment of a single institution unifying the different social security schemes and creation of a single healthcare insurance fund. It also favored the introduction of private insurance funds into the system.

II.b. International actors during the 1990's: Framing the problems and deciphering the policy options

From the early 1990's, the World Bank has been active in Turkey especially in healthcare policy making and it supported several projects. The first Health Project, jointly financed by the Bank and the Turkish government, started in 1989 with the aim of improving access to provincial healthcare services with 15 projects for investing in the infrastructure in the ten most underdeveloped provinces. Developing the Ministry of Health's administrative capacity in the organization of healthcare services was also a focus (World Bank, 1989: 2). The World Bank's emphasis was on reducing inequalities in access to health care services. The need to do so followed from its analysis of the main health indicators. With similar objectives and also jointly financed, the Second Health Project initiated in 1994 aimed to reach the 23 eastern provinces in order to improve the equity of access to essential health services, especially primary healthcare and to invest in the organization and management of healthcare (World Bank, 1994: 2).¹⁹⁰ These two projects provided fellowships for training health professionals who would work in these provinces and investing in the infrastructure of the health facilities.

A third project supported by the Bank was the Primary Health Care Project initiated in 1997 whose objectives were to improve access and quality of primary health care in two provinces, as a pilot to prepare a basis for the Turkey-wide reform (World Bank, 1997: 2). The aim was to assist the Turkish government to introduce comprehensive health insurance to cover all segments of the population as well as to reform primary care and introduce changes in organizational structure and human resources. However the laws needed to make this change could not be passed in the parliament in 1998 and 1999. Again the weakness of the executive dependent on a functioning coalition blocked the change.

¹⁹⁰ There are significant delays in the implementation of Second Health Project, as the Turkish government could not meet its share of the financing because of the 1994 economic crisis. With the 1999 earthquake, the project was also extended to provide emergency relief in the provinces hit by the earthquake.

The increasing involvement of the World Bank in healthcare and social insurance reform efforts also led to research reports that influenced the debates and provided road maps for the reforms. In the framework of the World Bank Loan in 1994, research on healthcare financing was contracted to the Australian Health Insurance Commission. World Bank funds were also used to partly finance an ILO research project on the social security system (Alpar, 2000: 2-3).¹⁹¹

The ILO research was conducted in 1993 and 1994 (ILO, 1995a: 2). The study aimed initially to analyze the organization and the financing of the SSK but the scope of the research was extended to all social security institutions, and including pensions and health insurance. This comprehensive research on the legislation, structure, organization and operation of the social security institutions focused on financial balances and actuarial projections of various scenarios. The findings of the research published in 1995 were that reform was needed to make the system sustainable. The financial deficit was labeled a major problem to be addressed (ILO, 1995d: 17).¹⁹² The ILO predicted the situation would only worsen.¹⁹³ The ILO report also clearly indicated that the early retirement scheme introduced in 1992 was having an adverse effect on the financial situation of the social security institutions (ILO, 1995a: 3). Finally the report targeted the unclear division of responsibility between the state and the social security institutions (ILO, 1995a: 13). Although the SSK and Bağ-Kur were institutionally designed to be autonomous, governments had been dipping into their funds to pay social support supplements to pensioners outside these regimes.¹⁹⁴ Insisting that that the

¹⁹¹ The 1995 report prepared by Australian Health Insurance Commission, titled *Studies on Healthcare Financing Options*, after analyzing the current situation of the healthcare system and making projections about the financial structure, focused on the lack of coordination among insurance based healthcare expenses and healthcare expenses from the general budget (Alpar, 2000: 8; Gökbayrak, 2010: 6).

¹⁹² Analyzing the demographic dynamics and the financial situation the report found an imbalance in the pension regimes where contributions did not cover expenditures because of weak actuarial balances, the high level of the dependency ratio, the worsening of active-passive ratio, low labor force participation and low compliance of employers with the pension laws and poor enforcement of this legislation by authorities (ILO, 1995d: 18).

¹⁹³ In the case of SSK, the public corporations were evading their social security contributions. Bağ-Kur suffered especially from failing to collect regularly the contributions from its members and thereby increasing its dependency on state deficit financing (ILO, 1995b).

¹⁹⁴ These pensioners had not made any contributions. Accordingly, for the ILO report, these payments should have been covered from the general budget rather than using social security institutions. As a consequence of these practices as well as the actuarial issues, the SSK and Bağ-Kur pension regimes were in financial deficit and had become dependent on state transfers in order to fulfill their commitments.

social security system with this current characteristics was not sustainable in the long term, the report also saw a place for introducing private insurance schemes on a voluntary basis.

The ILO report with the analysis of the problems of the social security system has provided “justification”¹⁹⁵ of the reforms as necessary for long-term sustainability of the system. The ILO report shaped the reform process by providing projections on the sustainability of the social security system and framing the available reform options. It became a reference document for the bureaucracy of several ministries, the State Planning Organization, the Treasury and different coalition governments.

Starting from the mid-1990’s, employer associations and union confederations became more active and involved in these discussions, preparing various reports focusing on the problems of the social security system.¹⁹⁶ Although these actors agreed on the need for the social security reform, there were significant differences in the content of the reform options they proposed. TÜSIAD (1996) argued for the introduction of a third pillar by making individual retirement accounts compulsory. In its report titled *Retired and Happy* (TÜSIAD, 1996: 11-12), it claimed the problems of the social security system were related to the inefficient use of funds, early retirement programs and mismanagement in social security institutions. It therefore suggested the Chilean model¹⁹⁷ as a successful example of private pension schemes. For its part, the unions, as reflected in TÜRK-İŞ (1998) documents, demanded reform of the governance and administrative structure of the social security system so as to provide more autonomy from state interference.

Numerous other research reports and publications focused on social security reform. The SSK prepared a research report in 1996. The Special Commission of the State Planning Organization on Social Security prepared a report in 1996 that was used in the preparation of the Seventh Five Year Plan (DPT, 1996b). The Under-secretariat of the Treasury prepared a structural reform agenda in 1995 that included social security and health reform, including a special issue of the *Journal of the Treasury* in 1996 (Kenar, Teksöz and Coşkun, 1996). The

¹⁹⁵ Green-Pedersen (2002) argues that justification of reforms by governments is an important mechanism that can minimize the opposition of political parties and unions.

¹⁹⁶ Legal changes regarding associations as well as union confederations in 1995 shaped the increasing activity of civil society organizations (Özbudun and Gençkaya , 2009).

¹⁹⁷ Chile implemented structural reform programs with World Bank credits in 1980s that introduced the privatization of pensions.

Commission on Social Security of the parliament published a research report in 1996 discussing the problems and various reform options (TBMM, 1996).

This burgeoning literature demonstrates that state agencies, employer and employee associations and international organizations were all involved in the social security reform discussions in the second half of the 1990's. The international actors were influential in the diagnosis of the problems of the social security system and for elaborating various reform options. The ILO report on the social security system in 1995, the report of the Australian Health Insurance Commission on healthcare financing in 1995 and the World Bank projects were influential in providing technical expertise and justification for the reforms. Turkish state agencies also produced research reports that identified the problems and considered various reform options. The employer associations and union confederations were also involved in these debates, proposing changes that reflected their opposing positions on crucial issues such as the introduction of private pension funds or increasing the retirement age and contribution period. Framing the problems of the social security system by the use of the financial indicators and projections such as actuarial calculations, imbalances and budget deficits certainly shaped the diagnosis of certain actors, such as the Ministry of Finance and Undersecretariat of the Treasury who had a key role in designing the reform proposals at the end of 1990s.

III. The reform process of the social security system: Phase one (1999 to 2001)

The coalition and minority governments in Turkey from 1994 to 1999 could not successfully pass reforms of the social security system and health insurance.¹⁹⁸ The fragmentation of the power of these governments had a significant influence on the process, as governments without any clear majority in parliament sought the support of several political parties. Despite the pressure of the IMF to control spending, the technical expertise provided by the ILO and World Bank, and the consensus in state agencies about the need to introduce the reforms, the reforms were not implemented.

¹⁹⁸ See Chapter II for a list of these numerous governments.

Moreover, over time reform became more controversial as the union confederations and organizations of retired workers and civil servants mobilized to avoid losing their acquired benefits and privileges. Nor did the employer associations want any increase in their contributions or any regulations that could threaten their international competitiveness. Although the accumulated deficit in the social security institutions seemed to make change urgent, these weak governments could not find a balance between a policy seeking and vote seeking logic.

Following the elections of April 1999, a coalition government was established between the left-of-center Democratic Left Party (*Demokratik Sol Parti*, DSP), the center-right Motherland Party (*Anavatan Partisi*, ANAP) and right-wing Nationalist Movement Party (*Milliyetçi Hareket Partisi*, MHP) (Hale, 2000; Avci, 2004). In the economic sphere, this coalition government adopted a stabilization program with another Stand-by Agreement signed with the IMF in 1999, involving strict monetary policies, an anti-inflationary program and measures to introduce fiscal discipline as well as a commitment to introduce structural reforms and major privatization attempts (57.Türkiye Cumhuriyeti Hükümeti, 1999). The coalition government announced in its government program and coalition protocol that it would introduce the reforms of the social security system, create a new pillar for a private pension scheme, change the social assistance regime, establish a general health insurance system and promote family medicine. But rather than a macro reform combining these elements, the coalition government planned to introduce the laws in two steps, differentiating short-term and medium-term measures. Reform of pensions was among the short-term measures. The second step would involve restructuring the health system by moving towards universal coverage, unification of the three social security institutions but with administrative separation of health insurance. Önis and Bakır (2007: 152) argue, however, that the coalition government had only a weak commitment to key aspects of the structural reforms on privatization and regulation of the banking sector that were also part of the IMF Stand-by Agreement and this is what triggered the 2000-2001 economic crisis.

III.a. The social security reform process from 1999 to 2001: Government strategies, anti-reform coalition and veto points

The first phase of the reform process began in 1999 with a reform package that included parametric changes regarding the retirement age and contribution periods to the system as well as the introduction of voluntary private pension schemes (Özbek, 2006: 345). However the establishment of the third pillar to the pension system with the voluntary private pension schemes was postponed to 2001, due to the 1999 earthquake, which had an important impact on the overall economy (Şahin and Elveren, 2012: 176-177). The reform package introduced in 1999 included the minimum retirement age for all new entrants to the SSK, Bağ-Kur and ES regimes (age 58 for women and 60 for men) (Özbek, 2006: 349). The reform also expanded the reference period for the calculation of pension benefits and pension indexation was linked to the Consumer Price Index for SSK and Bağ-Kur members (Yakut-Çakar, 2007: 120). This Law no. 4447 also introduced unemployment insurance with contributions beginning in 1999 and disbursement beginning in 2002 (Tunalı, 2003).¹⁹⁹

In other words, the design of the legislation was part of the coalition government's strategy. But changes were introduced in the technical parameters of the pensions that were difficult to understand and that constituted obfuscation, which is a way for governments to introduce reforms by obscuring or hiding the consequences of the reforms through changes in the technical parameters. The coalition government's obfuscation strategy by making changes in the pension parameters was less obvious than cutting directly the benefits.

In addition, with the aim of dampening the opposition of the union confederations, including civil servants and their retired members, the coalition government designed the institutional restructuring towards unification of the three institutions to occur a year after the enactment of social security reform laws, in October 2000. The restructuring of these important institutions was done by decree (No. 618), setting up a unified a social security administration that would coordinate the standardization of rules, regulation and benefits under one umbrella organization for the three social security institutions (Sayan, 2006: 261). This administrative restructuring was also achieved through an obfuscation strategy by making changes through decrees and avoiding parliamentary discussion.

¹⁹⁹ There was not any institutionalized unemployment insurance coverage in Turkey until 1999.

The social security reform also included phasing-out periods for the increase of the retirement age, in order not to affect the existing beneficiaries. The reform introduced an eight-year transition period. This involved a strategy of division, in which the increase in the retirement age from to 58 for women to 60 for men would not immediately affect those nearing retirement but change the entitlement settings for the future generations. Despite this division strategy, however, the increases to the retirement age would constitute the main issue during and after the social security reform process, the issue being kept alive by the union confederations and professional associations.

Another strategy used by the Ministry of Labor and Social Security was to link the establishment of an unemployment insurance program to the social security reform, in order to weaken the unions' opposition to the changes to pensions and so on. The Minister, Yaşar Okuyan, stated in an interview in 2006: "I knew that the union confederations would oppose the social security reform, I decided to include the unemployment insurance proposal in the same reform to ease their reaction to the reform.... maybe we increased the retirement age but we have also passed this key law" (Özbek, 2006: 351). However the eligibility requirements for unemployment insurance remained extremely stringent and the replacement ratios remained low (Kenar, 2009: 16).

Thus the unemployment insurance program and certain job security reforms were included when the Social Security Act went to the Turkish Grand National Assembly (*Türkiye Büyük Millet Meclisi*, TBMM) (Koç, 2002: 11). But employer associations were against making these changes if severance pay and employment flexibility were not included (as described in Chapter IV). Faced with these positions, the coalition government used a compensation strategy to gain support from the unions.

Yaşar Okuyan also claimed credit for being able to enact this major program as draft laws for unemployment insurance had failed to be introduced in the 1990's despite the insistence by the union confederations (Koç, 2002; Özkan, 2009).

The pace of change in 1999 from the preparation of the draft legislation to the passage through parliament was remarkable. The coalition protocol was signed on May 28, 1999 and the coalition government program was approved by the parliament in June 6, 1999. The Minister of Labor and Social Security announced the preparation of the reform proposal in June 1999 and the reform proposal was sent to the parliamentary Health, Family, Labor and

Social Affairs Commissions and the Plan and Budget Commission on 13 July 1999. The Law (No. 4447) was discussed in the General Assembly of the TBMM from August 12 to 25, in nine meetings and accepted by the parliament on 25th of August. It was approved by the President, Süleyman Demirel on September 7, 1999.

Analysis of the parliamentary discussions of the reform law in these nine meetings indicates that the opposition political parties, the FP and DYP, focused their concerns on the lack of participation from various actors in the preparation of the reform law.²⁰⁰ The FP parliamentarians were also critical of the increases of the retirement age, arguing that the demographic context and the low life expectancy in Turkey made them inappropriate (TBMM, 1999b). One major criticism voiced by the members of opposition political parties was their view that the IMF had imposed these changes on the government as a part of stand-by agreements.

Also striking is the lack of any reference to membership in the European Union or even of European countries' social protection systems in the parliamentary discussions. Neither the coalition parties nor the opposition political parties raised it. In large part this may be because candidate status for Turkey was not recognized until December of that year. In other words there were no uses of Europe by these parliamentarians. It is only with the preparation in 2001 of the NPAA, following the 2000 Accession Partnership Document that Europe began to provide a reference point for both social security and labor law reforms, in the form of cognitive, legal and financial resources.

The corporatist actors did not accept these strategies of obfuscation and division easily. The main union confederations and various professional associations strongly opposed, expressing their opposition from the start in June 1999 (Çelik, 2007a; 2004b). In July a Labor Platform is established composed of main union confederations, professional organizations of doctors, pharmacists, dentists, vets, engineers and lawyers and associations of the retired. Not surprisingly, the Labor Platform was composed of organizations and associations with diverging interests and various ideological affiliations (Ağartan, 2008: 304). In the mid-July

²⁰⁰ The Ministry of Labor and Social Security excluded both unions and employer associations from the preparation of the reform proposal (Hürriyet, 1999a). Yaşar Okuyan presented the social security reform proposal to the three union confederations (TÜRK-İŞ, DİSK, HAK-İŞ) and the employer association (TİSK) just before the launch of the parliamentary process.

1999, however, it mobilized against the social security reform, especially the higher retirement age, with the slogan “Say no to retirement in the grave” and organized a large rally on 25 July in Ankara (Hürriyet, 1999b). The union confederations led by TÜRK-İŞ threatened the coalition government with a general strike if their demands were not considered.

Facing serious mobilization and criticisms that was covered by the media, the Minister of Labor and Social Security promised to seek a compromise but the only concessions made were to reduce the minimum premium payment period required to access a pension and on the transition period (Hürriyet, 1999a).

The union confederations cancelled their demonstrations as a result of the earthquake on 17th of August 1999 in the northwest part of Turkey where approximately 40,000 people died, and many people lost their homes. Thus the coalition government could pass the reform laws at the end of August under less pressure. Nonetheless and despite the disagreements among members of the Labor Platform, their opposition to the social security reforms constituted a common ground that oriented the reappearance of the Labor Platform coalition in the second phase of the social security reform from 2003 to 2008.

Opposition to the social security reform continued such that 126 MPs from the opposition political parties appealed to the Constitutional Court for the cancellation of 33 articles and requested a halt to the implementation of five articles in 2000 (Anayasa Mahkemesi, 2001). They challenged the higher retirement age, the non-linear scheme for gradual increases in the entitlement age during the transition period and the loss of acquired benefits by ES members, arguing that these changes violated the equality principle and the constitutional rights of workers in certain age groups.

The Constitutional Court decided in November 2001 that the eight-year transition period to incrementally increase the retirement age violated acquired rights of workers in certain age groups, but the Court decided that the reform respected in general constitutional principles (Anayasa Mahkemesi, 2001). Accordingly the Constitutional Court asked the coalition government re-define the transition period to respect acquired rights of workers (Sayan, 2006: 260).

This appeal to the Court and its decision demonstrates the weakness of the division strategy, by which the coalition government hoped that an eight-year transition period would dull the opposition. Because the Constitutional Court can act as a veto-point in the policy-

making process the coalition government was forced to revise its position on reforms of social security.

As already noted, the DSP-ANAP-MHP government had planned to redesign the institutions by relying on a decree (no. 618). The social security administration thereby established would coordinate the standardization of rules, regulation and benefits for the three social security institutions. The opposition political party, FP, then appealed to the Constitutional Court for the cancellation of the decree, arguing it was unconstitutional to make such a major institutional reform through decree (Anayasa Mahkemesi, 2000). The Constitutional Court found the decree unconstitutional and thereby annulled the establishment of the new social security administration.

Next the DSP-ANAP-MHP coalition government introduced the legislation (Law no. 4632) to establish Individual Pension Savings in March 2001 (Özbek, 2006: 394). The economic context in 2000 and crisis of 2001 had postponed the enactment of a legal framework. After deliberations in the Health, Family, Labor and Social Affairs Commission and the Plan and Budget Commission, this law was discussed in eight parliamentary meetings from March 14th to 28th (TBMM, 2001). The representatives of opposition political parties were critical of such voluntary private pension funds as well as the timing of the change, in the midst of the severe economic crisis in 2001.²⁰¹ The law passed the parliament in 2001, and the legal framework was completed by 2003 with six pension companies and private funds established under jurisdiction of the Under-secretariat of the Treasury (Şahin and Elveren, 2012: 177).²⁰²

Even these changes did not, however, solve all the difficulties of the system. A report prepared in 2001 by the Expert Commission of the Planning Agency on Social Security (DPT, 2001) for the preparation of the Eighth Five Year Plan detailed the issues still to be resolved. Participants in this Commission came from a wide range of organizations from the public and private sectors and civil society. The first section of the report analyzes the current situation of the three social security institutions and in doing so documents agreement on the need for

²⁰¹ Pension mutual funds are managed by specialists from portfolio management companies established within the Capital Market Law.

²⁰² The basic feature of the Individual Pension Savings (Law No. 4632) is that individuals can voluntarily participate in the system and gain an additional income on top of their pensions after 10 years of participation. Contributors are eligible to retire at the age of 56.

further reform of the social security institutions if they are to be sustainable and efficient. It says (DPT, 2001: 2):

“The current crisis of the Turkish social security system can not be explained by the factors that trigger the crisis of social protection system in developed countries such as aging nor by the lack of economic development...The decisions taken and implemented in contradiction with fundamental objectives of social security and principles of social insurance are the underlying factors that lead to an ‘early’ crisis of social security system despite favorable demographics. The financial crisis of social security system has created pressures on the public finances that influenced the chronic high inflation and other major macro economic indicators triggering economic instability in Turkey.”

The report recognized that political decisions taken during the 1990’s such as early retirement had triggered the current financial crisis. In the analysis of the actuarial balances, the union confederations also argued there had been a misuse of SSK funds (DPT, 2001: 147-150). The report argues that the reform laws implemented in 1999 would support financial balances of the social security institutions, but the union confederations such as TÜRK-İŞ and DİSK voiced their opposition to the parametric changes (DPT, 2001: 147-154).

The report argues that further reforms on the unification of social security institutions, standardization of norms and rules, separation of pensions from health insurance and administrative restructuring were still necessary. And the Commission report said that improving norms, standards and the quality of social security to reach international standards was closely related the goal of EU membership (DPT, 2001: 12). Indeed throughout the report there are several references to the legal framework of the EU concerning the social security systems in setting standards and legal obligations of member states. Use of Europe was beginning.

IV. Reforming social security system from 2002 to 2008: The macro reform of pensions, healthcare and social security administration

Although incremental changes implemented in the sequence from 1999 to 2001 were important in setting the agenda and the direction of change, their implementation proved to be difficult, given the opposition of corporatist actors that formed an anti-reform coalition with the support of opposition political parties and professional associations. The reform was also prepared in a top-down fashion without extensive negotiations with corporate actors and was not extensively justified and communicated to the public before being enacted. A significant part of the reform was vetoed as having been undertaken unconstitutionally.

Nor did these reforms adequately deal with the deficit of the social security institutions; imbalances worsened and therefore threatened the sustainability. Table 8 presents the transfers from the Turkish state's general revenues needed to cover the deficit. Coverage and benefits remained fragmented and problems accumulated since the 1980's were still present. Finally, 1999-2001 phase of the reform did not involve the healthcare system where the problems related to its coverage and accessibility had also accumulated.

Table 8. Transfers to the Social Security Institutions from 1999 to 2004²⁰³ (combined for SSK, ES and Bağ-Kur)

Year	% in the Budget	% of the GDP
1999	10.5	3.8
2000	6.9	2.6
2001	6.9	3.1
2002	8.4	3.5
2003	11.3	4.5
2004	12.6	4.5

²⁰³ The information of the Table is gathered from Özbek (2006: 306) and Gümüs (2008: 7).

IV.a. Contextualizing the changes in the economic conjuncture and political context

The economic, social and political contexts changed following the 2001 economic crisis. This banking and financial crisis brought an end to the Turkish currency being pegged to the US dollar, while triggering a major depreciation of the Turkish lira, and a fall in GDP by 5.7% in real terms. Job losses and decreases in real income were significant (Öniş, 2003b: 12-13). Poverty rates rose significantly in the early 2000s (Buğra, 2007a; Yeldan, Voyvoda and Telli, 2006). The access to healthcare worsened as 30% of the population was without any healthcare coverage (Şahin, 2012; World Bank, 2004). Other surveys found high levels of criticism of the management of health and social security as well as the quality of care (TÜSİAD, 2002b: 75).²⁰⁴ In fact, the economic crisis has made more visible the inadequacy of the social security system's coverage of risk situations. Given the exclusionary and fragmented features of the still Bismarckian system, there were significant groups in the population that were not part of social security institutions because being outside of formal employment. Moreover, the crisis and the changing context including internal migration meant informal support mechanisms such as extended family ties and kinship relationships were weakened in the urban settings (Buğra and Keyder, 2003).

Following the 2001 economic crisis, a novel political context emerged. The economic conjuncture in 2001 led to political instability and the coalition government of the DSP-MHP-ANAP called for early elections. Following the November 2002 elections, the AKP (Justice and Development Party, *Adalet ve Kalkınma Partisi*) received a majority of the votes although it had only been founded in 2001 (Müftüler-Baç and Keyman, 2012). The AKP formed the first majority government since 1987 and this changed the partisan situation in a significant way.

The AKP favored EU membership and the political and economic reforms necessary to achieve it. As Chapter II had already documented, this political context was conducive to the introduction of social policy reforms. As the AKP cadres sought legitimacy to govern, support for the goal of EU membership served to ease their relationship with Turkey's secular state

²⁰⁴ The survey found that 61.9% considered the management of the social security system as “bad or very bad” while 62.2% evaluated the governance of healthcare as “bad or very bad” (TÜSİAD, 2002b: 75-76).

establishment (Doğan, 2005). The AKP situated its self as a reformer and support for accession could be used as an empowering tool domestically and as a way of promoting democratization and economic reforms (Öniş, 2009b).

The new political context had two important implications for the social security reform. On the one hand, the AKP government had promised to introduce structural reforms in line with the recommendations of international actors and it began to show more determination than previous governments for implementing the reform program (Müftüler-Baç and Keyman, 2012). On the other hand, AKP's "conservative-liberal" ideological orientation rooted in political Islam generated a mixture of liberal economic policy choices coupled with attention to social issues and poverty that drew on a traditional and patriarchal value system and a populist orientation in distributional politics (Buğra, 2012: 24; Buğra and Yakut-Çakar, 2010: 517; Eder, 2010: 152; Buğra, 2007b). The ideological inclinations of the AKP meant the development of a discourse sensitive to poverty and social cohesion. One solution to the problems of low-income groups was, then, to provide access to healthcare. There were also conservative elements in the AKP's discourse such as strengthening the role of the family to support cohesion in society and enhancing the involvement of voluntary organizations, especially charities with religious overtones (Buğra, 2012: 28-30). An important aspect of this novel political context is related to the on-going EU membership process. This period also brought changes in EU-Turkey relations, with the launch of accession negotiations in 2005. This shift increased the supply of EU resources available to Turkish actors. As Chapter III has already documented, the EU closely scrutinized issues related to the social security system. The EU developed a trio of themes about the social security system, prioritizing sustainability, modernization and adequacy.

In the analysis of uses of Europe in the social security reform process from 2003 to 2008, we will first concentrate on the AKP government to understand its strategies in this major reform and its practices of using Europe and EU resources. We will consider as well the role of various state actors and their uses of Europe. This will then be followed by the analysis of uses of Europe by other domestic actors.

IV.b. Formulation of the social security reform proposal: Government strategies and bureaucratic politics

The preference of the AKP government for the reform of the social security system including the pension and health components was apparent in several early documents. The AKP's party program in 2001 announced that (*Adalet ve Kalkinma Partisi*, 2001):

“...social security services and units, having reached a significant budget size, are organized within the various ministries and they appear scattered. The social security units shall be brought together under the roof of a single ministry and a consolidated social security budget shall be created with the inclusion of social insurance, social services and social assistance regimes and sub-sectors. Necessary arrangements shall be made for this budget to sit on a rational basis in terms of norms and standards.”

Accordingly the AKP was promising to introduce finally the administrative reform of the social security system that had thus far escaped the previous governments' efforts, so as to unify the scattered institutional structure into one system and to diminish the fiscal imbalances of the whole system.

The Action Plan prepared by the AKP government in 2002 included the reform of the social security institutions, health services and social assistance (58. Türkiye Cumhuriyeti Hükümeti, 2002). This program for government emphasized that “the weakening of traditional mechanisms of solidarity requires the establishment of strong social security systems to provide protection for the individuals in modern societies.” Although the reformist attitude of the AKP was apparent, it was less clear what the precise content of the reforms would be. The Action Plan called for the establishment of an integrated social service network and relevant administrative structure, to provide unity of norms and standards in social security institutions, the establishment of a general health insurance system, including a social assistance component within an integrated social security network (DPT, 2002).

In the first years of the reform from 2002 to 2005, the AKP government initiated parallel processes for the preparation and formulation of proposals using reform teams composed of bureaucrats drawn from the Ministry of Health, the Ministry of Labor and Social Security, Ministry of Finance and the Undersecretariat of the Treasury. The AKP government decided to prepare the policy reforms for social security and health through two distinct but linked processes.

The policy formulation phase had a rather technocratic character using committees composed of bureaucrats and experts (Sosyal Güvenlik Kurumu, 2007: 6). Specific commissions dealing with four components of the reform were established in December 2002: universal healthcare insurance and system; establishment of a single institution; the reform of the pensions; unification of social services and assistance programs under a single administrative structure. The Ministry of Labor and Social Security also established a secretariat for the implementation of the Action Plan on 16 December 2002 (Sosyal Güvenlik Kurumu, 2007: 68).

These projects, prepared under the guidance of the Ministry of Labor and Social Security and Ministry of Health, benefited from analysis made for the first phase of the reform implemented in 1999 (Teksöz, 2003). For this reason, the arguments for the reform and the analysis of the problems of the social security system developed in these reports and draft laws from 2003 to 2005 are very similar to the ones presented of the 1999 to 2001 reform process. I will demonstrate the analysis and proposals of the bureaucratic actors while examining their uses of Europe.

In fact, these documents indicate as well that the new reform process aimed to address what the previous reform failed to implement because of the veto of the Constitutional Court: unifying all three social security institutions including ES and increasing the retirement age and changing the parameters of the pension for all three groups of beneficiaries, including the civil servants under ES. There were two new components: the healthcare reform and the social assistance. The 1999 reform foresaw the reform of the healthcare component in the second phase of the reform but never planned how to do do in detail nor related it directly to the other components. The social assistance component was novel and reflected the AKP's concern about the "poverty problem" emphasized in the party program in 2001 (AKP, 2001) and part of the election promises of 2002 (AKP, 2002). Later in the process, the Ministry of Labor and Social Security took up the social assistance reform. However social assistance would eventually be dropped from the agenda because of the disagreements inside of the AKP government. The reform of the healthcare system, in contrast, became a major initiative of the AKP government, transformed as well to a strategy to ease the introduction of the macro reform and to claim credit for vote seeking objectives.

From the earliest stages, the government was aware of the opposition of various corporate actors as well as professional associations. In response, it developed a compensation strategy. The establishment of the universal health insurance and restructuring of healthcare under the Ministry of Health aimed to increase equality of access to facilities while improving the quality of services. These issues were of particular concern to the members of the SSK and Bağ-Kur (Türkiye Cumhuriyeti Başbakanlık, 2005: 55). The healthcare services component would benefit the Bağ-Kur members by improving their access to better quality services. The plans to enlarge the coverage of the healthcare system would benefit those excluded, who were not direct beneficiaries of the three insurance-based institutions and were not covered by the healthcare system (Sosyal Güvenlik Kurumu, 2007: 69). Thus the healthcare component offered opportunities for the AKP on the one hand to negotiate and ease the opposition of the corporatist actors and on the other hand to offer benefits to those excluded that could provide electoral gains and credit claiming. Reflecting on corporatist actors' opposition to earlier reform proposals, the AKP government aimed to provide sufficient justification in communicating to corporatist actors, professional organizations and the general public the need for reform to create long-term sustainability of the system.

It is important to emphasize that the reform process from 2003 to 2008 was complex and lengthy because of three reasons. The macro character of the reform in combining various policy domains has made the technical design by the bureaucratic actors lengthy, requiring the coordination of various Ministries and state agencies. Moreover the macro reform was related to three interconnected process: the structural reforms under IMF program; the World Bank programs on the technical aspects of social security and healthcare system; and the EU membership process. Each of these processes had its own dynamics and I will represent the EU resources in the next section. This complex and lengthy reform process is related as well to the veto points in the law-making process in Turkey, which might veto the AKP government efforts. This led to several repetitive initiatives taken to implement the same components through different formulations.

If we look at the structural reform dynamics under the IMF program, we can observe the constraints on the AKP government to introduce the social security reform. The AKP

continued Kemal Derviş²⁰⁵ economic program based on the 2001 stand-by agreement (Hale and Özbudun, 2010: 102; Öniş and Şenses, 2007: 268). IMF support, as well as loans, was an integral part of the AKP's strategy to reassure financial and economic actors (Öniş and Bakir, 2007: 156). In the letter of intent prepared for the IMF in 2003 and 2005 by the AKP government, the social security reform was a “structural performance criterion”²⁰⁶ and the unification of the social security institutions was a “structural benchmark”²⁰⁷ becoming a part of IMF conditionality (58. Türkiye Cumhuriyeti Hükümeti, 2003). Thus IMF conditionality was a constraint²⁰⁸ leading the AKP government to demonstrate early political commitment to reform. But it was less directly indicative of the content and of the reform process.

In fact, the EU membership process provided various resources for the AKP as it faced domestic pressure and opposition from corporatist actors and international constraints from IMF government in the introduction of the social security reform. The World Bank projects have also provided various opportunities that overlapped with EU resources.

IV.c. EU resources in the interaction of national and international actors

Following the AKP government's early commitment to a major social security reform, covering pensions, health and social security, the actual formulation of the proposals was initiated in close cooperation among bureaucrats from ministries and other state agencies and representatives of international and supra-national actors, particularly the World Bank and the EU. The World Bank had been actively involved in the social security reform, preparing guidelines since 1999. The World Bank's 2003 Report on *Reforming the Health Sector for Improved Access and Efficiency* provided a strong analytical groundwork for the reforms (World Bank, 2003: 2). The Bank also supported reforms with a Programmatic Public Sector Development Policy Loan (PPDPL) initiated in 2004. One of the stated goals was to assist

²⁰⁵ Following the financial crisis in 2001, Kemal Derviş, the World Bank's vice president for poverty reduction and economic management, was appointed Minister for the Treasury and Economic Affairs. Kemal Derviş introduced the economic reform program in 2001 that included major structural reforms and a new stand-by agreement with the IMF. See more in Chapter IV.

²⁰⁶ Structural performance criteria are binding conditions to be met during the implementation of a program and to trigger subsequent installments of IMF financing.

²⁰⁷ Structural benchmarks are measures that are critical to achieve IMF program goals and are intended as clear criteria to assess progress.

²⁰⁸ For instance, the IMF representative in Turkey, Hugh Bredenkamp, expressed concerns about delays in the introduction of reforms to the social security system in 2005, stressing the IMF's expectation about the pace of the reform process (IMF, 2005).

Turkey's effort to improve the compatibility of its macroeconomic framework and social protection system with the EU conditions (World Bank, 2006a). The World Bank also supported a Health Transition Project initiated by the Ministry of Health to provide financial assistance and guidelines via a project loan in 2004 (World Bank, 2004: 3). The World Bank's projects on health in Turkey emphasize the saliency of the reforms to meet European health and service standards and indicating that "the development objective of this project is to narrow the gap in access to, quality and utilization of health services between Turkey and other middle-income and EU accession countries by extending health insurance coverage to all the Turkish population and reducing inequalities in access to health care" (World Bank, 2007: 1).

The EU's membership process also shaped the policy formulation stage of the social security reform. As seen in Chapter III, the EU had a variety of institutional and legal instruments at its disposal, such as the Progress Reports, Accession Partnership Documents, Assessment of Pre-Accession Economic Programs and the screening reports. Thus, the Progress Reports on Turkey's accession emphasize three main issues regarding the social security system since 1999: the urgency of controlling the fiscal deficit, administrative and management problems related to the different institutional frameworks, and the limited coverage of the social security system including and health (European Commission, 1999a: 38). The Accession Partnership Document in 2003 for example called for achieving sustainability, modernization and adequacy through setting priorities to satisfy economic criteria and to assume membership obligations with respect to social policy and employment (EU Council, 2003a: 52-53).

The the 2003 NPAA prepared under the AKP government indicated in detail which policy reforms and legal changes would be undertaken in order to align with the *acquis communautaire*, in the sections on Economic Criteria and Social Policy and Employment (NPAA, 2003: 512). The EU institutions' principal concern was for the sustainability of the social security system. The Commission emphasized the reform measures for controlling the fiscal deficit of the social security system in the Economic Criteria chapter of the Progress Reports, precisely because a condition to be met for membership is strong public finances and a balanced budget.

The 2003 NPAA prepared by the AKP government responded directly to these priorities stating that: “the Urgent Action Plan of the 58th Government has envisaged the establishment of an integrated social service network and relevant administrative structure” (NPAA, 2003a: 512). It also indicated that the social security reform that would be prepared from 2003 to 2005 aimed for financial sustainability by strengthening the actuarial balances, and all this in order to satisfy the economic criteria emphasized by the 2003 Accession Partnership Document. The government’s NPAA indicated that following the 58th Government Action Plan, priority would go to the separation of supply and financing of health services, the establishment of a general health insurance system, providing unified norms and standards in social security institutions, the establishment of an integrated social security network, abolishing non-premium based payments while separating short term and long term insurance measures (NPAA, 2003: 512).

The NPAA provided the policy and institutional measures and their timetable that would be implemented to address the development of social protection by investing in the institutional capacity in order to implement the *acquis* requirements (NPAA, 2003: 490-499). It lays down as well a budget that demonstrates the planned financial expenses for the reform measures that would be financed jointly by the Turkish government and by the EU pre-accession resources. Giving the priority of developing social protection, the NPAA indicates that projects assisting reforming the social security system were comprised of a new integrated information system, 300 new personnel, training of 40 personnel including their participation in the EU sponsored training programs in Turkey and at the EU level, and translation of relevant documents of the *acquis* to be implemented during 2004 and 2005. This reform project for the unification of three social security institutions had a budget of €42,750,000 where the EU financial assistance covered €30,081,000 (NPAA, 2003: 512-514). The NPAA also said a law would be introduced at the end of 2003 for the administrative unification of the SSK, Bağ-Kur and ES in order to standardize norms, rules and eligibility conditions.

We see here the EU’s membership process was providing cognitive, legal and financial resources in the formulation phase of the social security reform starting from 2003 to 2005 and support for the Ministry of Labor and Social Security.

In this regard, the EU had begun to act as a reform supporter albeit focusing on the cost-containment objective. This position provided political resources to the AKP government

that could argue, in addition to claims it was improving social security and health systems, that its major reforms were absolutely necessary in order to satisfy membership criteria. Such resources were available because the reform process coincided with the accession process opened in 2005. This timing allowed the AKP government to make its arguments that reform was a membership condition, thereby linking two issues (reform and EU membership) when addressing opposition political parties, corporatist actors and the general public.

Another important aspect on EU resources for modernization of the social security system involves institutional and financial resources provided after the unification of the social security institutions. An institution-building project under the Instrument for Pre-Accession Assistance (IPA) was launched in 2007, titled *Capacity Building of a Social Security Institution* (European Commission, 2007c: 2). This project had two main goals. On the one hand it aimed to strengthen the institutional and administrative capacity of the newly created Social Security Institution and on the other hand it targeted compliance with the *acquis*. The project referred directly to the 2003 and 2006 Accession Partnership Documents and the 2003 NPAA. Accordingly this project aimed to support the reform process, especially its component to establish an equal social security and general health insurance system for all citizens.

Because the unification of the three social security institutions under a single framework, as the Social Security Institution, was in line with the accession requirements of the EU, this capacity building IPA project was the next step. This project therefore had three priorities: informing and training Turkish staff about EU law in the social security area; increasing the institutional capacity of the Social Security Institution via the European Research, Training and Projects Unit; and the provision of the necessary equipment and material. Accordingly the project received €1.10 million for three years. (European Commission, 2007c: 4-5; 9).

The modernization emphasis of the EU membership process is related to the equal treatment of men and women in social security and health (Couchier and Hauber, 2011: 13). Accordingly the EU accession process set conditions around eliminating gender inequalities in policies that assigned rights and benefits to women as wives or daughters on the basis of the labor market status of their husband or father (Kilic, 2009: 497). Taking up this issue, the 2003 NPAA announced laws would be introduced in order to comply with Directives 79/7/EEC; 86/378/EEC and 96/97/EC all of which touch on the principle of equal treatment for men and

women in the matters of social security (NPAA, 2003: 499). Furthermore the NPAA indicated that changes would be made in the maternity leave arrangements in line with Directives 96/34/EC on parental leave and those dealing with working conditions of women during pregnancy (Directives 92/85/EEC and 86/613/EEC).

Another aspect of the Commission's modernization emphasis is related to the use of social dialogue mechanisms. The European Commission Progress Reports (European Commission, 2004b; 2005a) emphasize the use of social dialogue mechanisms during the preparation of the social security reform proposals and in restructuring of the system. The 2003 Accession Partnership Document calls for developing social dialogue in policy making as a short-term priority (EU Council, 2003a: 47).

In responding to the Accession Partnership Document's emphasis on social dialogue, the 2003 NPAA indicates that the Turkish government is aware of its obligations in supporting social dialogue mechanisms as part of the membership conditions as well as ILO conventions, and reported that the EU Coordination Department of the Ministry of Labor and Social Security had initiated monthly consultation meetings since 2002 between employer and employee representatives in order to keep them informed of the reform agenda (NPAA, 2003: 488-489). Moreover, the NPAA indicated that the Economic and Social Council was Turkey's main institution of tri-partite social dialogue and it had been reformed in 2001 and had started to function more effectively. The emphasis on the use of social dialogue mechanisms during the EU membership process was providing political resources for the union confederations and employer associations.

Health was dealt with somewhat differently. Although the 2003 Accession Partnership Document listed as a medium-term goal to "Take measures to promote access to and quality of health care and to improve the health status of the population" (EU Council, 2003a: 53), as a policy goal it was less specific than with respect to social protection. The harmonization of healthcare legislation was not as part of the *acquis* conditions as EU had no specific competences in health matters. Nonetheless the 2003 NPAA indicates that Turkish government would participate in the first Programme of Community Action in the field of public health (2003-2008), initiated by Directive 1786/2002/EC, in order to monitor European policies and programs in the field of health (NPAA, 2003: 487-488). Such participation in the

program would provide financial resources for specific projects on public health as well cognitive resources for the field of public health.

The preparation of Joint Inclusion Memoranda (JIM) was a joint exercise between the European Commission and Turkish officials from the EU Coordination Department of the Ministry of Labor and Social Security (Yakut-Çakar, 2007: 118).²⁰⁹ In the process five dissemination seminars and several meetings were held with representatives of the relevant institutions and Commission officials.

The JIM was an exercise in which the Commission informed its Turkish partners about the necessary statistical indicators to measure the extent of poverty and social exclusion, emphasizing the development of a comprehensive approach including adequate statistical indicators (Ministry of Labor and Social Security, 2011). Buğra (2007b: 147) found that the preparation of the JIM raised awareness in Turkish policy circles of poverty and social exclusion, encouraged attention to several different dimensions of poverty (and not just monetary poverty) and the absence in Turkish policy of mechanisms to tackle with poverty and social exclusion.

The 2003 Accession Partnership Document also called on the Turkish government to “prepare a national strategy on social inclusion, including data collection, in line with EU practice” as a medium-term goal (European Commission, 2003b: 53). The 2007 Progress Report commented on the weakness of the institutional structures and policy measures concerning social inclusion and was critical of the non-completion of the Joint Inclusion Memorandum (JIM); underlining that “The percentage of the population at risk of poverty is among the highest when compared to those of member states and candidate countries. The lack of efficient social transfers, together with the high percentage of ‘working poor’, leads to an important child poverty rate” (European Commission, 2007d: 54).

The EU’s emphasis on the adequacy of social protection and social assistance mechanisms with the goal of social inclusion did not specify institutional mechanisms and

²⁰⁹ There was complementarity between the European Union’s priorities and pre-accession financial assistance for the social security reform and World Bank programs in these areas (European Commission, 2003b: 56). Considering the timing of the candidacy process that started in 1999 and accession process that started in 2005, the EU was a late comer compared to the World Bank whose technical assistance and loans for reform had begun in the mid-1990’s. Indeed the European Commission benefited from World Bank expertise until the screening process in 2005 which provided its own analytical tools and increased assessment capacity.

instruments that needed to be implemented by the Turkish government. Rather, it supplied cognitive resources specifically for bureaucratic actors for analyzing poverty and social exclusion.

The 2003 NPAA had announced the Turkish government's intention to establish an integrated social service network, social assistance system and relevant administrative structure in order to align with the European Community Action Programme on Combating Social Exclusion. The NPAA indicates specifically that the World Bank would finance projects worth \$500 million US , while \$36 million US would be dedicated to institutional capacity building for the Social Solidarity and Assistance Fund and development of databases and statistics of the Turkish Statistical Institution (NPAA, 2003: 511-513).

As we have seen, an important aspect of the EU accession process is related to institutional capacity building. The 2003 Accession Partnership Document called for development of the capacity of all institutions involved in implementation and enforcement of the social policy and employment *acquis* (EU Council, 2003a: 53). The 2003 NPAA then indicated the need to develop the institutional and administrative capacity of the EU Affairs Directorate of the Ministry of Labor and Social Security in order to strengthen its capacity to monitor the EU *acquis* and their transposition to Turkish legislation as well as in order to enable its participation and monitoring of the committees of the European Social Fund, the European Foundation for the Improvement of Living and Working Conditions and the Liaison Group on the Elderly (NPAA, 2003: 517-518). In other words, the call in the Partnership Document became a resource in national policy-making.

As a first step, this would involve harmonization with Directive 1784/99/EC on the European Social Fund that would involve institutional restructuring to transform the EU Affairs Directorate into a Department of the Ministry of Labor and Social Security. This was to occur during 2003 and 2004. This restructuring involved preparation of organizational structures for the absorption of EU pre-accession assistance, recruitment of EU experts, and preparation of the department for the screening process and the accession negotiations. The NPAA reported that EU financial assistance would be used for the training of 10 departmental experts within the EU institutions during 2004 and 2005; for the appointment of consultants in the area of social policy and employment; and for the translation of key documents. The budget for the institutional capacity building of the EU Coordination Department of the

Ministry of Labor and Social Security was set at €485,000 with the Union's pre-accession financial assistance.

Although a Directorate had been in place since 1989 and was responsible for the coordination of social policy issues in preparation for candidacy, its role in social policymaking and capacity was significantly strengthened by this infusion of policy and financial resources. The representatives of the Directorate attended the EC-Turkey Subcommittee on Regional Development, Labor and Social Affairs established in 2000. It served as an important arena for information exchange and a coordination mechanism providing an overview of developments, exchange of information and screening of specific issues related to the *acquis communautaire* (EC-Turkey Subcommittee, 2002).

The role of the EU Coordination Department was stronger after accession negotiations began and when it was assigned the responsibility of monitoring and coordinating the negotiations on the Social Policy and Employment chapter in 2005 and informing ministry representatives of legal and policy changes required, while having an advisory role on the other 13 chapters. This position increased the involvement of the EU Coordination Department with representatives of the European Commission during the screening process. Moreover the Department was called on to inform and orient the AKP government and the Secretariat-General for EU Affairs about the benchmarks and policy reforms required.

The EU Coordination Department grew considerably between 2003 and 2007 with the use of European pre-accession funds and the recruitment of EU experts.²¹⁰ The Department's role and institutional capacity increased further in 2007 when it was assigned the management and coordination of the human resources development component of the Instrument for Pre-Accession Assistance (IPA).

All of this is indicative of the kind of institutional and financial resources that the EU accession process provided after 2003. In turn, the Department used the European information made available to inform relevant actors about transposition of EU law and the Union's various programs and priorities for improving healthcare quality and services and for tackling poverty and social exclusion throughout the social security reform process. In this regard, the

²¹⁰ The number of experts and assistant experts in the Department increased from eight in 2003 to 36 in 2007 (Çalışma ve Sosyal Güvenlik Bakanlığı, 2011: 5).

Department was a major user of European cognitive resources in bureaucratic politics during the preparation phase of the social security reform.

The opening of accession negotiations at the same moment in time as the initial phase of the social security reforms meant there were significant uses of Europe and EU resources in its formulation. The EU supported and even promoted the reform of healthcare, pensions and social security administration components. The European Commission insisted that a sustainable social security system and healthy public finances including budgetary discipline was a condition of membership. The AKP government thereby gained political resources as well as being able to deploy blame avoidance and credit claiming practices when communicating the social security reform to the general public, corporatist actors and during the parliamentary discussions. The EU membership process has also injected cognitive resources about social inclusion and the quality and coverage of the healthcare system into the bureaucratic process.

IV.d. Examining uses of Europe in the formulation of reforms by bureaucratic actors from 2003 to 2005

I concentrate in this section on the uses of Europe by bureaucratic actors in the formulation of the reform. As emphasized earlier, the bureaucratic actors have benefited from the work on the previous reform in 1999 that shaped diagnosis of the problems and formulation of the policy choices. These attempts aimed to provide sufficient justification for the reform and argumentation for its content in communicating to corporatist actors and general public. After summarizing bureaucratic actors' diagnosis of the problems and choices for the reforms, we examine uses of Europe by bureaucratic actors in the period from 2003 to 2005.

The formulation phase of the social security reform involved the participation of bureaucratic actors such as the Ministry of Labor and Social Security, the Ministry of Health, the Ministry of Finance, the Under-secretariat of the Treasury, the Plan and including the SSI after its establishment in 2003. The decision about undertaking the macro reform was decided as early as 29 December 2002 through an agreement reached between the Minister of Finance, Kemal Unakitan, the Minister of Health, Recep Akdağ, and the Minister of Labor and Social

Security, Murat Başesgioğlu (Sosyal Güvenlik Kurumu, 2007: 68). In that meeting, the three Ministers agreed upon the introduction of one macro reform that would combine changes touching on healthcare, social security, and social assistance with an administrative unification component as well. The Ministry of Health was involved with the planning of the universal healthcare insurance that would eventually be combined with a social security component (Sosyal Güvenlik Kurumu, 2007: 45).

The AKP government finally succeeded in establishing the single social security institution, which had been vetoed in 2000. Legislation (Law no. 4947) enacted on 23 July 2003 established the Social Security Institution (SSI) under the auspices of the Ministry of Labor and Social Security. It was managed under the general budget and unified the SSK, the Bağ-Kur but did not integrate the ES (Egeli, 2008:135). The institution was formed in order to manage the restructuring and unification process of the social security institutions and related insurance schemes, through a new administrative structure that would be central to the preparation of the reform process (Egeli and Özen, 2009). Moreover the law foresaw a transition period to organize the SSI and to restructure the social security institutions. This choice was made in part so as not to provoke the veto points, namely President Sezer and the Constitutional Court.

The aim of the Law was to unify the fragmented structure by equalizing the norms, rights and benefits across the social security institutions (Egeli and Özen, 2009).²¹¹ The governance structure was corporatist and healthcare was included. The establishment of a single social security institution was in line with the EU's call for the unification of Turkey's fragmented institutional structure and standardization of rules and norms.

The Ministry of Health announced in 2003 the Health Transformation Project (HTP). This reform aimed to improve access to the healthcare system and establish a high quality and effective system with a comprehensive and long-term strategy (Türkiye Cumhuriyeti Sağlık

²¹¹ A centralized structure strengthened the role of the General Director in the organizational structure and Tuncay Teksöz, a key bureaucrat during the 1999 social security reform at the Under-secretariat of the Treasury, was appointed as the first Director. Teksöz claimed in 2006 that the social security reform involved more important changes than did the 1999 reform: "This time, the reform does not involve the parameters of the system nor aims only at financial sustainability. The goal is to improve its efficiency and improve the institutional structure. We aim first for the simplification of the system and secondly the equal treatment of different groups which will have access to the same benefits and rules across the social security system... These changes were not a part of the 1999 reform" (Özbek, 2006: 349).

Bakanlığı, 2011: 16). The HTP would require changes in the administration, financing and delivery of health services (Varol and Saka, 2006: 29) as well as the re-organization of the Ministry of Health to improve its policy-making capacity and to develop regulatory functions for controlling and ensuring the quality of healthcare facilities. It would also restructure health services by the separating the purchaser and provider, introduce universal health insurance, strengthen primary health care, family medicine and establish an efficient referral system, improve administrative capacity and the financial autonomy of healthcare facilities. It promised to restructure education and science institutions to ensure skill formation and to support the health system by establishing a national quality and accreditation agency, to invest in a health information system, and introduce national drug and medical device agencies (Tatar et al., 2011: 80-83; Türkiye Cumhuriyeti Sağlık Bakanlığı, 2011: 29-49; Varol and Saka, 2006: 30).

The Ministry of Health claimed that the HTP would face up to the main challenges of the healthcare system, from service delivery to financing and from human resources to information systems. The HTP also was supposed to address inequalities in access to healthcare due to different insurance regimes as well as the considerable regional differences in the public system (Türkiye Cumhuriyeti Sağlık Bakanlığı, 2011: 344). With the HTP, equal access to services was meant to be improved by providing means-tested coverage for low-income groups, including pharmaceuticals and outpatient benefits. Moreover the reform covered everyone under the age of 18 without them having to pay premiums.

The Ministry of Health described the HTP as being aligned with the *Health for All in the 21st Century* policy of the World Health Organization (WHO) as well as the 2003 Accession Partnership Document (Türkiye Cumhuriyeti Sağlık Bakanlığı, 2011: 16). In fact, the Ministry of Health used cognitive resources coming from the EU in the formulation of HTP.

As a comprehensive reform program, HTP had several components that would need to be introduced via several legal changes. The reform plan had also foreseen gradual implementation through pilot projects for certain elements, such as the establishment of family doctor and referral systems.

The key bureaucratic coordination mechanism for the preparation of the social security reform and the health reforms was the Social Security Reform Orientation Committee²¹² with participation of ministerial bodies and state agencies, for the preparation of a White Paper (Türkiye Cumhuriyeti Başbakanlık, 2005: 7).²¹³ The newly established SSI (in 2003) was key for the functioning of the Committee in the preparation of the reports and the draft laws.

The White Paper that presented the first draft of the Social Security Reform and the Universal Health Insurance reform, titled *Social Security Reform: Problems and Proposals for Resolution*, was prepared by a committee and disseminated in April 2005. The White Paper identified three main problems that made reform necessary: demographic changes with aging of the population, financing problems, and fragmented standards and norms (Türkiye Cumhuriyeti Başbakanlık, 2005: 33-52). The document described in detail the policy changes needed. The White Paper presented draft legislation of this major reform proposal, with four components: the establishment of universal health insurance, the restructuring of social assistance and services, the reform of pensions and the foundation of an institutional structure aiming to harmonize the other three pillars.

The draft law on the Social Security Institution involved a revision of the 2003 law, this time unifying the three social security institutions (that is including the ES), to create a single Social Security Institution (SSI) (Türkiye Cumhuriyeti Başbakanlık, 2005: 6; Sosyal Güvenlik Kurumu, 2007: 45).²¹⁴ The document also presented a proposal on Social Assistance and Non-Contributory Payments (SANCP), to establish non-contributory income maintenance mechanisms under the Social Security Institution. These were to be means-tested programs for low-income groups at risk of poverty (Türkiye Cumhuriyeti Başbakanlık 2005: 56). The proposal suggested the development of standard eligibility conditions for social assistance

²¹² The Social Security Reform Orientation Committee was composed of three representatives of the Ministry of Finance, three representatives of the Ministry of Health, seven representatives of the State Planning Organization, five representatives of the Under-secretariat of the Treasury, two representatives of the Ministry of Health, and one representative of the SSI and one representative of the ES (Türkiye Cumhuriyeti Başbakanlık, 2005: 7).

²¹³ The committee met eight times from 2003 to 2005. It met twice in 2003 to discuss the social security component, four times in 2004 to prepare the establishment of the universal health insurance reform and twice in 2005 to prepare the non-contributory regimes and social assistance components of the reforms (Sosyal Güvenlik Kurumu, 2007: 69).

²¹⁴ The SSI was placed under the Ministry of Labor and Social Security with the administrative structure of a Director and Board responsible to a General Assembly composed of the representatives of various Ministries and state agencies and the representatives of union confederations, employer associations and confederations.

based on minimum standards and the creation of integrated databases on the income level of the vulnerable population. The social assistance and non-contributory schemes would be under the organizational structure of the Social Security Institution. This represented a major institutional change considering that social assistance regimes had always been dispersed and disjointed under several institutions with different targets.²¹⁵

The analysis of the White Paper indicates insignificant uses of Europe in the document that presents the proposed reform laws. In the White Paper, a diagnosis and policy options presented were very similar to what had been planned for the 1999 reform, aiming as well to complete the failed institutional and pension components. The main novelty in the White Paper was the presentation of the healthcare and social assistance components of the reform laws.

IV.e. Social policy reform from 2005 to 2008: Uses of Europe in partisan politics

The social security reform laws (Law²¹⁶ on Social Security and General Health Insurance and Law²¹⁷ on the Social Security Institution) were prepared, as noted, by bureaucratic reform teams composed of representatives of ministries and state agencies. They drew on earlier reform experiences, especially reform programs introduced from 1999 to 2001, and these influenced the design of the reforms and the parameters set. This version of the social security reform did concur with the EU membership criteria that required the policy-makers to reflect the *acquis* conditions as well as to consider EU's policy priorities. This way of preparing the reform gave it a top-down character dominated by the executive branch and committees composed of representatives of relevant ministries and state agencies.

²¹⁵ These were the General Directorate of Foundations with a decentralized network, the Social Assistance and Solidarity Foundations (SYDGM), the Social Services and Child Care Institution, the Ministry of Education, and local municipalities. It also included invalidity and disability insurance provided by the social security institutions (Yakut-Çakar, 2007: 15-106).

²¹⁶ This law was brought to the parliament with number 5489 and was accepted by the TBMM in April 2006 but the President did not approve it and sent it back for further discussion to the parliament. The same law, associated this time with number 5510, was again approved by the TBMM in May 2006 the same way and the President signed it.

²¹⁷ This law was brought to the parliament with as 5487 and was accepted by the TBMM in April 2006 but the President did not accept it, sending it back to the parliament. The same law, associated this time with number 5502, was again approved by the TBMM in May 2006 and the President signed it.

This section focuses on the politics of the macro social security reform process, from April 2005 when the Law No. 5489 on Social Security and General Health Insurance and the Law No. 5487 on the Social Security Institution were brought to the TBMM by the AKP government and until the enactment of reform laws in 2006. The process for passing the laws was characterized by several obstacles that made the parliamentary process complex and dragged over a lengthy period. On the one hand, the AKP government did enjoy a parliamentary majority that allowed it to organize the parliamentary agenda and insist on strong party discipline. This meant that institutionally there was a strong power concentration. The current reform was opposed by the main union confederations and professional associations represented under the Labor Platform (described above) that organized several rallies and protests against the reform proposal over the two years, 2006 and 2008. The AKP government also had to negotiate with corporatist actors during the parliamentary process of the reform from 2006 to 2008 in institutions such as the Economic and Social Council (Öke, 2006: 6). The AKP government tried therefore to balance between vote seeking and policy seeking by bargaining the parameters of the social security reform with the corporatist actors, especially with the union confederations, using compensation strategies.

Getting to this final step involved some uses of Europe and its resources by both the AKP government and opposition political parties in the parliamentary discussions in 2006 and 2008. Social security reform was discussed with corporatist actors in line, with the encouragement of the EU, and this also involved use of EU resources.

IV.f. Enactment process of social security reform laws and uses of Europe: From parliamentary discussions to negotiations with corporatist actors

After the publication of the White Paper on social security reform in April 2005 and its dissemination to corporatist actors, the Law No. 5489 on Social Security and General Health Insurance was brought to the TBMM by the AKP government in April 2005 and sent to the Health, Family, Labor and Social Affairs Commission and to the Planning and Budget Commission in June 2005. In these settings, both political and corporatist actors made use of Europe.

The first set of actors is political, including the AKP government and opposition political parties in the TBMM. The Republican People's Party (Cumhuriyet Halk Partisi,

CHP) the main opposition party in the parliament since 2002 had been critical of the social security reform proposals. The ANAP, MHP and the Democratic Society Party (Demokratik Toplum Partisi - DTP) all participated to the TBMM Assembly discussions in 2006.

A preliminary analysis of the parliamentary discussions in 2006 and in 2008 indicates that it was primarily the representatives of the AKP government that made direct references to the EU membership process. The Minister of Labor and Social Security in 2005, Murat Başesgioğlu, pledged that his ministry was “seeking a reform package that is in accordance with the European Social Model” (Ileri: 2007). Başesgioğlu stated that “We do not want a social security reform imposed on us ...; we are seeking a stable and sustainable social security system in accordance with the European Social Model where the experiences of IMF and World Bank can be valuable assets in the reform process. However we want to enact a reform that is appropriate for our domestic dynamics” (Ileri: 2007). This statement demonstrates the legitimizing use of EU political and cognitive resources for the justification of the social security reform by the AKP government in 2005, just before the launch of the parliamentary process. Emphasizing the domestic dynamics of the reform and its conformity to the European Social Model, the AKP government also claimed credit for introducing reforms itself in an autonomous fashion and not driven by external forces.

The same Minister of Labor and Social Security stated in a speech at a conference organized by TİSK in 2005 that (TİSK, 2005a):

“We want to introduce a reform proper to Turkey’s dynamics in line with the European Social Model...We have prepared this reform in conformance with the realities of Turkey. The reform plans started to be prepared before we had any IMF agreement.... If we do not introduce the reform as of today, we have to introduce more harsh reforms five years or ten years later, as has happened in the European countries because of the aging of their population.”

Accordingly the AKP government aimed to justify the reforms while taking European countries as a point of comparison, using cognitive resources supplied about the consequences of aging populations and the sustainability of social security systems. The AKP government also wanted to argue that these reforms were not introduced because of the IMF, but that the changes were a domestic process although related to the EU membership process. Both of these arguments could be used to legitimize the reform in a country like Turkey where the IMF is never a positive reference.

In the parliamentary discussion of the Law No. 5489 on Social Security and General Health Insurance at the TBMM on April 18, 2006, the Minister of Labor and Social Security, Murat Başesgioğlu, defended the reform, saying “Turkey, in comparison to European countries, has managed to lower social tensions with its culture of solidarity and social assistance mechanisms. However these traditional mechanisms are not sufficient for tackling the current problems arising with economic and societal changes, we now need modern social security institutions” (TBMM, 2006a). In the same parliamentary discussion on the reform package, Başesgioğlu also addressed the public finances of the social security system referring to the EU member countries stating (TBMM, 2006a):

“In 2005 three social security institutions, Bağ-Kur, SSK and ES, have spent 58.5 billion New Turkish Lira which is 12.1% of our GDP. This percentage is low if we compare it to European countries which spend 25% or 30% of their GDP on social security... We should not consider 12.1% excessive. Our problem is Turkey’s high debt that influences macroeconomic stability. If we were not indebted that much, we would be able to dedicate more resources to the social security system.”

Furthermore Başesgioğlu indicated in this speech on April 18, 2006 that the social security reform had four components, but the fourth, a separate law on non-contributory schemes would be prepared later albeit in the near future (TBMM, 2006a).

In the parliamentary discussion of the law on Social Security and General Health Insurance at the TBMM on April 18, 2006; the AKP parliamentarian, Faruk Çelik, argued that the reform of healthcare and the move towards socialization had been on the agenda of governments since 1960’s but it was only the AKP government that brought to the parliament. He said that “...these laws address all segments of the population, we believe that these changes are beneficial for all the population and we know that the society supports and expects these changes” (TBMM, 2006a). This was certainly credit claiming.

The AKP deputy, Mahfuz Guler, who spoke in support of the government position in the TBMM the same day, characterized the administrative component of the social security reform stating that (TBMM, 2006a):

“Those who are specialists on social security systems call for the unity of norms and standards in social security institutions and conforming to EU standards. In fact, this reform proposal establishes the unity of norms and standards conforming to EU standards ...if we were to describe this reform in one phrase. The administrative reform is one the most important reform packages of Republican history, establishing one institution as Social Security Institution and ending the ES, Bağ-Kur and SSK.”

The AKP government also engaged in blame avoidance practices by arguing that the social security reform was necessary for the EU membership process, in order to align social protection standards. In relying on these European political resources, it could sidestep the charge that it was the IMF agreements that was driving the reform, an argument that was used extensively by opposition political parties and anti-reform actors.

Main opposition parties in the parliament were against the parameters of the social security reform and the way that it was brought to parliament, arguing that the AKP government was looking to pass it without any discussion and rush it through. In the way they voiced their opposition to the reform, there were references to the EU and the reform experiences of the European countries.

In the Assembly on April 18, 2006, the ANAP deputy, Muzaffer Kurtulmusoglu, stated that (TBMM, 2006a):

“You call the social security reform a revolution or reform...But can the government tell me where is the reform in this proposal? Citizens of the EU member states can retire after working 5,000 days but you are increasing it to 9,000 days for Turkey...The social security institutions in the EU member states have as resources from 19% to 30% of the state budget. But you are setting the state contribution to the social security institutions at 5% of the budget. With so few resources how are we going to reach in our society the same level of social security as the European countries?”

Deputy Kurtulmusoglu also emphasized that the problems in Turkey and EU countries differ on certain main indicators, saying that “In the EU, four active workers pay for one person’s retirement wage. But even the social security budget of these countries can have deficits due to high healthcare costs and high retirement incomes. In our country, the problem is different because the pension is low and the number of contributors to the system is low” (TBMM, 2006a).

ANAP deputy, İbrahim Özdoğan, also criticized the social security reform proposal as failing to reach EU standards (TBMM, 2006b):

“The Minister of Labor and Social Security, Murat Başesgioğlu, has claimed that they wish to introduce a reform in line with European Social Model. Does the reform proposal conform to the European Social Model? If we look at the financing of social security, the reform proposal is in contradiction with the European standards. EU member countries have different social security systems but we can observe in their system two common characteristics. One is the high level of resources from the GDP dedicated to social security and the second is the state’s high contribution to finance the social security system. ... Social security spending is high not only in the core EU member states but also in the southern European countries. It has increased in the Mediterranean countries. In Greece, social security spending has increased from 11.5% to 26%, in Spain it has increased from 16% to 20% and in Portugal it has increased from 11.5% to 25% from 1980 to 2002. Our government in arguing that 11% is too high in Turkey; it does not consider the transformation in these three Mediterranean countries.”

Özdoğan also insisted that European Social Model was based on a high level of state contribution to the social security system: “Another dimension of the European Social Model is the high contribution of the state to the system...In the EU 15 the state contribution reaches 37% In the EU, the resources dedicated to social security and state contribution has increased considerably in the last 20 years and these two characteristics constitute the differentiating characteristic of the European Social Model” (TBMM, 2006b). Clearly the cognitive resources supplied by the membership process in previous years were being displayed and deployed by these deputies in their use of Europe to criticize the government as too moderate.

In the 89th Assembly of the TBMM, the AKP government responded to these criticisms, by again referring to what it saw to be occurring in the EU. The AKP deputy Agah Kafkas responded to the opposition parties’ criticisms about increasing the retirement age and contribution period, stating that “There is no truth to the idea that the retirement age will be increased to 68 as of tomorrow. It is going to be 65 in 2048 and will be increased over time... The retirement age of 65 is the norm in most of the EU member countries, and we are projecting to be at the same standards with them in 2048 (TBMM, 2006b). The Minister of Labor and Social Security also referred to the standards and norms in the EU for responding to the criticisms on the retirement age and contribution period in the 89th Assembly of the TBMM, stating that “Concerning 65 as the age of retirement and 9,000 contribution days, the

system does not foresee any increase to the retirement age until 2036. The retirement age will be 65 in 2048; this is the case in most of the European Union member states. We will increase the retirement age to the current norms of the EU by 2048-2050” (TBMM, 2006b).

In this parliamentary discussion, the AKP government tried legitimizing and strategic uses of EU resources, so as to deflect the accusation of IMF pressure. Then the representatives of the opposition political parties, mainly CHP and ANAP, could make use of European political and cognitive resources in order to weaken the AKP government’s legitimizing and strategic uses. The opposition political parties pointed to contradictions between the parameters of the Turkish reforms and EU standards and practices in the EU member states.

Another important issue emphasized by the the Minister of Labor and Social Security, Murat Başesgioğlu, at the parliamentary discussions was the consensus among state institutions on the social security reform and the use of social dialogue mechanisms (TBMM, 2006a):

“In December 2002, just after taking office, we met with the Minister of Finance, the Minister of Health, the Undersecretary of the Treasury and representatives of the State Planning Organization and started working on the social security reform. The state institutions all agree on the necessity of the reform....we have discussed the reform with all social partners at the Economic and Social Council, the Social Security High Advisory Board, at the Labor platform.... and we have reflected their reasonable propositions to the reform laws...”

The main barrier to the social security reform process emerged, however, from the institutional veto points in the Turkish constitutional system: President Ahmet Necdet Sezer returned the Social Security and General Health Insurance Law back to the parliament in May 2006 (Çelik, 2007b: 2). After the enactment of the reform laws without any changes at the TBMM, the President took it to the Constitutional Court in June 2006. Following his application, 118 parliamentarians of the opposition political party CHP in the TBMM also applied to the Constitutional Court in July 2006 for the cancellation of some articles of the Social Security and General Health Insurance Law (Çelik, 2007b: 4). The Constitutional Court decided to cancel articles in the name of protecting the acquired rights of the civil servants (Çelik, 2007b: 5-6).

IV.g. Reformulation of the social security reform considering the decision of the Constitutional Court

Following the decisions of the Constitutional Court, the AKP government launched a new process of social security reform that also addressed corporatist actors' objections and emphasized social dialogue with union confederations and civil society organizations. A new study titled *Social Security Reform: New Approach Prior to Implementation* was prepared in May 2007 by Ministry of Labor and Social Security to provide a platform for discussion among political parties, union confederations and employer associations, and civil society (Sosyal Güvenlik Kurumu, 2007).

This 2007 proposal and study were largely based on the White Paper prepared in 2005, but a new draft law was included on Social Security and General Health Insurance that took into consideration the Constitutional Court decisions (Sosyal Güvenlik Kurumu, 2007: 46). The preparation of the proposal allowed the Ministry of Labor and Social Security to develop further the justification for the social security reform and it meant a return to focusing the process of formulation in the hands of bureaucratic actors. In this new bureaucratic process, we see some limited uses of Europe. The Ministry of Labor and Social Security also disseminated the 2007 study *Social Security Reform: New Approach Prior to Implementation* to corporatist actors and political parties.²¹⁸

The 2007 study presents a specific section on international developments and trends in social protection systems, providing a review of the social security situations in the EU member states and OECD countries. Analysis focused on parameters in the pension systems, retirement age, replacements rates, actuarial rate, past earning valorisation rate and structural reforms; including a specific section that explored social protection regimes for public sector workers (Sosyal Güvenlik Kurumu, 2007: 9-12). The EU's Mutual Information System on Social Protection (MISSOC) database for 2006 and 2007 was used for comparing the specific parameters and indicators in this document (Sosyal Güvenlik Kurumu, 2007: 12-21). The

²¹⁸ The AKP government used the Social Security High Advisory Board and the Economic and Social Council to negotiate on the content of the amendments with the corporatist actors on the parameters of the reform. These adjustments are described below.

Ministry of Labor and Social Security used the comparative data to argue that the Turkish reforms were in line with recent changes in the EU member states' pension systems and to demonstrate the ways the unreformed Turkish pension system differed on various indicators, from retirement age to replacement rate (Sosyal Güvenlik Kurumu, 2007: 14-17). In this exercise, the Ministry of Labor and Social Security was involved with the legitimizing use of European cognitive and political resources.

The document also took up the Constitutional Court decisions (Sosyal Güvenlik Kurumu, 2007: 52-53). Following the conclusions of an academic conference on 19-20 January 2007 about the Constitutional Court's decisions, the strategy adopted by the Ministry was to suggest changes to the unification of pension parameters and standardized norms for newly recruited civil servants and public sector workers, but to recommend the exclusion of current civil servants from the new system, thereby respecting their acquired rights (Sosyal Güvenlik Kurumu, 2007: 54). This can be seen as a division strategy between "old" and "new" civil servants and public sector workers, to buy peace from the current civil servants while displacing the costs of unifying the norms and standards on future generations.

However, after the general elections in July 2007, in which the AKP increased its vote share to 47%, and had a majority of seats with 341 deputies in the TBMM, the social security reform lost some of its urgency until the end of 2007. There was also a change at the Office of the President in 2007 following the elections. Abdullah Gül, a parliamentarian and founding member of the AKP, was elected President. Faruk Çelik became Minister of Labor and Social Security in the new AKP government after the general elections of 2007.

The AKP government decided to prepare amendments to the Law no. 5510 on Social Security and General Health Insurance rather than passing new laws in order to address the Constitutional Court's decisions and reflecting the negotiations with corporatist actors. The ESC met to discuss the social security reform proposal on January 2008, just before the government brought the revised laws to parliament (Sosyal Güvenlik Kurumu, 2008). Although corporatist actors expressed certain reservations, the proposal was brought to the Turkish Parliament in March 2008 by the AKP government. The Labor Platform, the umbrella organization of labor and civil servant unions and professional associations, decided to protest the reform efforts of the AKP government and launched a two-hour strike on March 14, 2008.

The union confederations, representing workers, had expressed their frustrations with

the Constitutional Court decision that protected the privileged status of “old” civil servants (Çelik, 2007b). With already apparent ideological difference among the various unions and professional associations in the Labor Platform, this division between workers and civil servants, intensified by the Constitutional Court decision, deepened the differences among the members of the Labor Platform. At the last phase of the reform process, the union confederations such as TÜRK-İŞ and HAK-İŞ became more inclined to negotiate on the content of the reform package with the AKP government. The anti-reform actors (mainly DİSK, KESK, TMMOB and TTB) that were also members of the Labor Platform would reject further negotiations with the AKP government (DİSK, KESK, TMMOB and TTB Basın Açıklaması, 2008).

IV.h.Uses of Europe during the parliamentary discussions of the reformulated social security reform law in 2008

The Law No 5754, as an amendment to the vetoed law on Social Security and General Health Insurance began to be discussed at the Planning and Budget Commission in February 2008 and the new social reform package was brought to the Assembly on March 4, 2008 (TBMM, 2008a). In the discussion of the social security reform package at the Planning and Budget Commission in February 2008, the main issue was a comparison to the previous reform package and again comparison to the situation in the EU was made. For instance, the changes made to regulations pertaining to income increases for actual period of service had been a main point of criticism of the 2006 package as well as was one of the articles that the Constitutional Court canceled (TBMM, 2008a). At the discussion in the Planning and Budget Commission at March 4 2008, the Minister of Labor and Social Security, Faruk Çelik, indicated that (TBMM, 2008a):

“While we were preparing the regulation on the actual service increase for certain occupational groups, we were very attentive not to make any mistakes that could worsen the current situation, in dialogue with our social partners. Accordingly we appointed the Deputy General Director of Insurance Affairs, Celal Özcan, to prepare a study on how the income increase for an actual period of service has been regulated in the EU.”

Celal Özcan then made a presentation following Çelik's speech in the Planning and Budget Commission indicating (TBMM, 2008a):

“The actual service increase concerns professions where the occupation constitutes a risk to the person's physical and mental health in the long term. Accordingly the person in an occupation with higher health risks will have a lower life expectancy than people with other occupations... After the Constitutional Court decision that cancelled the previous reform of the regulation, we have looked at what is the practice in the European Union concerning this regulation. We have made a scientific study to find a fair and objective regulation and to avoid another annulment. We have studied the MISSOC 2007 report that analyzes and compares the social security regulations in the EU countries... We have adopted the EU norms and standards while considering the occupational risk for the regulation on the increase for an actual period of service.”

This example is one of strategic use of EU cognitive resources by the AKP government to disarm its critics and to justify the chosen parametric levels.

Faruk Çelik also referred to the retirement age and contribution period regulations in the EU member states in order to support the reform proposal in the Planning and Budget Commission, stating that (TBMM, 2008a):

“The reform is necessary because of demographic changes as well. Even though we have a young population now, the population is getting older. In France, the percentage of those over 65 in the population was seven in 1865. However 115 years later it reached 14% of the French population. The studies demonstrate that the percentage of population over 65 population will reach 7% in 2012 and will reach 14% in 2039 in Turkey ... The early retirement regime set with ages 38 and 40 is responsible for the worsening of the active-passive ratio; the active-passive ratio in Turkey shows that only 1.9 employees must finance 1 retired person. If we look to EU member states, the retirement age is set at 65 in Italy, 66 in Ireland, 65 in Germany, 60 in France, 65 in Greece, 63 in Estonia.”

In the parliamentary discussions of the social security reform on March 27, 2008, AKP deputy Mehmet Mustafa Açıkalın defended the urgency of the reform (TBMM, 2008b):

“Our country has a young population now but projections of demographic changes demonstrate that it is going to get older, even faster than European countries. We have the lowest contribution period with early retirement and also the highest coefficient for monthly installments in the OECD countries... the contribution period is higher in European countries being as 14,400 days in Austria and Portugal, 12,000 days in Spain, between 14,000 and 16,000 days in the UK.”

Such a statement exemplifies the legitimizing use by the AKP government and its deputies to justify increases in the retirement age and in the contribution period.

The Justice Minister and Government Spokesman, Cemil Çiçek, after the government meeting on April 7, 2008, stated regarding the social security reform proposal that “The social security reform proposal that is discussed in the Turkish parliament is meant to bring alignment with the EU *acquis communautaire* as well as our long-term economic program” (Avrupa Birliği Genel Sekreterliği, 2008). Çiçek also emphasized that the government would implement its undertakings and obligations towards the EU by introducing the reform laws mentioned in the 2007-2013 Turkish National Program for Alignment with the *Acquis communautaire* (NPAA).

The 2007-2013 NPAA prepared by the AKP government indicates that Social Security and General Health Insurance Law and Law on Social Assistance and Non Contributory Payments are considered as legislation usefully enacted between 2007 and 2009 in order to comply with membership conditions.²¹⁹ The NPAA also foresaw passage of a Law on Social Assistance and Non Contributory Payments in 2009, to comply with the European Strategy for Social Inclusion (NPAA, 2007: 255).

V. Corporatist actors in the social security reform process: Uses of Europe by employer associations and union confederations

In the context of social security reform in Turkey, business associations and union confederations were also involved in the reform process. The AKP government claimed that it used social dialogue mechanisms since 2005 in preparing the reform proposals, especially the Economic and Social Council (Çalışma ve Sosyal Güvenlik Bakanlığı, 2008).²²⁰ The Economic and Social Council met four times to discuss the social security reforms in July

²¹⁹ Particularly relevant were directives in equal treatment of women and men (NPAA, 2008: 255). Accordingly the Social Insurance and Universal Health Insurance Law and Law on Social Assistance and Non Contributory Payments would be introduced in order to comply with Directive 79/7/EEC, which addresses the principle of equal treatment for men and women in matters of social security, Directive 2006/54/EC, aiming to ensure the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation (NPAA, 2008: 255).

²²⁰ In Turkey, social dialogue mechanisms operate on several platforms, such as the Economic and Social Council, the Tripartite Consultation Board, the Minimum Wage Committee, the Supreme Arbitration Board and the general congresses and managing boards of the Turkish Employment Organization, the Social Insurance Institution, and the Vocational Qualifications Authority (Öke, 2006: 6). There are also consultative institutions with limited functions to address economic and social problems such as the Turkey and European Community Joint Consultative Committee established in 1963, the High Consultation Board of Social Security, the Labor Council, the Employment Board.

1999, March 2005 November 2005 and January 2008 (Çalışma ve Sosyal Güvenlik Bakanlığı, 2008; Sosyal Güvenlik Kurumu, 2007). The Ministry of Labor and Social Security announced that it had received 179 recommendations from social partners, and 110 of them were reflected in the reform proposal in 2008 (Çalışma ve Sosyal Güvenlik Bakanlığı, 2008: 8). Out of 110 recommendations, 81 of them had been channeled through the ESC.

However the ESC as a social dialogue mechanism has been criticized by the social partners and scholars: it is still dominated by government representatives; it does not allow the social partners to be involved in the decision-making process; and it does not meet regularly (Glynos, Kaeding and Aybars, 2008: 2-5). The social security reform was also discussed in the High Consultation Board of Social Security where ministry representatives, employer associations, union confederations and other civil society organizations were kept informed about social security reform (Öke, 2006: 5). As we have noted, the European Commission Progress Reports had been emphasizing that social dialogue mechanisms must be developed and used more often by the Turkish governments, underlining the necessary changes to the ESC including setting regular meetings of the Council and altering of the Council's composition.

The uses of Europe can be analyzed by consulting the official documents and public discourse of the three main employer associations and three union confederations. The Turkish Confederation of Employer Associations (TİSK), the Turkish Industrialists and Businessmen's Association (TÜSİAD), the Union of Chambers and Commodity Exchanges of Turkey (TOBB) are the main employer organizations and associations in Turkey. TÜRK-İŞ, HAK-İŞ and DİSK constitute the main union confederations. These actors are all represented in the ESC except TÜSİAD who is invited occasionally to the meetings. The analysis here concentrates on whether these employer organizations and union confederations made reference to the EU rules and standards and the EU membership process when arguing for social security reform.

The preliminary analysis indicates that the employer associations acted in the pro-reform coalition and that the union confederations and civil servant unions were the main actors of the anti-reform coalition. Moreover the three employer associations and three union confederations did not equally make use of Europe, either in frequency or manner. Among the employer associations, TİSK and TÜSİAD made direct references to the EU norms and

standards but there were almost no uses made by TOBB. Among the three union confederations, TÜRK-İŞ and HAK-İŞ made direct references to the EU norms and standards but DİSK was not involved with using Europe.

Looking at employer associations, TİSK focused on the social security reform since 2005, emphasizing the need to reduce the imbalances of the system, the urgency to reduce the premiums paid by employers as well as tackling the informal economy in order to increase the number of contributors to the system (TİSK, 2005b). Thus TİSK emphasized the urgency of parliament enacting social security reforms in a declaration dated October 27, 2005. This declaration said “The Social Security System is the largest black hole in public finances. The active-passive ratio and the low level of contributors to the system constitute two main problems of the system...Data indicates that the level of contributors to the system in Turkey is 27.4% per cent of the working population whereas in EU member countries this level reaches 70% to 80%” (TİSK, 2005b). TİSK also made recommendations for social security reform in the Economic and Social Council, which met on November 2005 and in the High Consultation Board of Social Security. An important issue for the TİSK is the management of the new Social Security Institution and its involvement in its administration; it saw a loss of autonomy compared to the earlier SSK (TİSK, 2004).

TİSK recommendations on the social security reform in 2005 insisted that (TİSK, 2008):

“In the EU member states, economic stability, sustainable development and the criteria of Maastricht Treaty have required reduced social security spending. EU member states are obliged also through the Monetary Union to control their budget deficit and inflation on certain standards These developments indicate that social policies should be reformed in light of financial and economic constraints.”

In line with this, TİSK supported the further development of private pensions, in place since 2003, through tax incentives for more active and extensive participation.

After the Constitutional Court decision to cancel certain articles of the reform laws in 2006, TİSK called on the AKP government to cooperate with the social partners when preparing a revision in 2007 (TİSK, 2007). In all this, TİSK has made strategic use of EU resources, in ways intended to allow the confederation to have better access to the policy-making process in order to influence the AKP government agenda and the content of the

reform packages.

TÜSIAD, the Turkish Industrialists' and Businessmen's Association, is a non-governmental voluntary association composed of owners and managers of individual firms, groups of companies and holding companies operating in the Turkish manufacturing and service sectors (Öke, 2006: 11). TÜSIAD has intervened in discussions of the social security reform, especially pension reform, since the late 1990's (TÜSIAD, 1996; 1997). TÜSIAD has defended a multi-pillar pension system, arguing that the deficits of social security institutions and the burden of these deficits on the budget have been the reasons for the transition to a multi-pillar system of benefits.²²¹

In a workshop organized by TÜSIAD called "Reform of the Social Security Systems. Considering International Trends and Developments" in December 2004, TÜSIAD President, Ömer Sabancı, expressed the need to restructure the pension system in order to achieve full membership in the EU. This intervention demonstrated the association's close analysis of EU developments (TÜSIAD, 2004):

"The sustainability of the social security system constitutes one of the major targets of the EU in which Turkey wants to become a member. The Council of the EU has announced the Lisbon Strategy for economic growth and increasing employment. It has been clearly stated in this strategy, one of the conditions for economic growth and increasing employment is the sustainability of the social security system adapted to the changing demographic characteristics and labor markets...It is necessary to reform the pension and social security system in a way to encourage increasing employment, with attention to its impact on the competitive advantage in order to balance macro-economic indicators."

In healthcare, the association was also active. Its 2005 Report, titled *Charting the Way Forward: Health Care Reform in Turkey*,²²² indicated that the accelerated accession negotiations for European Union membership requires the initiation of the Health Transformation Project (described above) (TÜSIAD, 2005b). The report emphasized that the main indicators such as the number of physicians per person, the number of hospitals, the financial resources devoted from the budget and investment by state in healthcare demonstrate

²²¹ The 1997 TÜSIAD report on the restructuring of the social security suggests the introduction of private pension schemes as the third pillar and measures to increase the contribution period and retirement age following World Bank and IMF recommendations.

²²² This research was conducted by a group of experts in cooperation with academics from the Public Health Department at John Hopkins University.

that Turkey is far from the EU standards and the EU member countries' healthcare systems (TÜSIAD, 2005a: 53).

The 2005 reports on pension system and health care reforms were presented to the AKP government at the ESC meeting on November 2005. The new TÜSIAD President, Arzuhan Yalcindag, made five main recommendations to the AKP government regarding the social security reform proposals, emphasizing the strengthening of the third pillar, reducing employer's contribution to the system and increasing state's contribution (TÜSIAD, 2005a). TÜSIAD supported the AKP government reform attempts through 2008.

TÜSIAD was, then, involved with the use of EU resources. Its reports demonstrate the cognitive use of EU legal and cognitive resources in arguing for certain aspects of the reforms concerning the sustainability of the system by improving its efficiency and accessibility while taking EU-level developments of additional pillars based on market mechanisms as an example. The representatives of the TÜSIAD also engaged in strategic uses of Europe in order to influence the AKP government's reform agenda.

TOBB (The Union of Chambers of Commerce, Industry, Maritime Trade and Commodity Exchanges of Turkey) is the largest civilian economic organization in Turkey and is a semi-public organizational partner in official, social and commercial institutions and establishments.²²³ It also participated in the management of the Bağ-Kur, the social security institution for the self-employed. TOBB emphasized the necessity of reforming the social security system, but these declarations do not make direct reference to the EU, at least between 2005 to 2008. Nor were mentions found in the documents of the two other employer associations, the Independent Industrialists and Businessmen's Association (MÜSİAD) and the Confederation of Turkish Tradesmen and Craftsmen (TESK), although they did take part in the key meetings.

Three union confederations; TÜRK-İŞ, HAK-İŞ and DİSK, were involved with the social security reform process, being members of the ESC and Labor Platform. They have different perceptions of EU membership; which also shifted in time influencing their uses of Europe (Alemdar, 2009: 21-22). TÜRK-İŞ (The Confederation of Turkish Trade Unions) is

²²³ In Turkey, merchants and industrialists are obliged to register with the Chamber of Commerce in their respective region and are categorized according to their sectors (Öke, 2006: 2).

the largest central organization of trade unions (Öke, 2006: 9).²²⁴ TÜRK-İŞ is characterized as a state-centric labor union confederation that took an openly anti-EU position after 2000, considering the conditionality of EU membership as threatening territorial integrity and national sovereignty. The Confederation shifted its position towards supporting the EU membership in 2005, however, with the start of the accession negotiations (Alemdar, 2009: 10). A change in leadership and the support of EU membership by some of its member unions such as Kristal-İs and Petrol-İs led TÜRK-İŞ to mention more extensively the EU and its emphasis on improving social dialogue mechanisms as well as the implications of aligning with EU *acquis* when arguing on social policy issues (Alemdar, 2009: 13).

TÜRK-İŞ has been involved with the social security reform process since 2005 especially through the ESC. The Confederation presented to the AKP government a report making recommendations on the social security reform at the ESC meetings in November 2005 and January 2008, in which the union identified the inadequate retirement incomes and healthcare services in Turkey. It called for further state commitment and contribution to the social security system as well as to maintain the autonomy of the institutions and the need for tripartisim in their management (TÜRK-İŞ, 2005a).²²⁵ The 2005 TÜRK-İŞ Report indicated that “In Turkey, fixed state contribution to finance the social security system and state guarantee of fiscal deficits should be implemented mutually as in the EU member countries” (TÜRK-İŞ, 2005a: 2).

TÜRK-İŞ has also published a report in 2006, titled the *European Union and TÜRK-İŞ* that assessed the Turkish welfare state and the social security system, evaluating it against EU standards. The TÜRK-İŞ Report indicates “The problem of funding must be solved according to the country’s realities to ensure that our social security system is providing EU level payments and benefits. Protective health service in the frame of social security system is another fundamental right, which must be provided by the state” (TÜRK-İŞ, 2006: 10). The TÜRK-İŞ report emphasizes that “a structure appropriate to the objectives determined by the

²²⁴ The membership in TÜRK-İŞ is mainly based on workers in the manufacturing sector as well as in certain public sectors.

²²⁵ Confederation of Turkish Trade Unions (*Türkiye İşçi Sendikaları Konfederasyonu*, TÜRK-İŞ), Sosyal Sigortalar ve Genel Sağlık Sigortası Kanunu ve Bazı Kanun ve Kanun Hukmünde Kararnamelerde Değişiklik Yapılmasına Dair Kanun Tasarısı Hakkında Gorus ve Oneriler, 2005 p.2. Available at <http://www.turkis.org.tr/source.cms.docs/turkis.org.tr.ce/docs/file/SSVEGSKTASLAKMET1.pdf>. (Accessed on November 25, 2008)

Nice Summit has to be established in order to be successful in respect to the struggle against poverty and social exclusion” (TÜRK-İŞ, 2006: 10). The 2005 TÜRK-İŞ report emphasizes that the Turkish government needs to attain EU standards and policies on old age benefits, death insurance and survivor benefits.

TÜRK-İŞ made strategic and cognitive uses of Europe during the social security reform. The TÜRK-İŞ reports exemplify the use of EU legal and cognitive resources in arguing for the content of the social security reform proposals. The Confederation engaged in the strategic use of Europe in order to have access to the decision-making process and for bargaining with the AKP government about the content of the social security reform proposals.

HAK-İŞ (the Confederation of Real Trade Unions) has been an active union confederation during the social security reform (Öke, 2006: 9).²²⁶ HAK-İŞ is a member of the ESC and its representatives attended the ESC meetings on social security reform in 2005 and 2008. HAK-İŞ is characterized as a trade union close to conservative political parties and to the Islamist movement in Turkey. It had an anti-EU stance during the 1990’s (Duran and Yildirim, 2005: 228). However HAK-İŞ also changed its position, encouraging relations with the EU since the 2000’s and has a close relationship with the AKP government²²⁷ (Doğan, 2003: 34; Alemdar, 2009: 18). Alemdar (2009: 19) explains the change in HAK-İŞ attitude towards the EU as linked to the supportive position towards accession adopted by the AKP. HAK-İŞ is a member of the EU-Turkey Joint Consultative Committee and participates in the activities of the European Trade Union Confederation (ETUC) (Alemdar, 2009: 19; Duran and Yildirim, 2005: 235).

Among the three union confederations, HAK-İŞ is characterized as having the most cooperative approach to state institutions and the bureaucracy. In this regard, HAK-İŞ has benefited extensively from EU resources on social dialogue and pre-accession assistance funding.²²⁸ The HAK-İŞ has developed considerable research capacity involving the EU *acquis* through, among other things, research entitled *EU-Turkey International Social Security*

²²⁶ HAK-İŞ members are concentrated in private industry and the municipal sector.

²²⁷ Two key leaders of HAK-İŞ were elected as AKP deputies in the 2002 elections (Alemdar, 2009: 18).

²²⁸ HAK-İŞ has actively participated to the MEDA Program for Civil Society: Trade Union Dialogue from 2002 to 2003 (Alemdar, 2009: 20; European Commission, 2004).

Norms: Harmonization and Transposition begun in 2007 by Sadi Ekdemir²²⁹ and published in 2009. It reviews and translates the social EU *acquis* and compares the Turkish legislation to that of the 27 member states, via a comprehensive analysis of pensions, labor law, social protection, unemployment and social assistance (HAK-İŞ, 2009). HAK-İŞ' approach towards the EU in this and related projects implies cognitive and strategic use of EU legal, financial and political resources since 2002.

The HAK-İŞ President Salih Uslu insisted on the crucial importance of the EU membership process in Turkey for the improvement of social rights (Uslu, 2004). At a Social Policy Conference organized at Istanbul University titled "Reform Proposals of the Social Security System" on 16 December 2005, with the participation of the Minister of Labor and Social Security, union confederations and academics, HAK-İŞ Vice-President, Mahmut Arslan, gave an assessment of the reform proposal by referring to EU rules and norms: "The sustainability of the social security system is emphasized by the EU Lisbon strategy that identified it as one of the main conditions of long-term economic growth and increasing employment.... In a more recent initiative in 2005, the EU prioritizes increasing the modernization of social protection, the quality and extent of social assistance and services" (Hizmet-İş, 2005).

The most remarkable aspect of Arslan's speech deals with the social assistance component of the reform (Hizmet-İş, 2005):

"It is not possible that social insurance provides protection for the all risks including poverty, which means an increasing demand for institutionalized social assistance and social services. Social assistance can not be organized through charity organizations based on philanthropy but should be considered a state's main responsibility and a part of individual rights.... The European Social Charter calls for framing social assistance and services as legal rights ... The EU Reports ask the Turkish government to tackle poverty and improve social inclusion that necessitates the reform of social assistance and services."

Arslan defends a comprehensive approach to the social security reform that would include reform measures addressing informal employment in order to increase contributions and coverage. The approach of the HAK-İŞ cadres demonstrates the use of EU legal and

²²⁹ Sadi Ekdemir is an expert on social security and labor law and an ex-bureaucrat who worked from 2000 to 2004 at the EU Coordination Department of the Ministry of Labor and Social Security. He worked previously as a consultant to TİSK for the preparation of a report on EU *acquis* on social policy and employment in 2005.

cognitive resources in order to shape the content of the social security reform.

HAK-İŞ made eight recommendations at the ESC meeting in January 2008. HAK-İŞ was involved with a strategic use of EU cognitive and legal resources in ways that increased its role in the policy-making process and that allowed negotiation with the AKP government on specific parameters of the reform. As a member of the Labor Platform, HAK-İŞ participated in the two-hour strike protesting the social security reform proposal brought to parliament in March 2008. HAK-İŞ has negotiated along with TÜRK-İŞ on the social security reform proposal with the AKP government, reaching compromises on certain parameters.

DİSK (the Confederation of Progressive Trade Unions) established in 1967, is known as the confederation of unions with a left orientation and was banned following the military coup of 1980. It reinitiated its activities only in 1992 (Öke, 2006: 9). DİSK has been against the reform proposals for the social security system suggested by the AKP. But DİSK has also established close relations with the EU institutions since the mid-1990's by being a member of the ETUC and having a permanent representative in Brussels (Alemdar, 2009: 17). DİSK's anti-imperialist discourse that criticizes privatization and neo-liberal policy choices was complemented by a political agenda on human rights and democratization (Alemdar, 2009: 17). DİSK supports Turkey's membership in the EU²³⁰, arguing that it will benefit workers and unions. DİSK President, Süleyman Çelebi, indicates that "The EU is not only an economic union; it has a social character as well Turkey is required to make changes to its social policies and improve Turkish workers' social rights..." (Doğan, 2003: 33-34).

Even though DİSK is a member of Economic and Social Council, the confederation attended only the November 2005 ESC meeting, refusing to attend the ESC meeting in January 2008. DİSK presented a report criticizing the social security reform proposal to the Ministry of Labor and Social Security at the Tri-partite Consultation Board in November 16, 2007, stating that "As the one of 2006, the new proposed reform does not satisfy the needs of the workers ... In the EU member countries, half of the public budget is dedicated to social security and health care whereas in Turkey the social security and healthcare budget do not reach one fifth of the state budget" (DİSK, 2008). DİSK has been critical of the social security

²³⁰ DİSK participated in the MEDA Program for Civil Society: Trade Union Dialogue and benefited from ETUC experts' training through MEDA funding from 2002 to 2003 and developed a team of expert on EU *acquis* and social policy priorities (Alemdar, 2009).

system reform, as it would lead to cuts in pensions and curtailment of workers' rights.

Two other union confederations were also involved with the social security reform process, the Confederation of Public Unions (KAMU-SEN) and the Confederation of Public Worker Unions (KESK). KAMU-SEN and KESK were against the implementation of the social security reform since 2005 because civil servants and workers in the public sector would lose their privileges (Öngün, 2011). KESK, a leftist union confederation of public sector workers that had legal status problems until the 2000's, also used EU resources by participating in the MEDA Program for Civil Society: Trade Union Dialogue (Öngün, 2011: 212). Although KESK adopted an anti-imperialist approach and opposed the EU membership process, it has shifted its approach towards EU and relationship with ETUC since 2001 (Öngün, 2011: 215). However this did not translate into an extensive use of EU resources in its activities.

The most important professional association, active during the social security reform process, is the Turkish Medical Association²³¹ (*Türk Tabibler Birliği*, TTB). TTB was the most vocal opponent of the Health Transformation Project (HTP) since its initiation in 2003 and the social security reform proposals since 2005. TTB associated the HTP program with commercialization and privatization of healthcare services for patients and healthcare professionals (*Türk Tabibler Birliği*, 2007). In the official documents and statements of the TTB on social security reform, I did not find uses of Europe.

This analysis of the discourse and official documents of the employer associations and union confederations regarding the social security and health reforms reveal that corporatist actors have referred to the EU in order to argue for or against certain characteristics of the social security reform. Employer associations and union confederations that are involved more with the EU membership process, TİSK, TÜSIAD, TÜRK-İŞ and HAK-İŞ, have made more references to the EU in arguing for the social security reform. TÜSIAD and TİSK make cognitive and strategic uses of EU legal, political and cognitive resources, arguing that the unreformed social security system was far from the EU standards and norms. TÜRK-İŞ made

²³¹ The Turkish Medical Association was established and recognized as an official association in 1928 based on the law on practicing medicine and recognized as the representative of its members in 1953 with the Law on the Turkish Medical Association, allowing it to require compulsory membership and collect contributions.

strategic use of EU legal and political resources, comparing Turkey to the EU in order to argue that the reforms were not introducing standards and rules as in the EU member states. HAK-İŞ strategically and cognitively used EU resources that increased its access to the policy making process while engaging in negotiating with the AKP government. Accordingly among the union confederations and employer associations, the pro-EU stance and involvement with the membership process can be related to the uses of Europe by employer organization and union confederations (Alemdar, 2009).

The analysis of the social security reform process provides rich research findings on the uses of European resources by various domestic actors. In this long reform process, uses of Europe allowed the AKP government to balance policy seeking and vote seeking objectives. By making legitimizing uses of Europe, the AKP government aimed to lower the opposition of political parties and union confederations when justifying the reforms. The relation of the bureaucratic actors to the EU resources is more complex. The bureaucratic actors benefited from cognitive resources on various aspects of the reform, everything from social inclusion to employment. An important finding of this chapter is about the role of bureaucratic actors in institutionalizing EU policy initiatives. What is less clear, because of lack of data, is whether the bureaucratic actors made strategic uses during the reform process. The analysis of corporatist actors is informative about the differences in uses among these actors, seemingly closely structured by each of their stance towards the EU. In all case we could observe uses of Europe strategically chosen by the actor to serve its goals.

Conclusion

This thesis aims to analyze empirically and to explain theoretically the uses of Europe in Turkey during the EU membership process. It asks how, if at all, European resources were used during the reforms of the social security system and labor law, including the reorganization of the Turkish employment agency, paying attention to their timing and their content. In order to understand the uses Europe in these policy reforms in Turkey, it asks whether, where, and how domestic actors were using EU resources, references and policy developments within the dynamic processes of reform.

To respond to the main question of this dissertation, the theoretical approach Uses of Europe is adopted, because as an approach it aims to provide a dynamic understanding of Europeanization by focusing on the domestic actors' use of various resources made available by the European Union. The approach is meant to be a more appropriate way of addressing some of the questions about the impact of the European Union in member and candidate states than existing approaches to Europeanization. The focus of the approach is the resources supplied during a membership process. Here the Uses of Europe is also applied to welfare state reforms, which is a too-often ignored policy field in Europeanization studies.

This research responds to the “when” question, through two hypotheses about the contextual conditions. In order to answer questions about “how” Europe is used, I mobilize theoretical tools and concepts developed in the welfare state change literature drawing on the findings of the research on formal institutions, partisan politics and policy legacies. The theoretical framework in this thesis incorporates these contributions into analyses of the uses of Europe during welfare state change. This addition is particularly relevant for addressing one main question of this thesis: why was it so difficult for Turkish governments to institute reforms in the 1990s.

The empirical analysis of the reforms of labor regulations, the social security system and the restructuring of the employment agency uses process tracing and provides rich findings on the contextual conditions for the uses of Europe and particularly Turkish actors'

cognitive, strategic and legitimizing uses of EU legal, financial, institutional, political and cognitive resources.

This chapter considers the implications of the empirical findings, both the hypotheses examined in the empirical chapters on social policy reforms in Turkey and more generally on the explanatory power of Uses of Europe approach.

I. Contextual conditions for uses of Europe: Examining two hypotheses

The Uses of Europe approach, advanced by Graziano, Jacquot and Palier (2011) and Woll and Jacquot (2010) to analyze the role of EU resources in welfare state reforms, uses both deductive and inductive reasoning. The proponents suggest two hypotheses that orient us to examine the contextual factors that are the necessary conditions for various uses of Europe. The first research hypothesis is concerned with general political context and the relationship of each country with Europe, indicated by elite attitudes and public opinion. Graziano, Jacquot and Palier argue that if elites and public opinion are in favor of Europe, we expect to observe positive and explicit uses of Europe with major changes in the social policy field under examination. If both elites and public opinion are Euroskeptic, it is expected that there is either no use of Europe or a denial of any use.

I have examined this hypothesis in Chapter II by analyzing the political elite's attitude and public opinion in Turkey from 1999 to 2008. Although the goal of EU membership has an "above politics" character in Turkish politics, having been an objective shared by the main political actors, the attitude of political parties to the specific conditions of membership is a better indicator of their consequential attitudes. A divide on the necessary conditions for membership rather than membership itself shapes the main political parties' appreciation of the accession process and its conditions. Accordingly, considering the position of political parties since the recognition of candidacy status in 1999, the coalition government established among the Democratic Left Party (*Demokratik Sol Parti*, DSP), the Nationalist Movement Party (*Milliyetçi Hareket Partisi*, MHP) and the Motherland Party (*Anavatan Partisi*, ANAP), from 1999 to 2002, had only a weak commitment to the political and economic reforms required for EU membership; the coalitional partners had significantly different stances

regarding membership conditions and the reforms needed for fulfilling the Copenhagen criteria. In contrast the Justice and Development Party (*Adalet ve Kalkınma Partisi*, AKP) government elected in 2002 demonstrated a stronger commitment to EU membership and the political will to introduce the necessary economic and political reforms to comply with membership conditions after accession talks were opened.

Established in 2001, the AKP appeared as a “reformist” political party, supporting EU membership, democratization and modernization while defending conservative values with religious overtones. As the main figures of the AKP such as Recep Tayyip Erdoğan and Abdullah Gül were involved in Islamist political parties, there were initially questions about their political and economic intentions. Following the 2002 election victory, however, it became clearer that the pursuit of EU membership served the AKP political cadres. It helped them to overcome some of the legitimacy problems they had because of the party’s roots in political Islam. It served as an empowering tool domestically and as a way of sustaining the pace of democratization and economic reforms. In this way, the AKP government widened its societal support, uniting different groups around the reform while deepening its legitimacy; pursuit of EU membership was a means of building a broad-based electoral coalition (Öniş, 2009).

However since the launch of accession negotiations in 2006, the AKP government has shown less enthusiasm for EU membership, following from a certain reform fatigue and from the negative reaction of several EU member states and leaders to the idea of Turkey’s membership. There were important domestic developments that changed the priorities and reformist agenda of the AKP government, including increasing conflicts with secular state institutions. The 2007 election results, where the AKP increased its support among voters, deepened its legitimacy and allowed it to consolidate its power; it had no need to play the “Europe card.” At the same time, the EU was dampening any perspective of immediate membership for Turkey. The Negotiating Framework for launching accession negotiations described negotiations as open-ended. The debates among the member states on the “Europeanness” of Turkey and the discourse of European leaders during the negotiations of the Framework for Accession also influenced the AKP’s position. This change of attitude was not expressed as abandoning the goal of membership but as a change in the governmental

agenda, which has placed lower on its agenda the remaining political and economic reforms necessary for the evolution of the accession negotiations.

Public opinion has been in general supportive of Turkey's membership in the EU but fluctuated in time. The analysis of the survey data and Euro-barometer data on Turkish public opinion towards EU membership demonstrates that the support for EU membership from 1999 to 2006 has been high in Turkey, reaching over 70% percent in 2004. However public support has declined towards 50% starting in 2006 and fluctuated between 45% and 60% until 2009. Thus analysis of the data clearly demonstrates solid support in public opinion for EU membership from 1999 to 2006, but also a declining trend from 2006 to 2009.

The analysis of the contextual conditions of political elite attitude and public opinion support for EU membership would lead, according to this hypothesis, to wide-spread observed uses of Europe. The main empirical chapters examine whether this was the case or not.

The process-tracing analysis of the reform of labor law, the reorganization of the employment agency and the restructuring of the social security system provide a general but limited confirmation of this hypothesis. In the process of labor law reform and the reorganization of the employment agency from 1999 to 2003, there was a limited using of Europe and reliance on EU resources by the DSP-ANAP-MHP coalition government. But the uses of Europe by the coalition government actors, bureaucratic actors and corporatist actors increased in 2001. In both reform processes from 2002 to 2003, the AKP government made a variety of uses of Europe. Corporatist actors, especially business associations, have more extensively used EU resources and the bureaucratic actors' reliance on EU resources increased substantially. Although the findings demonstrate more extensive uses of Europe from 2002 to 2003, in the analysis of both reform processes the test of the first hypothesis is limited, as there was little difference in attitudes over the first phase of the reform and the second phase.

In the first phase of the social security reform from 1999 to 2001, process-tracing research found no uses of Europe by the ministries, bureaucratic and corporatist actors and including the members of the DSP-ANAP-MHP coalition government. The process of the macro social security reform from 2003 to 2008 provides a better test because it has carried over a more extended period, and attitudes toward membership cooled in the later years. In the reform process from 2003 to 2005, the research demonstrates recurrent and continuous uses of

Europe by the AKP government, opposition political parties and corporatist actors. The parliamentary discussion of the social security reform laws during 2005 and 2006 is an important indicator demonstrating the positive and increasing uses of Europe by the AKP government and opposition political parties. Following the Constitutional Court decisions on the reform laws in 2006, the parliamentary part of the reform process was re-launched in 2007. The analysis of the parliamentary discussion in 2007 and 2008 found frequent uses of Europe especially by the members of the AKP government during the debates on the reform laws. The uses of Europe by bureaucratic actors increased slightly in the period from 2007 to 2008.

The second research hypothesis proposed by Graziano, Jacquot and Palier (2011: 8) suggests a correlation between the amount and type of EU resources used and the institutional relationship between a country and the EU. Chapter III on the EU instruments and on various resources for the reforms of the social security system (2008), labor regulation (2003) and the restructuring of the employment agency (2003) in Turkey addressed this second hypothesis. The analysis of the EU instruments and resources support the causal assumption of the hypothesis: with the evolution of the institutional relationship from the recognition of candidate status in 1999 to the launch of accession negotiations in 2005, there was an increase in resources made available. This pattern is most evident for financial resources, where the amount of financial assistance for reforming and extending social and employment policies increased considerably from 1999 to 2008 under various programs, from the Mediterranean Economic Development Area (MEDA) to the pre-accession assistance program to the Instrument for Pre-Accession Assistance (IPA).

The findings on the institutional and legal resources confirm also the research hypothesis. There were increasing institutional resources in the period from 2004 to 2008 that allowed the Turkish state to participate in various programs and attend the EU Committees on social and employment policy as compared to the first phase from 1999 to 2004. Legal resources also increased, especially with the start of accession negotiation in 2005, when EU institutions redoubled their emphasis on the *acquis communautaire* and on the directives concerning the specific chapters. There was an apparent change from to the first phase (1999 to 2004) where it was compliance with the political criteria that were the main focus.

With respect to political resources in the EU instruments providing the arguments for

the reforms, these resources have changed significantly over the whole period from 1999 to 2008. In the first phase (1999-2004), the political resources were available to argue for reforms in order to start the accession negotiations. In the second phase, the emphasis turned to the need to comply with specific conditions of the negotiation chapters for the goal of EU membership. In both periods opponents and enthusiasts of EU membership had the resources to hand to make their case.

The findings on cognitive resources are less conclusive about the second hypothesis. The detailed research did not find a change in the use of cognitive resources with the evolution of institutional relationship from the first phase (1999 to 2004) to the second phase (2005 to 2008). Despite this pattern, there are no contradictory results; we do not observe a fluctuation or decrease in either type of resources.

The more appropriate conclusion is that cognitive resources in the EU instruments have been qualitatively constant. Cognitive resources are related to European-level social and employment policy developments. This is no doubt due to the constancy in the European Union's own positions since Lisbon about the need for higher employment rates and labor market flexibility (European Commission, 2007f).

The research findings of Chapter III demonstrate as well the two phases of the EU membership process from 1999 to 2008. In the first phase from 1999 to 2004, the main focus of the institutional relation was on compliance with the political criteria. Following the Council of the European Union's decision in 2005 to launch accession negotiations, which confirmed that Turkey sufficiently met the political criteria, the focus of the institutional relations was on specific chapters, including social policy and employment in the second phase from 2005 to 2008.

The above findings do not contradict the research hypothesis under study, but it is less clear how to explain the relation between increasing EU resources and the uses of Europe. The process-tracing analysis of the early phase of the social security reform process in 1999 is supportive of the causal argument of the second research hypothesis. As the institutional relationship between Turkey as a candidate for membership and the EU, resources increased and so too did the use in Turkish domestic politics of those resources.

During the first phase of the social security reform undertaken by the DSP-ANAP-MHP coalition government in 1999, the analysis of various policy documents prepared in the Ministry of Labor and Social Security including the parliamentary discussions demonstrate almost no use of Europe by the coalition government or by opposition political parties. This can be explained through the difference in the timing between the implementation of the social security reform (from June to September 1999) and granting of candidate status for EU membership to Turkey (December 1999). This finding confirms that the existence of a relationship is a necessary condition for the uses of Europe. Without recognition of candidacy there are few EU resources available and we do not observe uses of Europe, even by those who were supporters of candidacy. Rather, they relied on a longer-standing relationship with the World Bank and International Labour Organisation to develop the reforms. It is only with the preparation of the 2001 National Programmes for the Adoption of the Acquis (NPAA) following the 2000 Accession Partnership Document that referred to both social security and labor law reforms, that our process-tracing began to uncover and reveal that the available cognitive, legal and financial of EU resources were being used.

There were similar findings in the process-tracing analysis of the restructuring of the employment agency from 1999 to 2003. In the early phase of the reform in 1999, the restructuring of the employment agency occurred from June to September 1999. That was just prior to Turkey gaining candidate status in December 1999. There were few EU resources available in the early phase and even these few were not used by the coalition government. It preferred to justify the change in terms of the internal needs of Turkey.

However the preparation of the Accession Partnership Document in 2001 and the NPAA in 2001 changed the resources available for the political and bureaucratic process of establishing the Turkish Employment Agency. The reform process was full of references to practices in EU member states as well as the need to respect the conditions of membership.

The reform processes of the labor regulation and restructuring the employment agency have coincided with the first phase of the institutional relation where EU resources were most limited. However in both reform processes, the process-tracing research finds cognitive, strategic and legitimizing uses of legal and financial resources. This often came, however, somewhat indirectly.

One major issue in reforming labor regulations was job security. The DSP-ANAP-MHP government has included the law on job security in the 2001 NPAA as one of the short-term measures to be implemented in a year. However this legislation was not required by the EU *acquis* because the Commission encourages following the ILO Conventions on job security. The union confederations continued to rely on Turkey's signature of this Convention when making their claims.

However, process-tracing also uncovered a major strategic use of Europe by Yaşar Okuyan, the Minister of Labor and Social Security, to push this legislation through the Turkish Grand National Assembly (*Türkiye Büyük Millet Meclisi*, TBMM) despite the opposition of business associations. He claimed it had to be passed because it was a condition of membership, thereby disarming the opposition of employers. Concerning the reform of the Turkish Employment Agency, the story was one of major financial resources, coming from the EU's Active Labour Market Strategy Programme from 2003 to 2006 with a budget of €50 million. The bureaucratic actors have used strategically EU financial resources in institutionalizing the policy orientation and in investing in the delivery of services through local offices.

The research also found rising legal, financial and political resources available in the social security reform process since 2007 have led to more extensive uses by bureaucratic actors. The increasing legal resources and financial resources have been more apparent in the later phase of the reform, represented by the capacity-building project for the Social Security Institution initiated in 2007 that led to a more extensive use by the bureaucratic actors.

Accordingly the findings of the research support in a general way both hypotheses about the contextual factors that are necessary conditions for uses of Europe. In the period from 1999 to 2008, there was considerable political elite and public support for the EU membership in Turkey and the institutional relationship between Turkey and the EU provided substantial resources. However this research is less conclusive on the causal assumptions of both research hypotheses proposed by the Uses of Europe approach. The necessary conditions, as considerable political and public support for the EU and adequate EU resources, are important in having a partial response to the "when" research question. But it is less

informative about the process (“how”) by which European resources were used in social and labor reforms.

Overall, process-tracing leads to the conclusion that there is no direct connection between the extent of EU resources available and their use in Turkish politics. The EU may control the supply, but it is the domestic actors who are the key to them being translated into practice.

II. Explaining Uses of Europe: Integrating institutional settings, partisan politics and actors’ strategies and practices

The Uses of Europe theoretical approach is adopted in order to address the main research question of this dissertation. I have argued for the theoretical advantages and empirical utility of adopting the Uses of Europe approach with the review of the literature on social policy change and Europeanization in Chapter I. Nevertheless I also argued that this approach does not sufficiently address how a certain type of use of Europe is adopted by specific national actors in a policy sector. Therefore I propose to mobilize theoretical concepts developed in the welfare state literature drawing on the findings of the research on formal institutions, partisan politics and policy legacies. Moving beyond the two hypotheses put forward by the originators of the approach, the goal is to analyze the strategic behavior of actors in using EU resources in the process of social policy reforms. To do so, I examine inductively via case studies whether Europe is used in a cognitive, strategic or legitimizing way. A main conclusion is that the type of use depends on the domestic actors’ interest and coalition-building strategies in the reform process rather than the use being related to the stage of the relationship between a candidate country and EU (Graziano, Jacquot and Palier, 2011) or the uses of Europe varied according to the phases of policy making suggested by Jacquot and Woll (2003) and Woll and Jacquot (2010: 116).

Here I present in a synthetic way the findings of the process-tracing analysis of the reforms of the social security system and labor law and of the restructuring of the employment agency. I focus on each reform process demonstrating the findings on the various uses of Europe and discussing their implication for this inductive method.

II.a. Uses of Europe in the reform of the Labor Act, 1999-2003

The analysis of the reform of the Labor Act from 1999 to 2003 demonstrates various uses of Europe by Turkish actors. There was extensive cognitive use of EU legal resources by the tripartite Scientific Committee, composed of nine experts representing the government, the employers and the employees. They made ample use of the reasoning drawn from several key Directives in the preparation of the new Labor Act. This Committee had the character of being an epistemic community as well as being having a tri-partite corporatist character. Yaşar Okuyan, the Minister of Labor and Social Security, from the ANAP (the center-right) coalition partner in the government, was key in setting up this Committee. He considered it to be a way of negotiating with both employees and employers by means of a committee of experts where the EU Directives could serve as a basis for reaching agreements among corporatist actors and the coalition government.

After the Scientific Committee, it was the DSP-ANAP-MHP coalition government and the AKP government that made most use of Europe, and in a variety of ways. From 2000 to 2002, the DSP-ANAP-MHP coalition government made strategic use of EU political resources, by tying the law on job security to the short-term priorities of the NPPA and the accession process. Considering the fragmented power of the executive branch under the coalition government of the DSP-ANAP-MHP, Yaşar Okuyan and the bureaucracy of the ministry included the law on job security as one of the short-term priorities of the NPAA in order to force its enactment by the parliament. The Minister of Labor and Social Security was quite open about this strategic use of the 2001 NPAA priorities, aiming to force the employers' representatives to "choose" between their support for accession and their opposition to the job security legislation. At the same time he could appeal to deputies close to the unions, who had been seeking such protections for years. This was a kind of "policy seeking" strategy, derived from the coalition's bargaining strategy in the corporatist arena, especially to draw in the union confederations, as well as being a vote-seeking objective in preparation for the up-coming elections in 2002.

Following the 2002 elections, the AKP government re-launched the process for the revision of the Labor Act taking the draft prepared by the Scientific Committee as a reference. In line with the theoretical expectations of neo-institutionalism, the AKP government

deployed credit claiming as well as legitimizing and strategic uses of Europe during the reform process. AKP credit-claiming practices involved arguing that the changes were in line with European policy orientations and were conditions for membership that this government could produce where the previous one had failed. On the one hand, the employer associations (TİSK, TÜSİAD and TOBB) made strategic uses of EU legal resources when they argued for greater flexibility in labor regulation, using the claim that this was the “European Way” of doing things and gaining access to the policy-making process. On the other hand, the research shows a more limited use of Europe by the union confederations in the reform process.

The strategies and practices of the DSP-MHP-ANAP government and the AKP government illustrate how the strategic and legitimizing uses of Europe allowed the governments to negotiate with the corporatist actors and communicate the reforms laws to the public. In this process, both governments sought to balance policy seeking and vote seeking through the practices of strategic and legitimizing uses of Europe. The main difference between the DSP-MHP-ANAP government and the AKP government is related to the level of concentrated power that they could count on. The fragmented power of the DSP-MHP-ANAP government led to the strategy of Yaşar Okuyan of including the law on job security in the 2001 NPAA in order to push it through parliament and also to the reform not being accomplished until later when both the European Union was supplying more resources. In addition, despite the opposition of the more left-wing Republican People’s Party (Cumhuriyet Halk Partisi, CHP) to the reform of the labor law, the AKP government had the majority in the TBMM and could act more easily.

The AKP government has negotiated with corporatist actors, making legitimizing use of the EU membership in communicating the new labor law. Both governments sought to compensate the corporatist actors either by compromises on certain articles of the law or by promising changes in other social policy or employment legislation. For example, the strategic use of EU legal resources on flexible work arrangements by the employer associations allowed them to pressure the AKP government into negotiating some changes in the content of the new Labor Act.

The analysis of the labor law reform process in Chapter IV demonstrates also the “creative” uses of EU resources by national actors. This means that these actors, either

governmental or corporatist, selectively took up EU resources that were most appropriate for their agenda. During the labor law reform process, the AKP government and the employer associations focused on EU Directives on flexible working arrangements which were what they hoped to extend into Turkish law. Taymaz and Özler (2004 and 2005) conducted a detailed legal analysis of changes comparing the previous Labor Act (no. 1475) to the new Labor Act (no. 4857) taking the EU package of directives as the comparison criteria. Their analysis demonstrates that the new Labor Act corresponds better to the EU directives than the previous one. However their analysis also shows that the new Labor Act has serious shortcomings with respect to specific aspects of the directives and fails to adopt fully European labor standards. Ehmke (2009) reaches a similar conclusion, arguing that certain aspects of the new Labor Act are even contrary to some EU directives. Çelik (2004a) argues that despite the government and the employer associations' emphasis on adopting the EU directives on flexibility arrangements, the final version of the Labor Act reflects a very selective adoption of the EU law, that which most suited the preferences of the government and employers.

The analysis of the Labor Act reform process illustrates how the various uses of Europe, either cognitive, strategic or legitimizing, depend on the national actors' interest and coalition-building strategies in the reform process rather than the stage of that process.

II.b. Reforming the employment agency. Creating the Turkish Employment Agency, 1999- 2003

The restructuring of the Turkish employment agency is also taken up in Chapter IV and it is also a process that reveals varied uses of Europe by national actors. The launch of the restructuring process was tied to a different reform, that of the unemployment insurance that the DSP-ANAP-MHP government introduced in 1999 in combination with social security reform laws (Law No. 4447) after only four months in office. Combining the social security reform with unemployment insurance was part of the compensation strategy by the coalition government in order to weaken the opposition of the union confederations. Even if the contributions to the unemployment insurance regime were to be collected by a new Social Security Institution, management of the funds was to be a major responsibility of the new

Turkish Employment Agency. In this early phase, the coalition government focused on passing the social security reform laws combined with the establishment of unemployment insurance because it faced opposition from corporatist actors on several matters. In October 2000 it tried to move forward by issuing a decree (No. 617) for the establishment of the Turkish Employment Agency but this institutional ploy was blocked. Such a complex institutional process to implement the unemployment insurance regime was largely related to the reaction of the corporatist actors that had diverging agendas concerning unemployment insurance and related restructuring of the employment agency. Considering the fragmented power situation, acting by decree seemed to the DSP-ANAP-MHP coalition government a possible obfuscation strategy in order to prevent further parliamentary discussions of the controversial dimensions of the reform. However the opposition political parties, specifically the Virtue Party (*Fazilet Partisi*, FP), seized the veto points available by applying to the Constitutional Court for the cancellation of Decree no. 617 in 2001. The Court exercised its veto, on the grounds that using a decree in these circumstances was inappropriate and parliamentary legislation was necessary to set up this new institution.

In line with the theoretical expectations of neo-institutionalism' understanding of the effects of partisan politics, such obfuscation strategies adopted by a coalition government in introducing the controversial reform laws were predictable. They demonstrate as well the saliency of the institutional power fragmentation in a parliament with only a coalition government and the importance of available of institutional veto points. Following the Constitutional Court decision, the Turkish Employment Agency was enfeebled because it lacked the necessary legal framework.

This complex process that created a certain vacuum for the establishment of Turkish Employment Agency has also coincided with the larger supply of various EU resources for employment policy made available by the Accession Partnership Document and the related NPAA's and regular reports. Nonetheless, despite the ample EU resources available to complete the restructuring, (re)establishment of the Turkish Employment Agency lost its urgency and dropped far down the coalition government's agenda in 2001.

The bureaucratic actors of the newly restructured Turkish Employment Agency, facing serious financial shortages without a solid legal framework to conduct its activities, however,

and despite being somewhat in limbo made extensive cognitive use of EU cognitive and political resources for institution-building and for introducing active labor market policies, arguing that it needed to develop a national employment strategy in line with the EES and implement active labor market policies in line with the EU recommendations during 2002 and 2003. The cognitive uses by bureaucratic actors were also important in communicating the new policy goals of the Turkish Employment Agency to corporatist actors and in setting the AKP government agenda for the new policy orientation of the Turkish Employment Agency.

The AKP government established the Turkish Employment Agency on solid ground via legislation this time, making use of both European cognitive and political resources in 2003. On the one hand, during the parliamentary discussions, the AKP made legitimizing use by tying the restructuring the Turkish Employment Agency to the membership conditions. The AKP has also made cognitive use, by aligning the reform with the EES during the preparation of the laws and mentioning it in the preamble of the reform law. Following the establishment of the Turkish Employment Agency, the AKP government claimed credit for modernizing the employment agency and services, vaunting them as the modern way to tackle employment problems in Turkey, benefiting from the financial assistance provided by the Active Labor Market Strategy Programme, appealed to by the bureaucrats of the employment agency.

The process-tracing analysis of the restructuring of the employment agency is indicative of how the various uses of Europe, either cognitive or strategic or legitimizing, depend on national actors' interest and coalition-building strategies in the reform process. The cognitive use by bureaucratic actors of European Employment Strategy (EES) and EU policy developments, particularly the management cadres of the new Agency, shaped the policy orientation of the institution. There was strategic use by the Turkish Employment Agency of the financial resources institutionalized for active labor market policies and local delivery of employment policies. The AKP government's legitimizing use of the EU membership provided justification for the establishment of the Turkish Employment Agency, while the government also claimed credit for modernization of employment services, represented as the way to tackle the unemployment problem with European solutions. Through these practices, the AKP government balanced policy seeking and vote seeking motives.

II.c. Reforming social security in several phases

The process of social security reform from 2003 to 2008 traced in Chapter V is informative in illustrating the uses of European resources by different national actors such as the AKP government, opposition political parties, and corporatist and bureaucratic actors. The social security reform was a major modification involving the unification of three social security institutions, all with pension and health care components. The most controversial aspects of the reform involved the pension component that aimed to increase the retirement age and the contribution period. The administrative unification of the three institutions was justified by the AKP government using resources from the EU that had long argued for the necessity of this unification to achieve cost containment and improve efficiency.

Both components (pensions and health) affected the benefits and the rights of the union confederations and their members. In this regard, these aspects of the social security reform have similarities with the social policy reforms analyzed by the new politics literature. Obfuscation strategies were employed by the reform team and the AKP government in order to ease possible opposition to the parametric changes in the pension component. The division strategy adopted by the AKP government to increase the retirement age was such that changes would not influence the rights of the current generation of workers, by allowing a transition period from 2036 to 2048 for the increases of the retirement age to 65.

The AKP government aimed to balance policy seeking with vote seeking motives in the design of the social security reform. The healthcare component offered improved health benefits and services for large segments of the population, including for the members of the union confederations. The AKP government's strategies in practice worked to a certain extent to lower the opposition to the reform. However, obfuscating the changes on the parameters of the pension component did not work due to a large mobilization of corporatist actors against the reform and extensive media coverage that focused on the pension component.

Although the AKP had a parliamentary majority that allowed high concentration of power, this research following the complex and lengthy social security reform process demonstrates the saliency of veto-points. One was the Office of the President and the other the Constitutional Court. In 2006, the President, Ahmet Necdet Sezer, sent the social security reform law back to the parliament. Following its passage a second time by the AKP

government, President Sezer applied to the Constitutional Court for the abolition of certain of the reforms and the Court decided to do so. The decisions triggered at these veto points influenced the strategies of the AKP government about the need to negotiate further with corporatist actors and change important dimensions of the social security reform.

In the analysis of uses of Europe in the social security reform process from 2003 to 2008, the research concentrates first on the bureaucratic actors active in the design of the reforms, where some cognitive and legitimizing uses of Europe was present. The parliamentary discussion in 2006 and 2008 revealed greater and more varied uses of Europe by the AKP government and by the opposition political parties. On the one hand, the members of the AKP government made extensive legitimizing use of the political and cognitive resources supplied by the EU accession process especially around the parameters of the social security reform laws. By emphasizing simultaneously the national dynamics in the preparations of the reform and its conformity to the European Social Model, the AKP government claimed credit for the successful introduction of the reforms. The AKP government sought to justify the reforms by taking European countries' retirement age and contribution time requirements as a point of comparison.

The strategic use of Europe by AKP government was related on the specific parameters of the reform in negotiating with corporatist actors on retirement age or contribution period, in order to argue that the changes are in line with the EU member state practices and EU standards. Similar strategic use of Europe has been found in the parliamentary discussions as well in when arguing against opposition political parties' positions. Finally, the AKP government also practiced blame avoidance by arguing that the social security reform was necessary for the EU membership process and aligning standards but even more importantly to escape the accusation made by the opposition that they were only making the change because of the IMF agreements. This was an argument that was used extensively by opposition political parties and anti-reform actors.

In the parliamentary discussions, the representatives of the opposition political parties used Europe, especially by using political and cognitive resources, in order to weaken the AKP governments' legitimizing and strategic efforts. The opposition political parties sought to demonstrate the contradictions between the proposed parameters for Turkish pensions with

EU standards and the practices in the EU member states. Nevertheless and despite all this back and forth on what EU member states “really did,” the AKP government had a parliamentary majority in 2006 and 2008 that allowed it to prevail without negotiating further with the opposition political parties.

The AKP government actually focused more on the corporatist arena to negotiate and bargain on the specific aspects of the social security reform in order to lower the opposition of corporatist actors, including as part of its communication strategy to further public acceptance. Employer associations and union confederations that have a pro-EU membership stance such as the Turkish Confederation of Employer Associations (*Türkiye İşveren Sendikaları Konfederasyonu*, TİSK), the Turkish Industrialists and Businessmen’s Association (*Türk Sanayicileri ve İşadamları Derneği*, TÜSİAD), the Confederation of Turkish Trade Unions (*Türkiye İşçi Sendikaları Konfederasyonu*, TÜRK-İŞ) and the Confederation of Turkish Real Trade Unions (*Türkiye Hak İşçi Sendikaları Konfederasyonu*, HAK-İŞ) made quite extensive use of Europe in arguing for the social security reform. TÜSİAD and TİSK displayed cognitive and strategic uses of EU legal, political and cognitive resources, calling for changes in line with the EU standards and norms. The strategic use of EU political and cognitive resources by TÜSİAD and TİSK strengthened their negotiating position with the AKP government and increased their pressure. In the social security reform process, HAK-İŞ, who had changed its position to become more pro-EU after 2002, used strategically and cognitively EU resources that increased its access to the policy-making process and engage in negotiations with the AKP government. TÜRK-İŞ, who was skeptical of EU membership until 2005, involved itself with the strategic use of EU legal and political resources by arguing that the reforms were not meeting European standards and rules.

Other employer associations, such as the Union of Chambers and Commodity Exchanges of Turkey (*Türkiye Odalar ve Borsalar Birliği*, TOBB), union confederations such as the Confederation of Progressive Trade Unions of Turkey (*Türkiye Devrimci İşçi Senikaları Konfederasyonu*, DİSK), or professional associations such as Turkish Medical Association (*Türk Tabipler Birliği*, TTB) did not make use of Europe at all. In other words, European resources are used only when the association has a pro-EU stance and positive evaluation of the EU membership process (Alemdar, 2009).

“Creative” uses of EU resources by national actors were also found. Actors chose selectively the European resources appropriate for their agenda and made use of Europe when it suited their goals. An example of this selective use, one of many, by the AKP government was most visible on the social assistance component of the social security reform. Although a social assistance component had been part of the first draft of the social security proposals, it was never brought to the parliament in 2006 or in 2008, despite the presence of such programs across the EU and much used to modernize active labor market policies.

The opposition political parties made selective strategic uses of European resources when they identified what they saw as the main differences between the EU and Turkey, in terms of demographics, and life expectancy in their efforts to undermine the government’s proposals to raise the retirement age and contribution period to levels similar to those in member states. The corporatist actors were similarly creative and selective in their uses of European resources, as Chapter V documents.

There are two important findings from this analysis of the uses of Europe in the social security reform that require further research. The findings of the research show that the strategic uses of Europe by corporatist actors increased their access to the policy process. However there is a need for further research to understand exactly how use increases the access and to what extent this can be explained or not by the ways Europe was used. The second finding is on the uses of Europe by bureaucratic actors and state institutions. In the process of social security reform, the bureaucratic actors such as the Ministry of Labor and Social Security and Social Security Institution were involved with the uses of European cognitive, legal and financial resources that did not have an immediate impact in the social security reform process. However after the reform process, their uses of EU resources led to initiation of projects in terms of capacity building of the Social Security Institution and aligning with EU *acquis*. This demonstrates that the bureaucratic actors are key in the institutionalization process but further research is needed to understand the dynamics of the bureaucratic actors’ uses of Europe.

III. Enriching the Uses of Europe approach

The overall findings of this inductive research on the three reform processes are instructive about the utility of mobilizing certain theoretical concepts developed in the welfare state change literature and discussed in detail in Chapter I. The review of the three reform processes and the case study chapters support the claim that whether Europe is used in a cognitive, strategic or legitimizing way depends on the national actors' interest and coalition-building strategies. This means that a specific use of Europe can not simply be explained according to its occurrence in a certain phase of policy process as suggested by Jacquot and Woll (2003) and Woll and Jacquot (2010: 116). Rather analysis must consider carefully the strategies and practices of domestic actors and their interactions in the political and corporatist arena.

Secondly, this research demonstrates the utility of integrating certain concepts developed in the welfare state literature drawing on the findings of the research on formal institutions, policy legacies and partisan politics. In the three reform processes, the institutional rules of law making and the existence of veto points that shaped the power concentration or fragmentation of the executive branch were important factors for fully understanding the reform dynamics. The veto points represented by the Constitutional Court and the Office of the President were very important in the process, both shaping the content of the reform and constraining the actors. The observed results and the processes and strategies followed in good part from the exercise of these vetoes as well as the threat of their use. Fragmented power in the executive branch was also key. On the one hand, the fragmented power under the coalition governments obliged coalition partners to negotiate with each other, but not all differences over, for example, the accession process could be bridged. This created a particular context shaping the strategies of the governmental actors, especially in their negotiation with corporatist actors. The power concentration under the AKP majority government created a quite different context, constraining and shaping more the strategies of the opposition political parties and the corporatist actors. Using the tools of formal institutionalism revealed the weight of institutional characteristics of the law making process in Turkey, which shapes any use of Europe at all.

The formal institutional tools also helped to understand the question with which the thesis began: why the social policy reforms occurred in the post-2001 period despite being on the governments' agenda since the 1990's. This question on the timing of the social policy reforms and the absence of change in social policy during the 1990's is largely explained by the power fragmentation under coalition governments and partisan veto points as well as constitutional the veto points inserted by the 1982 Constitution. The disagreements among the coalitional partners in several instances illustrated partisan veto points. While in the post-2001 period the AKP had a parliamentary majority it still faced institutional veto points in the form of Constitutional Court and the Office of the President during the three social policy processes. This difference with respect to power fragmentation during the 1990's and concentration in the post-2001 period is important in explaining partly the timing of the reform. However without considering the politics of the social policy reform processes and the combination of national and international conditions including the EU membership process, it would not have been possible to fully explain the policy change.

The process-tracing analysis of the reforms of the labor law , the social security system and the restructuring of the employment agency also demonstrated that policy legacies were important in constraining the policy choices of domestic actors. The reformers all had to contend with the dominant insurance-based policy approach in the social security system including the healthcare component, with the normative assumptions of the labor regulation considering the rights and obligations of the industrial workers and job matching and with the long-standing placement function of the employment agency. None of these reforms, despite the availability of alternative models in Europe, departed fully from this legacy. For instance, the insurance based social security system still provides coverage according to employment status, even though the macro reform in 2008 has equalized the differences among occupationally defined groups and introduced means-tested coverage for the healthcare.

The theoretical tools adopted from the literature on partisan politics serve to fully grasp the picture of the reform processes. The findings indicate the policy seeking and vote seeking motives of the governmental actors that aimed to find a balance during the reform processes. In order to do so, they employed various strategies such as obfuscation, division, and compensation to deflect opposition. Moreover the governmental actors used blame avoidance

and credit claiming practices in the social policy reform. Thus these conceptual tools were helpful to understand better how national actors' strategies shaped their uses of Europe. The process-tracing also found that particularistic political competition could well describe social policy preferences of both right-wing and left-wing parties with respect to the social security system during the 1990s. The particularistic characteristic of political party competition on social policy issues is apparent in the politics of three reform processes, as part of the vote seeking motives. This could explain for instance why Yaşar Okuyan from the ANAP, the right-wing coalition partner, insisted on the enactment of a law on job security, following the negotiations with union confederations. The AKP's social policy concerns reflected also a certain vote seeking logic in combining the reforms in various combinations that would benefit diverse groups or why healthcare reform was undertaken so as to improve the coverage and extend benefits, thereby also allowing AKP government to claim credit.

Integrating the theoretical tools and concepts from the welfare state literature about formal institutions, policy legacies and partisan politics improves substantially the Uses of Europe approach when the goal is to understand theoretically how welfare state reforms were designed and to explain the complex factors that shaped the uses of European resources.

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Appendix

Interview 1- Julien Desmedt, Directorate General for Enlargement Unit B3 – Turkey, European Commission-conducted on March 16, 2010

Interview 2-Jan Behrens- Directorate General for Employment. European Commission-conducted on March 18, 2010

Interview 3-Dirk Verbeken, Directorate General for Economic and Social Affairs, European Commission-conducted on March 18, 2010

Interview 4-Antonio Marquez Camacho, Directorate General for Employment, Social Affairs and Equal Opportunities-conducted on March 18, 2010

Interview 5- Jeroen Jutte, Deputy Head of the Unit, Directorate General for Employment, Social Affairs and Equal Opportunities-conducted on March 18, 2010

Interview 6- Walter Wolf, Directorate General for Employment for Employment, Social Affairs and Equal Opportunities, conducted on June 15, 2011.

Interview 7-Katarzyna Marzec, Directorate General for Enlargement Unit B3 – Turkey, European Commission-conducted on June 16, 2010

Interview 8-Nazli Hezar Tanrısever, Directorate of Social, Regional and Innovative Policies, Secretariat General for EU Affairs-conducted on August 16, 2010-; on 15 July 2011, and phone interview on 8 May 2012.

Interview 9- Numan Özcan, Sector Manager, Social Policy and Employment, Delegation of the European Union to Turkey, and phone interview on 8 May 2012.

Interview 10-Uğurtan Taşkner, Expert. EU Affairs Department, Ministry of Labour and Social Security, conducted on August 16, 2010.

Interview 11- Hülya Tekin, Expert. EU Affairs Department, Ministry of Labour and Social Security; conducted on August 16, 2010, on 15 July 2011; and phone interview on 8 May 2012.

Interview 12- Güler Özdoğan- Expert, General Directorate on the Status of Women conducted on 16 July 2011.

Interview 13- Anonymous, Social Security Institution, conducted on August 17, 2010

Interview 14- Anonymous, Turkish Employment Agency, conducted on August 18, 2010.

Interview 15- Anonymous, Undersecretariat Treasury Department, conducted on August 16, 2010.