A CRITIQUE OF THE POVERTY ALLEVIATION AS SOCIAL POLICY: THE WORLD BANK'S SOCIAL RISK MITIGATION PROJECT IN TURKEY

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ABSTRACT

A CRITIQUE OF THE POVERTY ALLEVIATION AS SOCIAL POLICY: THE WORLD BANK'S SOCIAL RISK MITIGATION PROJECT IN TURKEY

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This thesis aims to critically elaborate the World Bank's Social Risk Mitigation Project (SRMP) in Turkey for poverty alleviation. Within this context, the thesis argues that the content and means of social policy are re-defined on and around the theme of 'fight against poverty' which is to be realized through (social) risk management. In this sense, there exists a paradigmatic shift in conceptualization of social policy from income re-distributive mechanisms to risk management proposed to achieve through safety-nets and market mechanism, specifically, small-scale income generating activities and investment in human capital. Hence, it is the core claim of this thesis that the strategy proposed by the World Bank for the social policy in Turkish context results in *operationalisation* of social policy as a means of both political crisis management, and establishing market hegemony in the distribution of welfare which means deepening the dependency on market.

Keywords: The World Bank, social policy, poverty alleviation, social inclusion, (social) risk management, market dependency.

ÖZ

SOSYAL POLİTİKA OLARAK YOKSULLUKLA MÜCADELENİN BİR ELEŞTİRİSİ: DÜNYA BANKASI'NIN TÜRKİYE'DE SOSYAL RİSKİ AZALTMA PROJESİ ÖRNEĞİ

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Bu tez, Dünya Bankası'nın Türkiye'de yoksullukla mücadele için önerdiği Sosyal Riski Azaltma Projesi'nin eleştirel bir değerlendirmesini amaçlamaktadır. Bu bağlamda, tez sosyal politikanın içerik ve amaçlarının yoksullukla mücadele merkezinde yeniden tarif edildiğini savlamaktadır. Sosyal politikanın kavramsallaştırılmasında gelirin yeniden dağıtımdan (sosyal) risk yönetimine doğru paradigmatik bir kayış söz konusudur ve (sosyal) risk yönetiminin güvenlik ağlarıyla ve piyasa mekanizması dolayımında, özellikle beşeri sermayeye yatırım ve gelir yaratma araçlarıyla sağlanacağı varsayılmaktadır. Böylece, bu tezin temel iddiası odur ki, Dünya Bankası tarafından Türkiye için önerilen model çerçevesinde sosyal politika, siyasal risk yönetiminin ve refah dağılımında piyasa hegemonyasının kurulmasının bir aracı haline dönüşmektedir.

Anahtar Sözcükler: Dünya Bankası, sosyal politika, yoksulluğu azaltama, toplumsal içerme, (sosyal) risk yönetimi, pazara bağımlılık.

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BAĞ-KUR	The Institution of Social Insurances for Trades and Craftsman and the Other Self-Employees (Esnaf ve Sanaatkar ve Diğer Bağımsız Çalışanlar Sosyal Sigortalar Kurumu)
BRSA	Bank Regulation and Supervision Agency
IBRD	International Bank for Reconstruction and Development
IFC	International Finance Corporation
IGPs	Income Generating Sub-Projects
IIBK	Turkish Employment Organization (İş ve İşçi Bulma Kurumu)
IMF	International Monetary Fund
CAS	County Assistance Strategy
CCT	Conditional Cash Transfer
CD	Community Development
NGOs	Civil Society Organizations
DIS	Direct Income Support
ES	State Retirement Fund (Emekli Sandığı)
FAO	United Nations Food and Agricultural Organization
FY	Fiscal Year
HIES	Household Income and Expenditure Survey
HCIS	Household Consumption and Income Survey
KOSGEB	Small and Medium Industry Development Organization
LI	Local Initiatives Program (Within Social Risk Mitigation Project)
LISA	Local Initiatives and Social Assistance Project
LSA	Living Standards Assessment
PFPSAL	Programmatic Financial and Public Sector Adjustment Loan
SDIF	Savings Deposit Insurance Fund

SHEÇEK	Social Services and Child Protection Organization (Sosyal Hizmetler ve Çocuk Esirgeme Kurumu)
SRMP	Social Risk Mitigation Project
SSI	State Statistical Institution
SSF	Social Solidarity Fund *or* State Social Assistance and Solidarity Encouragement Fund (Sosyal Yardımlaşma ve Dayanışma Teşvik Fonu)
SSGD	Social Solidarity General Directorate *or* State Social Assistance and Solidarity Encouragement General Directorate (Sosyal Yardımlaşma ve Dayanışma Genel Müdürlüğü)
SSFs	Social Solidarity Foundations *or* Social Assistance and Solidarity Encouragement Foundations (Sosyal Yardımlaşma ve Dayanışma Teşvik Vakıfları)
SSK	Sosyal Sigortalar Kurumu
SOEs	State-Owned Enterprises
PCU	Project Coordination Unit
TCE	Temporary Community Employment
WDI	World Development Indicators
WDR	World Development Report

CHAPTER 1

INTRODUCTION

Since the 1990s onwards an increasing concern with the alleviation of poverty has emerged in both international and national contexts, which brings forth social policy as a prominent subject of policy discussions. In national contexts, this re-acknowledgment of the importance of 'social dimension' has been realized through those political attempts for a '*third way'* formulation that aims at accentuating the importance of social cohesion and social inclusion for a free market society. At the global level, the concern is particularly taken into the agenda of international development community on and around the debate for the need to reduce poverty in developing world. While this is a debate held by multiple actors encompassing the international development organizations, financial institutions and leaders of advanced capitalist countries and developing world, especially since the second half of 1990s the World Bank increasingly began to spearhead this orientation in the international context which displays a hegemonic character owing to two main factors. Firstly, in these debates over the poverty the Bank deliberately engages in an endeavor to constitute itself as a 'Knowledge Bank' which in Bank's own words "accumulate the right kind of knowledge, and to help our clients build the capacity to use it."[1] This implies that the Bank attempts to be an authoritative source setting the parameters in definitions of and proposed solutions for the poverty by means of country reports and various publications.

[1] James D. Wolfensohn, quoted by Paul Cammack, "What the World Bank Means by Poverty Reduction, and Why It Matters," *New Political Economy*, 9, (2), (2004), p. 196.

Secondly, as a financial institution functioning through the credit mechanism the Bank has a crucial leverage on the socio-economic structure of the debtor countries. During the 1980s structural adjustment programs have been the main instruments of this influence. And throughout the 1990s this influential status of the Bank has strengthened further with extension of the depth and breadth of conditionality attached to the structural adjustment programs which enlarges towards extra-economic issues such as governance, democratization and poverty alleviation.[2]

The reason of the Bank's such enthusiasm to incorporate issues of poverty and social policy into its agenda is evaluated in the relevant literature manly in two opposite ways. Firstly, it has been interpreted as eyewash which is geared to recover the Bank's decreasing credibility and eroded legitimacy before the polities of developing countries in which the levels of poverty has enormously increased as a result of the Bank proposed structural adjustment programs embracing market fundamentalism, over the 1980s. In this sense, it is argued that the theme of poverty alleviation is appropriated by the Bank as a means of veiling its unchanged market orthodoxy. As an opposite line of argument, incorporation of the concern with poverty into Bank agenda is assessed as an aspiration to compensate the Bank's former ignorance of 'social dimension' which implies a real shift in the Bank's stance to limit the devastating effects of unregulated market. However, both of these evaluations fall short of explaining the implications of such changed concerns of the Bank. In this thesis it will be argued that this change really denotes a significant shift in its agenda towards including the issues of social policy and poverty, however, not through subordinating the 'competitive' market to these concerns but through redefining those themes according to the needs of the market. In this sense, this effort of the Bank to come to grips with social dimension constitutes one of the main channels of dissemination of market hegemony into the non-market social relations, institutions and processes through re-regulating them in ways that would facilitate its functioning. It is in

[2] Ben Fine, "Neither Washington Nor Post-Washington Consensus", in *Neither Washington Nor Post-Washington Consensus: Challenging Development Policy in the Twenty-First Century*, eds. B Fine, C Lapavitsas, J Pincus, (London: Routledge, 2001); Emma Mawdsley and Jonathan Rigg, "The World Development Report II: Continuity and Change in Development Orthodoxies", *Progress in Development Studies,* 3, (4) (2003), p. 279.

this context social policy emerges in the Bank's agenda as a prominent component as well as a main instrument of this re-regulation process.

In this context, the World Bank's country agenda in Turkey provides a fruitful case to reflect on this particular way of appropriation of social policy. Since the 1990s, the Bank articulates the main content of this agenda on and around the policy proposals to re-organize existing state-market-society relations through a set of second generation reforms that would create a conducive environment for efficiently functioning market. Social policy has always been a part of this agenda. Particularly, it has reached its clearest manifestation since 1999 onwards with the launch of the proposed second generation reform process. One of the prominent elements added to this process by the specific initiation of the Bank is a comprehensive poverty alleviation program, namely the Social Risk Mitigation Project (SRMP). Being put into implementation in 2001 during the wake of the severe financial crisis in the same year, the SRMP is based upon such components that make it well beyond a rapid response to the crisis in the sense that it embodies a model for restructuring existing social policy in Turkey in line with the envisaged re-regulation of the society. Based on such general framework, Turkish case exemplifies the new understanding of and functions attributed to the social policy in order to include the social dimension both through generating mechanisms to cope with the poverty as a market misery and also through proposing resolutions to poverty on the basis of market needs.

Taking these ideas in its background, the focal point of this thesis is the World Bank's current poverty reduction agenda in Turkey and the Social Risk Mitigation Project which is the concretized form of this agenda on the basis of a set of social policies. In this context, the main argument of this study is that in the Bank's country agenda social policy emerges as one of the integral components of the social transformation framework labeled as the 'second generation reform process.' It is a process that is proposed by the Bank since the early 1990s in the country context and aims at advancement/consolidation of the neo-liberal transformation that has already started in economic structure (mainly in trade and finance) in the 1980s through regulating other social, legal and institutional structures and processes in line with needs of competitively functioning free market.

Being appropriated as a component of this suggested transformation process, social policy in this agenda is subjected by the World Bank to a redefinition in terms of its content and means as poverty alleviation policy. It is one of the core ideas of this thesis that in essence, this redefinition implies a paradigmatic shift in social policy which results from redefining its focal point and policy objective as ‘the poor’ and ‘empowerment of the poor to take the advantage of the market opportunities’ respectively. Complementing it, a re-conceptualization of risk that social policy is to deal with is the other constitutive moment of this paradigmatic shift. This study will argue that as taking its backdrop these redefinitions, in the Bank’s poverty reduction agenda in Turkey, there is a particular proposal for transforming social policy from a mechanism of redistribution of income to a risk management mechanism which would be utilized towards two main objectives: Political crisis management, and establishing market hegemony in the distribution of welfare. By doing so, social policy is attributed with a legitimation and regulation function in reorganization of the ‘social’ in a way that is supportive to requirements of the competitive market for efficiency.

In this context, the main concern of this study is to scrutinize and critically discuss the content of this Bank-proposed new social policy framework. This examination will be conducted through focusing on the particular policy prescriptions and practices set out by the Bank under the SRMP as well as the broader policy framework to which the Bank relates its call for active social policies in Turkey. Throughout this process, the SRMP will be referred in a particular way such that rather than summarizing its content point by point, the three main social programs implemented in the scope of the project will be focused on. It is because that these programs provide the analysis that this study aims with reflections of the Bank’s propositions on poverty alleviation and social policy in practice. Further, each of these programs will be examined under three separate thematic headlines, each of which gives place to the Bank’s other operations and policy assessments raised outside the examined social programs but underpinning it. This way of examination is chosen since the main concern of this thesis is not limited to the SRMP, but by encompassing it too, it aims in a broader framework at to analyze the social policy approach that underlying the poverty alleviation program the World Bank implements in Turkey.

In terms of methodology, this study mainly relies on the primary sources published by the World Bank on the country context such as Country Assistance Strategy Papers, project appraisal documents, project information documents, sector works, policy notes, living standards-poverty assessment studies as well as the Bank's international publications including the World Development Reports (WDRs), working papers, and those documents and information attained through the Bank's web site. The documents published by the SSF on the SRMP are the other primary sources that the study relies on. These resources are examined with a textual-interpretive method in the course of the following study. Further, this examination is supplemented with a literal and interpretive reading of the qualitative interviews conducted with the four officials IBRD Turkey Office and the SRMP Project Coordination Unit of the Social Solidarity Fund.[3] As relying on these resources, the particular social policy approach underlying the Bank's current poverty alleviation agenda in Turkey will be illuminated. Complementing this interpretive endeavor, further a critical reflection will be engaged in which try to contextualize the approach in question within the Bank's proposed broader policy framework. In the same context, the consistency between discourse and practice of the Bank's poverty alleviation agenda will be questioned. This critical engagement will additionally make reference to the secondary resources that are gathered from the critical development literature on poverty alleviation approach and practices of international institutions in general and the World Bank in particular.

In this framework, before focusing on the World Bank's country agenda, the first chapter of the thesis will be devoted to a critical analysis of the World Bank's general

[3] The interview conducted in the IBRD Turkey Office: John Innes, Principal Social Sector Specialist in Human Development Sector Unit of the IBRD Turkey Office, and the leader of the task team that has prepared the SRMP, Ankara, 8 November 2005; Tunya Celasin, external affairs officer and responsible officer for the IBRD Tukey Office's relations with civil society, Ankara, 8 November 2004.
The interviews conducted in the SRMP Project Coordnation Unit in the Social Solidaity Fund: Ali Kapucu, the coordinator of the Local Initiatives Program of the SRMP, Ankara, 11 November 2004; Müge Nişancı, the coordinator of the Conditional Cash Trasnfer Program, Ankara, 4 November 2004.

approach to the subject of poverty through a focus on its methodological and discursive aspects. The reason behind why these two aspects are specifically chosen is the main contention which I reach through my preliminary literature survey on the Bank's poverty alleviation agenda in Turkey as well as in international context that the Bank's poverty alleviation agenda is highly loaded with a discursive/ideological baggage which sets the main borders and level of profundity of the Bank's qualitative-quantitative analyses and policy prescriptions on poverty alleviation. In this sense, the particular methodology and discourse the Bank employs in conceptualizing poverty is of central importance to how the problem (poverty) is defined. And this definition, in turn, primarily determines the content of policy proposals the Bank sets forth to reduce or eliminate poverty. Since the Bank articulates the bulk of this methodology and discourse in its international literature and country contexts rather stand as the domains where the reflections of this methodological and discursive stance can be traced, as being different from the other chapters, the analysis conducted in the second chapter bases exclusively on the international literature. In this framework, it will be mainly discussed in this chapter that both the discourse and particular methodology the Bank articulates on the analysis of poverty offer a discursive and analytical opportunity respectively to the Bank to broaden its agenda towards poverty and 'social dimension' but without touching on the structural reasons underlying poverty. More to note, this is the particular context where the social exclusion/inclusion concepts are particularly elaborated in terms of their contribution in discursive terms to this inherently political maneuver. These concepts particularly (it may be more correct to call them buzz words) plays a crucial role in the Bank's social policy agenda in Turkey as constituting the main axis/general policy objective around which the proposed social policy paradigm is organized.

In the third chapter of the thesis, the analysis on the World Bank's social policy agenda in Turkey will be launched which will continue through the following fourth and fifth chapters of the study. In this respect, the third chapter is allocated to the question, how the themes of social policy and poverty alleviation were dealt with in the Bank's country operations before the current approach and the SRMP. The period starting from the early 1990s to 2001 when the SRMP put into application will be under discussion in this context. It is because the concerns with poverty alleviation and social policy were incorporated into the Bank's agenda for the first time in this period. In this context, more specifically I will critically examine two points: Firstly, through elaborating the content of the each of these earlier calls for social policy, I will engage in a comparative endeavor to illuminate the discontinuities and continuities between them and the current one in terms of approach to the issue and policy prescriptions they set out. Secondly, and more crucially, I will contextualize these social policy/poverty alleviation proposals within the framework of the Bank's broader policy agenda and operations in Turkey of the time concerned. In this sense, the analysis conducted in this chapter provides first examples of how the Bank's poverty alleviation concern and programs are intimately related to, i.e. one of the components of the proposed transformation of the state-society-economy relations along the requirements of market expansion by means of structural reforms. These are also first examples of the instrumentalist approach the Bank adopts in regard to poverty alleviation theme by the Bank in these contexts.

In the fourth chapter, I will start to elaborate and discuss the current social policy agenda of the Bank. In this context, I will particularly focus on the Bank's country specific assessments on political economic context, since these assessments actually construct the broader framework where the Bank's social policy proposals stem from. This is actually a framework where the Bank calls for mobilization of all societal resources towards orderly and sustainable implementation of the ongoing second generation reforms process. In this respect, in reference to the Bank's putting the state at the center of this mobilization process, I will elaborate this framework through two sub-sections that focus on state-economy and state-society relations the Bank suggests respectively. In this context, social policy emerges as a policy subject in the section on state-society relations. It will argue in this respect that the active social agenda the Bank currently calls for in Turkey is overtly identified as a political risk management mechanism geared towards the sustainability of the ongoing reform process. And it has its roots in the Bank's particular risk perceptions it derives from the social and political conditions produced by and surrounding of the reform process.

Following these sections, there is a third sub-section in this chapter where I will focus on the World Bank's particular assessments on the profile of poverty in Turkey. These assessments are of central importance to the content of the 'active social agenda' the Bank currently proposes, since they set out a specific account on the roots of poverty which will determine the range an content of the policy prescriptions. When the detail of this assessment that focuses on the characteristics of the poor population is examined, it appears that it is a quite biased assessment which carries internal inconsistencies due to the apparent effort to draw a profile of poverty that would accommodate the Bank's one-size-fits-all kind policy prescriptions. In this respect, although it is open to other possible way of evaluations, the Bank particularly problematize the state transfer system and human capital endowments of the poor as underlying reasons of poverty, as echoing the problematic methodological approach I will mention in the second chapter.

In the last chapter, I will focus on the translation of the Bank's social policy agenda into practice which will unfold the content of the Bank's social policy approach that constitutes the focal interest of this thesis. In this context, the three social assistance programs being implemented under the SRMP as well as the Bank's reform proposal on social security system, and the Bank's proposal for a participatory poverty alleviation approach will be covered. Identifying the notion of social inclusion as the main axis/general policy objective around which the Bank's social policy paradigm is organized, I will critically evaluate all these Bank practices of social policy in Turkey within an analytical framework with the aim of pointing out interconnectedness of each component. I will set up this analytical framework on three pillars each of which labeled with a theme. These themes actually denote the particular content of each component of the Bank's social policy approach: Inclusion in social protection, inclusion in market and inclusion in decision-making.

In the first section (inclusion in social protection) the Conditional Cash Transfer Program (CCT) of the SRMP as well as the Bank's social security reform proposal will be focused on. As examining the Bank's proposals as well as its active engagements towards reforming the existing social protection system, it will be discussed that what the World Bank proposes is beyond a reform, rather it denotes a paradigmatic shift in the social protection and in turn, social policy. It is redefined as a means of risk management one of which primary tool is the safety net that will be focused on in reference to the CCT.

In the second section (inclusion in market) the Local Initiatives Program of the SRMP will be critically elaborated. This is the section where human capital centered programs the Bank sets forth will be analyzed. These are identified by the Bank as the other primary component of an appropriate social assistance system. In reference to this identification, I will argue that they actually imply primary tools, together with the safety nets, of state's intervention in the poverty field to make it more governable.

In the last section (inclusion in decision-making), I will critically examine the Bank's discourse on a participatory poverty alleviation approach. In this examination, I will firstly engage in a deconstructive reading of the Bank's discourse on participation in the particular context of social policy. By doing so, I will aim at uncovering its underlying assumptions and conceptualizations. In this context, I will particularly discuss its depoliticizing approach to participation. Then I will focus on the reflection of the conclusions I will have reached in this deconstructive analysis in Turkey's context, particularly taking a brief look at the Bank proclaimed participatory sub-program in the SRMP, namely the Community Development. This reflection suggests that in the Bank proposed social policy approach participation is indeed operationalized as a means of contacting out by the state the administrative responsibilities of social policy to the NGOs. Further, it is also instrumentalized a means of articulating public action for social policy at a cost-sharing, thus cost-effective basis by utilizing its target population, i.e. the poor's human capital.

CHAPTER 2

METHODOLOGICAL AND DISCURSIVE UNDERPINNINGS OF THE WORLD BANK'S APPROACH TO POVERTY

In order to understand properly the World Bank's general approach to social policy and in this context, poverty alleviation, it will be illuminating initially to focus briefly on the way how the Bank explains and conceptualizes the phenomenon of poverty in methodological terms. It is because entire current Bank analysis and policy proposals have their roots in this particular way of approaching to the poverty. More to note that it is the main point of continuance between the Bank's current agenda on poverty spelled out since the 1990s and the previous one brought to the fore in the development community during the 1970s under McNamara's presidency with the 'Redistribution with Growth'(RWG) approach. It is also possible to diagnose the same methodological stance in the World Development Report 1980 (WDR 1980) which although being the first world development report titled as 'Poverty', is identified in the relevant literature as declaration of the break with the particular development approach and concern with poverty pursued by the Bank until that time. In this framework, the main contention of this section of the study is that from the World Bank's first embracement of the poverty as its main institutional mission in the early 1970s onwards, whenever the Bank makes a reference to the phenomenon of poverty, regardless of the difference in relevant policy prescriptions it proposes, the same methodological stance has always been underpinning the Bank's reference to the issue.

It can be defined in its essence as a crude empiricism which is underpinned by methodological individualism. This unfolds itself such that in its effort to define and explain poverty, and prescribe policy means to deal with it in accordance, the Bank consistently confines its analysis to the individual characteristics of the poor which are actually empirical manifestations of the phenomenon of poverty at the individual level.[4] Taking such characteristics of the poor people as variables, it tries to discover certain regularities and to establish certain correlations between these different empirical unfoldings of poverty at individual level and the situation of being poor.

To exemplify it from the context of the Bank's RWG agenda in the 1970s, moving from the initial claim that poverty was to much extent a rural problem, poverty was explained such that the poor are poor because their productivity is low, in turn they produce low amounts of output barely enough or insufficient to sustain their daily physical survival, let alone to engage in agricultural market activity. Hence, the Bank argued, the low levels of productivity and output lead to low level of income which was accepted as the only point of reference in definition of poverty at that time. The tautological character of this line of thought is explicated convincingly by Ayres:

> [T]he essence of the RWG approach was on increasing the productivity, incomes, and output (and through these, the welfare) of the absolute poor...The World Bank's causal chain is very short. Why were people poor? Because they lacked jobs. Because they were unproductive. Because they produced insufficient output. This explanation bordered on tautological. Why did they lack jobs? Why was their productivity low? Why did not they produce enough? A paper on poverty in Latin America argues that 'it is only valid to study poverty within the framework of some theory of income distribution and social inequalities in general…the cause of poverty are rooted in the same mechanisms that determine general inequalities prevailing in each society. To concentrate our attention on poverty should not become substitute for the concern about inequalities in the distribution of welfare.' The World Bank's approach to poverty alleviation under McNamara could, however, be considered such a substitute. It lacked an adequate theory of income distribution and social inequalities in general.[5]

[4] Fuat Ercan, "Round Table: Gelir Dağılımı, Yoksulluk ve Popülizm," *İktisat Dergisi*, 418-419, p. 11.

[5] Robert L. Ayres, *Banking on the Poor: The World Bank and World Poverty*, (Massachusetts and London: 1985), p. 79.

As Ayres puts the problem correctly, in its proclaimed effort to insert the long-neglected poverty problem into development agenda of international financial and aid institutions, the Bank overtly distracted attention from the social relations and structures which lie at the origin of the poverty and its focused-on manifestations (such as low levels of productivity), and reproduce them in entrenched forms. To speak more specifically, in the RWG period while the Bank called the attention particularly to the rural poverty as arguing that it was the dominant form of poverty in developing world, it excluded its universe of analysis rural landless, tenant farmers, sharecroppers and squatters all of which are indeed widespread forms of rural poverty in most developing countries and have their roots in unequal distribution of land. In accordance, at certain instances although the land reform was pointed out by the Bank as a means in alleviating rural poverty, in practice the Bank's rural anti-poverty work carried out in this period usually took for granted the prevailing land tenure situation where its rural projects were implemented.[6] The reason underlying this preference was implied by the Bank through its particular evaluations on approaches in development literature advocating redistribution of income and consumption, or more fundamentally redistribution of productive assets as the only effective tools in poverty reduction. Arguing that poverty reduction can only be a policy objective insofar as it limits itself to the boundaries of the 'non-poor sections of the society's consent and will, in RWG study (1974) the Bank assessed any redistributive policy tool in tackling poverty as 'politically not feasible' :

> Intervention which alters the distribution of increment to the overall capital stock and income will arouse less hostility from the rich than transfers which bite into their existing assets and incomes…the key factor is the emergence of a coalition of interests able to grasp power that sees some advantage in implementing a redistributive strategy.[7]

[6] Ibid., p. 104.

[7] Hollis Chenery et al., Redistribution with Growth, (London: Oxford University Press, 1974), pp.56, 72, quoted in Robert L. Ayres, *Banking on the Poor,* p. 80.

Such approach to the issue, then, leaves the Bank's labeling its anti-poverty program as "Redistribution with Growth' highly questionable. Along with unequal distribution of property, income distribution across households/individuals was excluded from the analysis not only because it was accepted as politically unfeasible but also it was seen as natural. Although in its relevant literature in the 1970s, the Bank defined poverty in both absolute poverty and relative terms; in their content all Bank works in the RWG period negated relative poverty (income inequality) as a point of concern in poverty alleviation activities. As McNamara stated even in his famous Nairobi Speech (1973) that is pointed out as the historical declaration of the Bank's reorientation its work from exclusive focus on economic growth in the 1950s and 1960s to poverty alleviation in 1970s:

> [Relative poverty] means simply...that some citizens of a given country have less personal abundance than their neighbors. That has always been the case, and *granted the realities of differences between…individuals, will continue to the case for decades to come*.[8] [Emphasis mine]

Naturalizing unequal income distribution as such, and in turn excluded it from the scope of problems which were identified as curable through policy action, the Bank focused its poverty alleviation work on the absolute poor. These operations, by redirecting small-scale credit, infrastructure like investments towards these people and increasing their access to primary social services, aimed at increasing their skills and productivity through which they would seek to increase their income and hence, welfare on their own in market. As an insider of the World Bank, Ayres summed up the basic tenets of preferred strategy by the Bank as follows:

> [T]he income-productivity-output approach remained the central thrust of the World Bank's approach to poverty alleviation…The emphasis under McNamara was on improving the absolute incomes of the poor, not on alleviating relative inequality. The emphasis likewise was on the distribution of income increments, not on the redistribution of existing

[8] Robert S. McNamara, "Address to the Board of Governors," Nairobi, Kenya: September 24, 1973, p. 6, quoted in Robert L. Ayres, *Banking on the Poor*, p. 77.

> assets or income. The preference was for market over governmental mechanisms.[9]

Such tautological explanation of poverty in terms of its empirical manifestations and thereby, exclusion from the scope of focus the underlying social relations and structures creating simultaneously capital and wealth accumulation on the one hand, and poverty on the other hand, constitutes today again the substance of the Bank's approach to the issue, beginning from the 1990s. In the current Bank agenda on poverty, the approach in question unfolds itself on and around the Bank's main thesis that the poor are poor because they cannot participate in/excluded from the market. Although in its discourse the Bank is in the claim of developing a broader understanding of poverty through incorporating into the analysis non-market social structures such as state institutions, political decision-making processes, terms of good governance, discriminatory social norms, values and customary practices, as it will be elaborated below, it actually refers to all these non-market social structures and processes within a particular framework. The organizing principle of this framework is harnessing all non-market social relations towards creating active economic agency of the people, including the poor, who would thereby seek reproduction of their physical and social existence on their own in the market. Market and competition in this respect are organizing principle in all social relations in general and distribution of the welfare in particular. Then, the position of the poor within this framework appears as those members of the society who cannot achieve to construct and/or reproduce themselves as active economic agents, i,e. cannot participate into the market on their own efforts. Market is represented in this respect as the domain in which each individual realizes his/her economic agency through harnessing the assets s/he possessed productively at a given time. As taking such a social imagination in its background, the Bank's focus on the issue of poverty by taking as its starting point the diagnosis that the most abundant and most time the only assets the poor have is their labour.[10] As completely taking for granted this reality of being

[9] Robert L. Ayres, *Banking on the Poor*, p. 89.

[10] In addition, basic infrastructure services is also indicated by the Bank as the assets of the poor that would help integrating them properly in economic life, however, as we will see later most of these

dispossessed, it moves on that the poor's integration into market and thereby, their transformation into 'active agents' can only realizable through their supply this asset productively to the market. And this is the exact point where the Bank's new tautological explanation of poverty arises. It argues that the poor are poor because they cannot integrate into market by the means of their labour and thus, cannot pursue their individual welfare as active, responsible agents. In this sense, poverty is represented as a phenomenon that has its roots outside the market, and more importantly, it is argued to emerge because of being left outside of the market which is implied as the only source of welfare.

Furthermore, according to the Bank's account, these people (the poor) could not participate into market mainly because that they fall short of transforming on their own their only asset, that is, their labour, into a productive form (human capital) through gaining the skills and qualities market demands. So that, the poverty is represented as mainly the outcome of the lack of these people's human capital endowments in line with market requirements. As it will be seen in the context of the Bank's evaluations of the profile of poverty in Turkey, reflecting this way of reasoning in Turkey's case, the Bank argues that poverty in Turkey is a phenomenon to much extent that has its roots in low levels of educational attainment among certain groups in the society. This, the Bank argues, makes these people unable to participate in market and even if they participate, they cannot have a favorable labour market status (low paid, short-term, non-secure, informal sector jobs) due their low levels of education.

To return to the Bank's general framework, public policy enters into scene at this point. The Bank calls the state to action to direct these people's human capital potential into the market by means of carefully designed social policy means. These include provision of basic social (health, education, nutrition) and infrastructure services to build their human capital capacities in line with market demands, and providing preservation/reproduction and continuous attachment of these capacities to the market in case of their falling outside active work force. The Bank supplements this explanation of

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infrastructure services are still expected to be provided by the poor's own initiatives by means of their community level organizations.

poverty from a human capital point of view with another one: The poor are poor because they cannot find, in Bank's words, 'opportunities' to sell their labour, even if they already transform their productive potential into a human capital capacity. It argues that it is because not or incomplete implementation of structural second generation reforms in developing countries which would provide a conducive environment for efficient and effective functioning of the private sector led free market economy. In the light of this dual-facet account on poverty, the Bank proposes a two-part strategy: Firstly, creating and sustaining a labour-intensive economic growth through market promoting macroeconomic and structural reforms which means providing employment opportunities to the poor; Secondly, investing in human capital of the poor by providing basic social services (primary health care, primary education, family planning, nutrition) to the poor and thereby, enabling the poor to enter into market.

The details of this strategy together with its other complementary component (safety nets) will be elaborated in the following part. What is relevant to the focus of interest of this part is the fundamental way the Bank conceptualizes poverty. In this respect, two points needs to be underlined. Firstly, considering the fact that the public services which the state is called to take responsibility before the poor are primary health and education services, what is depicted is that low-skilled human capital endowments sustained through these *basic* services will help these people undoubtedly to enter into active labour force, and thereby, help them solve their problem of poverty on their own through the wage they will gain. The Bank's definition of poverty at one-dollar-a-day per capita income (absolute poor) and acknowledgment of the state's social service responsibilities (free primary health and education services) before only those living at and below this line supports this understanding in the sense that those enter into market as wage labourer and gain an income that rising them above this one-dollar-a-day line is assumed to have lift himself/herself out of poverty. In this context, consequently, the common phenomenon of working poor resulting from the flexible wages and working conditions is omitted in this picture completely. In this respect, it would be no mistake to evaluate the World Bank's poverty discourse as having a contribution towards defining the bottom frontline of the current formations of labour market at worldwide.[11]

The second point to note is that such explanation of poverty on the basis of the empirical and singular manifestations of poverty at the individual level, namely 'the poor are poor because they do not have access to basic social services, hence do not have human capital capacity in line with market demands', also goes hand in hand with the taxonomic effort of the Bank, despite its claims to incorporate other human well being indictors[12], to measure poverty in terms of absolute income which fundamentally corresponds to the level needed for daily physical survival of a human being. In this context, what is put at the center of the Bank's poverty agenda is the effort firstly to identify the proportion of population that falls under this line of absolute poverty and those at risk of sliding below this line (vulnerable), and relying on this categorization, secondly to tailor a 'one-size-fits-all' type set of policy prescriptions set forth in regard to each of these simplistic categories of absolute poor, vulnerable and non-poor. These proposals constitute the substance of the social policy and poverty alleviation agenda that the Bank calls the governments of its all 'client' developing countries to carry out.[13] This focus on rendering poverty to a measurable social phenomenon and tailoring policies in accordance that do not pay due attention to structures/process underlying poverty clearly give validity to those critics directed against the Bank that its concern with poverty has a motivation to 'regulate the phenomenon of poverty within the

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[11] Fuat Ercan, "Küreselleşme ve Yoksulluk," *Yoksullukla ve İşsizlikle Mücadele Kurultayı İstanbul 19 January 2003*, Istanbul: Alaz Yayıncılık, 2003, p. 34.

[12] The Bank has claimed especially after 1997 under the intellectual lead of Ravi Kanbur's team, that is supported by Stiglitz and Wolfensohn, to develop a conception of poverty based on a 'human poverty approach.' It is defined as conceptualizing poverty not on income or expenditures, but on well-being indicators of nutritional status, educational attainment, and health status. John Pender, "From Structural Adjustment to Comprehensive Development Framework," *Third World Quarterly*, 22 (3) (2001), p. 406.

[13] The most typical example of these programs is Poverty Reduction Strategy Papers (PRSPs)/ Poverty Reduction National Strategies (PRNSs) that has been implemented since 1999 in collaboration with IMF, under the Heavily Indebted Countries Initiative (HICI) established towards this program. The proposed poverty alleviation programs contain the 'standard' social policy measures as such, but embedded in a macroeconomic and structural reform agenda under the supervision of IMF and WB. It is actually an imposed contract (conditionality) between heavily indebted countries, and WB–IMF in return of debt relief and new loans.

boundaries of the system give rise to it' and thus, to manage it towards not posing a threat to as well as working for reproduction of the social system that is based the requirements of 'competitive market'.[14] As Ercan indicates, it is a crucial fact that under the influence of the Bank's conceptualization of poverty on both such taxonomic endeavor establishing exclusively defining linkages between the poverty and income level, and accounting the reasons to have that level of income on empirical/singular features of the poor, those studies which try to establish correlation between the income and education, income and human capital endowments or income and gender have increased dramatically within the current academic and policy circles.[15]

In complementing the points raised up to here, another aspect of the Bank's conceptualization of poverty needs to be mentioned. It is the notion of 'social exclusion' that will be evaluated here as the *organizing concept* of the *discourse* that paves the way to the Bank's theoretical propositions and policy prescriptions on poverty. More specifically, above mentioned preference of the Bank to think of poverty as a phenomenon having its roots outside economic and market relations takes its fundamental support from this discourse. The Bank sets outs the discourse in question around the axis of a particular imagination of market and society that is articulated through the binary opposition of 'exclusion' and 'inclusion.'[16]

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[14] Fuat Ercan labels this approach to poverty as "*lehimci mühendisli anlayışı* " which implies that rather than eliminating the problem completely, with some adjustments on and certain interventions in it, trying to make the problem not to impede the functioning of the whole system. Fuat Ercan, "Küreselleşme ve Yoksulluk," p. 34. A similar critique is riased by Metin Özuğurlu but with a reference to general approach of capitalism to the issue of poverty, rather than limiting it specifically to the World Bank's approach. In his words, "Capitalism creates poverty as a 'reason', but relates it as a 'result' and only by doing so, it renders poverty a workable phenomenon that can be regulated within the limits of capitalist system," *Toplum ve Hekim Dergisi*, 20 (2) (2005).

[15] Fuat Ercan, "Round Table: Gelir Dağılımı, Yoksulluk ve Popülizm," pp. 10-11.

[16] This can be evaluated as a reflection of the recent mainstream theoretical and discursive orientation in Anglo-American world towards redefining social policy within the context of re-regulation phase (role-out phase in Jessop's terms) of 'neoliberalization'(Peck and Tickell). This tendency unfolds itself with the '*Third-Wayist'* re-formulization of social policy on and around the concept of "social exclusion" and the motto of "achieving an inclusive society." The Social Exclusion Unit (SEU) established by Blair government in 1997 as the organizational focal point of social policy operations in the UK became the concrete expression of this tendency and gathered it momentum. However, the social exclusion concept was brought to the Anglo-American context from the Continental Europe where it had been for long in existence in the relevant literature, but with multiple meanings associated with it rather than having a

Apart from the Bank's usage, since the 1990s the social exclusion is a widely referred concept within the mainstream social policy and development studies literature that focuses on the issue of poverty. However, there has not reached a consensus on the precise content of the concept yet, which is associated with the multiple meanings in these studies. But, still it is possible to identify common themes and arguments which draw the boundaries of the concept as well as an increasingly dominant approach to social exclusion emerging since the late 1990s especially in Anglo-American social policy. The particular way the Bank uses the concept is part and parcel of these common themes and tendencies. Within this context, it should be initially noted that social exclusion is a concept rising from the particular focus on complex empirical and conceptual relations between poverty and power/powerlessness and agency.[17] And the Bank's reference to the concept is mainly centered around this relationship, too. In this context, more specifically the Bank's main reference to social exclusion firstly takes place in defining poverty. Especially since the second half of the 1990s under the presidency of Wolfensohn, at discursive level the Bank makes explicit references to Amartya Sen's approach to the poverty in terms of capability of participation and intervention in social life in general.[18] In this sense, in the Bank's discourse poverty is defined as situation in which one has a limited capacity to intervene in her/his own circumstances and the society s/he lives in, which means s/he is socially excluded. In this sense, poverty is depicted as a situation of circumscribed agency manifesting itself in various aspects of life such as 'lack of money and power', 'ethnic, linguistic, racial and cultural isolation', 'physical, mental and health disabilities', 'behaviors outside the community norms', stigmatization of areas lived in, self-exclusion under the influence of the feelings of inferiority and shame, and 'strained social relations and reduced

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conceptual clarification and narrowing down that would be then realized in Anglo-American context. However, current meaning of the concept and social policy tendencies accompanying it has been widely disseminating to the European Union context, as reflecting in establishment of similar units to SEU under the EU and national contexts of the member state.

[17] Andries Du Toit, "'Social Exclusion' Discourse and Chronic Poverty in South Africa," *Development and Change*, 35 (5), 2004, pp.999-1000.

[18] John Pender, p. 406.

collective action'.[19] Such definition of poverty as focusing on the links between poverty and 'limitation of agency' is no doubt actually a focus on 'socially disabling effects of poverty', and in this respect stands as a promising way for a multidimensional description of being poor.[20] However, what constitutes the critical turning point in the Bank's approach to the issue is that, the Bank goes on and takes the same features (social exclusion/limited agency) it refers to in defining the situation of being poor as the reasons that cause to being poor. So that, we encounter once more with the tautological way of explaining poverty that is mentioned above. Once limited agency is transformed into the cause of poverty as such, what also the Bank does is focusing solely on non-economic factors which lead to such circumscription of agency. In this respect, especially in WDR 2000/2001 report several non-economic factors are accounted as the reasons underlying social exclusion, such as culture (more specifically discriminatory social norms, values and customary practices, the poor's lack of understanding the high-return character of education services), politics (more specifically non-transparency, corruption and arbitrariness in state institutions, relations of patronage), policy (regressive design of public investment in education and health that more benefit the non-poor/ that does not focus on forming human capital capacities of the poor). Complementing it, limited agency that is identified at the root of poverty is counter posed with another form of agency, that is 'active/economic agency' which is represented as ensuring individual to be capable to influence her/his own life and the society s/he lives in. And, social inclusion is presented by the Bank as being guaranteed by participation in economy/markets. Consequently, at this point, a twist in the meaning of social exclusion happens and what is being excluded is specified as the market/economy and what excludes is identified as non-economic, i.e. social factors. It needs to be noted that this moment of the Bank's reference to social exclusion concept differs from the previous moment when it refers to social exclusion for a

[19] Deepa Narayan et al., *Voices of the Poor*, *Crying Out for Change,* (New York: Oxford University Press, World Bank, 2000), pp.133-150.

[20] Du Toit, pp. 999-1000, 1003.

multidimensional definition of poverty and in this respect, includes both exclusion from other social domains than market into consideration as well.

There are three important implications of this way of imagining market-society relations. Firstly, it assumes market as a social inclusion-guaranteeing domain and presents poverty as resulting from either individual's not participation in market or the market's malfunctioning or breakdown (unemployment), both of which happens, from this perspective, under the influence of non-market factors (such as culture, racism, policy or politics) that undermine 'normal' participation in the workings of economy.[21] In this sense, market and economic domain in general is assumed, in De Toit's words, as 'value-free and intrinsically neutral' that ensuring social integration. So what is described a simplistic opposition between 'Social Inclusion through Market' vs. 'Social Exclusion through Non-Market (Social)'. In such an analytically poor reasoning, 'social' is weirdly held responsible for '*social* exclusion.' What appears in this context a double conception of the 'social': 'social' is associated with a pejorative meaning as long as it is considered as having non-market character, and only when 'social' is reorganized through taking exchange relations (market activity) at the center of social interaction this pejorative meaning evaporates and it is represented normatively as the mainstream 'social' that individuals need to include in (social inclusion). This confused imagination of the 'social' underlying social exclusion discourse of the Bank can be explainable, in reference to Du Toit, to a crucial extent on the basis of its analytically weak, but highly normative character having its roots in the very vagueness of the term's content which actually gives it credit in the discursive activity aimed at underpinning the kind of policy prescriptions the Bank proposes:

[21] Ibid., p. 1002. It needs to be noted, however, against the background of severe economic crises that the proposed reforms has been leading to, the Bank also acknowledges that proposed structural reforms to regulate non-market structures according to the needs of free market can lead to decrease in opportunities of the poor to sell their labour, too. But the Bank insistently underlines that these are temporary outcomes emerging during the austerity phase of reforms and the state should intervene here in the situation, too through social policies which will prevent the existence of the people who cannot be economic agents to turn into a political and social threat to reform process in the short-term and reproduce their attachment to the market though in flexible forms.

> [T]he reality of course is that 'social exclusion' as it is used in development discourse today is not in the first place a sociological concept. It has been ideological and vague since the beginning. It is a policy buzzword, a political slogan, not an analytical term…For this reason, precision and analytical rigour cannot be expected from social exclusion talk, indeed its success is related precisely to its vagueness and the way it is available for appropriation and re-interpretation by widely divergent political forces. *Its key role is not in sharpening or deepening social understanding, but in the construction of quasi-moral political and policy narratives- narratives that carry a fair amount of rather problematic ideological baggage*.[22][Emphases mine]

In this moral narrative that the Bank constructs by means of social exclusion term, as it is explicated above, poverty is presented as the result of exclusion from the market by the influence non-market processes. So that, participation in market on the one hand, and exclusion and poverty on the other are qualified as incompatible situations. In this imagination of society, poverty is described as if it is being experienced outside the 'normal' society where social interaction and reproduction of social existence are articulated around the discipline of market relations and market rationality (individual utility maximization). In this narrative, inclusion of the poor into that *market* society is presented as the only panacea for elimination of poverty:

> As I walked back down the hill from that favela [slum in Brazil], I realized that this is what the challenge of development is all about- *inclusion*. Bringing people into society *who have never been part of it* before. This is why the World Bank Group exists…Our goal must be to reduce these disparities across and within countries [income inequality, gender inequality, inequality in access to basic education and health services, ethnic discrimination], *to bring more and more people into economic mainstream*…This- the *Challenge of Inclusion*- is the key development challenge of our time…I want to be very clear on this point: I am not espousing some Darwinian theory of development whereby we discard the unfit by the wayside. Quite the contrary. Our goal is to support the fit and to help make the unfit fit. This is all about inclusion.[23]

[22] Ibid., pp. 1000-1001.

[23] James Wolfensohn, *The Challenge of Inclusion, Address to the Board of Governors, Hong Kong China, 23 September 1997*, (Washington D.C.: World Bank, 1997), pp. 3, 6, 10.

By this way, poverty is presented as having no relation with the capitalist social-economic context in general, and more specifically with class relations and the processes of accumulation of capital/wealth that functions through socio-economic production, distribution and consumption relations, all of which are underlying factors producing poverty.[24] Describing particularly economy as a 'value-free' and 'intrinsically neutral' domain guaranteeing social inclusion means also distraction attention from the unequal power relations located within the economic processes and reproduced by these processes in more entrenched form.

The World Bank's discourse on poverty that represents poverty as an external phenomenon to economic relations as such by the help of the notion of social exclusion can be evaluated as a "Social Integrationist Discourse", moving from Ruth Levitas' assessments on contemporarily emerging hegemonic political discourse in social policy context of the UK through New Labour which rearticulated the public social policy on and around the subject of social exclusion. As Levitas points out, poverty is presented in this discourse as a *deviation* or *disassociation* from the normal functioning of the market economy which ensures social integration:

> This [social integrationist discourse] encourages us to think of deprivation and inequality as peripheral phenomena occurring at the margins of society, and to ignore forms of domination that structure the lives of the excluded and included alike. From this perspective poverty and disadvantage are, as Durkheim argued, symptoms not of capitalism itself but of a pathological deviation from what is essentially a fair and harmonious social organization.[25]

In this framework, what is disassociated from is further specified as economy in general, and more specifically wage work and the labour market.[26] This means

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[24] Paul Stepney, Richard Lynch and Bill Jordan, "Poverty, Exclusion and New Labour," *Critical Social Policy*, 19 (1) (1999), p. 114; Fuat Ercan, "Round Table: Gelir Dağılımı, Yoksulluk ve Popülizm," p. 11.

[25] Finn Bowring, "Social Exclusion: Limitations of the Debate," *Critical Social Policy*, 20 (3) (2000), pp.307-308.

[26] Ibid, p. 308; Chris Holden, "Globalization, Social Exclusion and Labour's New Work Ethic," *Critical Social Policy*, 19 (4) (1999), p. 529.

constructing the notion of social exclusion as a lack of participation in employment and paid-work which are conceived as normally leading to social inclusion.[27]

Echoing exactly the same discourse the New Labour developed on poverty, social exclusion and social policy, the Bank's exclusion/inclusion discourse is then vulnerable to the same critique raised by Ruth Levitas that through counterpoising exclusion and inclusion as such, social exclusion talk referred in setting the principles and content of contemporary social policy distracts attention from the in-build *inequalities within the system* which affect both 'included'(active work force) and 'excluded'(reserve army). Further, those assessments that moving from Levitas' ascertainment that dominant discourse on social exclusion sees the answer as integration into labour market, point out the contribution of a social policy approach set on the basis of this discourse towards promotion of flexible labour market reflects the Bank's particular way of translation of this discourse into practice. This would be seen in the context of the set of social policy measures the Bank proposed in combating with poverty and 'social exclusion'.

In relation, it needs to be also noted the Bank's qualification of those who do not take place in active labour force as excluded and hence, poor is a highly distorted way of representation of the poverty and labour market relation. It is because first of all it ignores the fact of working poor as we mentioned earlier. But it is also a distorted representation because that those who are not part of active labour force temporarily or in the medium to longer-term according to the needs of capital accumulation constitutes still a part of the labour market as a reserve army of labour. The very existence of this part of labour market is a very crucial factor in determination of the prevailing landscape of the labour market at large and wages and working conditions of the active labour force in particular. Even those people for whom integration into labour market is not possible at all (not-able bodied or workable' in Bank's words) and stands as an absolute surplus population, has a relation to and influence on the constitution of a reserve army of labor within the total actual surplus population through the intimidation of its misery

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[27] David M.Smith, "Sosyal Dışlanma ve Sosyal Politika: Britanya'ya Tarihsel Bir Bakış," in Kalkınma ve Küreselleşme, ed. Saniye Dedeoğlu and Turan Subaşat (İstanbul: Bağlam Yayınları, 2004), p. 130.

that would impelling the crucial parts of workable and able-bodied surplus population into reserve army. Shortly, therefore, what the Bank discourse does, through representing those outside active labour force as apart from labour-market, is portraying how the labour market actually works in a distorted manner. Again as quoting from Du Toit who explicates and renders invalid this distorted understanding with the example of prevailing chronic poverty in the midst of the globally integrated, successful fruit export industry in the Western Cape District of Ceres in South Africa:

> It is for instance not helpful to portray the off-farm poor in Ceres as excluded fro the labour market, or to portray that market as having failed. Such an analysis would be so abstract as to have almost nothing to do with how that market actually works. For the white farmers who own most of the land and who use most of the labour in Ceres, the seasonal labour market is most assuredly not failing. It is working fairly well. It generally succeeds in providing them with the cheap labour they need when they need it, and helps them avoid some of the most important consequences of uncertainty and unpredictability of the harvest season. ..Closer integration into global economic systems and regulatory frameworks have intensified, not ameliorated these dynamics. Poverty and under-employment are not accidental by-products of economic life in Ceres…They are its regular and systematic outcome. [28]

In the light of the points highlighted above, it can be concluded that both the discourse the Bank developed on poverty and the particular methodology it relies on in its analysis and policy prescriptions in a related context offer a discursive and analytical opportunity respectively to the Bank to broaden its agenda towards poverty and social question but without touching on the structural reasons underlying poverty. In addition, due to the Bank's hegemonic influence (through positioning itself as a Knowledge Bank) on the poverty agenda of development community in defining how poverty is conceptualized and in accordance, what kind of policies needs to be prescribed in its alleviation, the Bank also isolates by this discourse the attention from the underlying structural reasons in question. The methodological stance that is summarized here as a blend of crude empiricism with methodological individualism particularly contributes to

[28] Du Toit, p. 1002.

this maneuver as such that through it the Bank reinterprets individual empirical manifestations of the poverty, which are actually evidences indicating prevalence of poverty and its socially disabling effects, as the main causes of poverty through their cumulative effects on the capability of individuals to participate in economic life. The discourse in question articulated around the social exclusion/social inclusion binary opposition contributed to the same end in ideological terms through establishing the narrative that, in reference to Stepney's words, 'poor are a group in need of re-socialization through work, the only reliable route to social inclusion.'[29] As taking its backdrop this narrative that veiling the ontological relation of the phenomenon poverty to the economic relations and market as such, social policy is defined around the objective of increasing the poor's attachment to labour market in particular and the disciplinary logic of the current expansionary tendencies of market in general under the slogan of "an inclusive society'.

[29] Paul Stepney, et al., p. 111.

CHAPTER 3

RECURRENT DISCOVERIES OF THE ‘SOCIAL DIMENSION’ BEFORE THE SRMP: THE WORLD BANK’S 1990s IN TURKEY

3.1 Introduction

In this section of the study, prior to focusing on the World Bank’s current poverty alleviation agenda in Turkey, the manifestations of the idea of incorporating poverty alleviation and social policy concerns into the Bank’s country-level operations will be investigated. The primary aim of this investigation is to illuminate the process which laid the conceptual and historical background of the current Bank agenda on poverty and of the particular approach to social policy that underpins this agenda. More specifically, it will be reviewed that from its initial appearance to date how the content of the Bank’s social policy proposals were. This will be focused to understand in a comparative perspective whether it is possible to diagnosis continuities/discontinuities between the approach and policy prescriptions the Bank set out in these earlier calls for poverty reduction and those it spells out in the current one. Further, it will be examined that in reference to what kind of conditions the idea of mitigating poverty has included in the Bank’s country operations, i.e. how it was reasoned. This constitutes the fundamentally important concern of the examination conducted in this part of study, that is the content of the each manifestation will be investigated by the particular attention paid to contextualizing these social policy concerns and proposals emerging throughout the 1990s within the framework of the Bank’s broader policy agenda and operations in

Turkey of the time concerned. By this way, a review of the history of the Bank's country-level operations since the early 1990s to date will be also realized.

3.2 Acknowledging the 'Social Dimension' of the Structural Adjustment

It is in the first half of the 1990s when for the first time poverty was acknowledged by the World Bank as a long neglected problem in Turkey despite its entrenched forms had long been in existence. In parallel, adverse impacts of the Bank-proposed structural adjustment reforms and the need to implement effective social policy measures to curtail these impacts were articulated for the first time among the policy concerns upon which the Bank's country-agenda was built. It was with the *Privatization Implementation Assistance and Social Safety Net Project* which was approved by the Bank to be applied in 1994 that this concern was translated into practice. This project was indeed a component of the Bank's first country assistance strategy (FY 94-96 CAS) prepared in 1993 for gearing up Bank activities in Turkey after a five-year long period of decreasing intensity in relations. Since 1988 until that time, the Bank had downsized its aggregate level of lending and project portfolio to only a limited number of investment loans, due to Bank-observed lack of efforts on the part of domestic political authorities to carry forward the structural adjustment of the early 1980s to address the increasing fiscal imbalances and to provide an enabling institutional and legal environment for private investment and a competitively functioning free market.[30] In this respect, the FY 94-96 CAS was designed in the early 1993 to initiate a systematic second generation reform process which would begin in the following year, and would be mainly composed of a broad range of public sector adjustment reforms geared towards a strong fiscal discipline.[31] Identifying the rapidly growing public fiscal deficit as the underlying reason of macro-economic imbalances, the Bank asserted that it led, through triggering

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[30] World Bank, *Operations Evaluation Department Turkey Country Assistance Evaluation (CAE) Approach Paper*, *December 7, 2004,* (Washington, D.C.: World Bank, 2004), Report No. 30923, p. 3.

[31] World Bank, *Country Assistance Strategy Document for Fiscal Years 1998-2000 (FY 98-00 CAS)*, (Washington, D.C.: World Bank, 1997), Report No. 16992-TU, p. *i*.

high inflation and real interest rates, to low levels of and a highly volatile economic growth, and in turn, deteriorating employment records. From this point of view, the Bank indicated the public sector reform agenda as the number one priority of its planned lending strategy in Turkey for the fiscal period of 1994-1996. The negotiations that had been already started in 1993 by the Bank for such a structural adjustment program to be implemented by the government of the time were prolonged with the emergence of 1994 financial crisis. In the crisis context, particularly privatization and banking sector reform were brought to the fore by the Bank as the primary reforms that ought to be implemented with support of a Bank-provided adjustment loan.[32]

However, the World Bank did not limit this planned lending strategy (the FY 94-96 CAS) to the structural adjustment reforms, and within the same context, for the first time it also mentioned about the need for effective measures to alleviate poverty and invest in human capital bases of the country. Looking at the particular way how the Bank defined the content of this focus on social policy, it appears that it was conceived rather as a complementary pillar which was to provide support to the structural reform process. This approach found its reflection in the practice with the *Privatization Implementation Assistance and Social Safety Net Project*, which was the only project the Bank prepared at that time in regard to its new concern with poverty alleviation and social policy. As its expected function is explicit in its name, the project was mainly designed to help the Government of the time apply its privatization agenda for state-owned enterprises (SOEs). In this context, its mainly technical content prepared to provide guidance in design and implementation of an effective privatization strategy was supplemented by the Bank through incorporating a '*social safety net*' component into the project. Proposing that government had to develop a strong and effective social safety net for the redundant SOE workers as an 'integral element' of its privatization agenda,[33] the Bank reasoned this proposal as follows:

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[32] World Bank, *Operations Evaluation Department Turkey CAE,* p. 3.

[33] World Bank*, Privatization Implementation Assistance and Social Safety Net Project,* (Washington, D.C.: World Bank, 1994), p. 20.

> It is clear that the sizable labour force downsizing will not be easy. It would involve loss of income, uncertainty and psychological stress, and job relocations. The impact will be especially severe where SOE employment bulks large in a community and where there are few alternative employment opportunities…The experience of other countries (e.g. Argentina, Chile, Hungary and Mexico) has shown that with labor, business, and the government working together to find solutions, it is possible to restructure the labour force *without undue social costs and political stress*.[34](Emphasis mine)

Then, it appears that the social safety net the Bank incorporated into this privatization project was envisaged as a means to create consensus for privatization practice which was, in turn, to prevent or mitigate the social and political risks the ongoing privatization process would possibly give way to that would jeopardize its own future.

Taking a closer look at the content of the safety net in question, it was based on two pillars. The first one was 'temporary income support program' that would, in Bank's words, "help ensure that the *basic needs* of workers and their families are met *during a transitional period*."[35] Considering the fact that at that time there was not an unemployment insurance system in Turkey yet, and therefore, identifying early retirement as the most convenient means for labour force downsizing, severance payments mandated by the Law 1475[36] was accepted by the Bank as the main source of the temporary income support.[37] It is also noteworthy that early retirement accompanied with the severance payment was particularly advocated as a cost-effective means through arguing that worker compensation costs relative to cumulative wage savings for

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[34] Ibid.

[35] Ibid.

[36] Law 1475, which was the main legal framework regulating the industrial relations until the new legislation put into application in 2003, entitled severance payments to all workers in the formal sector on retirement or in the event of termination without a just cause in case of which severance pay was accompanied by a payment of 'Notification Indemnity'.

[37] The Bank advocated this choice through also referring to the privatization experiences in other countries with the conclusion that 'income support/severance payments over and above the legally-mandated have become the norm in the global experience with privatization programs. Ibid., p. 21.

the Government over a three-year period would be significantly lower which means a net saving for the Government.[38]

The second pillar of the Bank-proposed social safety net was ‘labour adjustment programs’ which were expected to help integrate the laid-off workers to the active labour force again. Qualifying privatization of SOEs in its essence as an act of labour force restructuring in accordance with the criterion of efficiency in labour market, the Bank paid a particular attention to the unemployment problem that privatization would lead to. Defining the unemployment that privatization process would lead to as a ‘frictional and structural problem’, it proposed certain ‘active labour market policies’ that would ‘shorten’ its duration.[39] These were job counseling and placement programs, retraining schemes and temporary *labour-intensive* public employment programs (environmental clean-up, urban infrastructure services, etc.), which would be developed by the IIBK (Turkish Employment Organization); and programs for small enterprise development in regions of concentrated layoffs, which would be organized by the KOSGEB (Small and Medium Industry Development Organization).[40] Characteristically, these ‘active’ policies were workfare kind, supply-side labour market policies that define effective public intervention to remedy unemployment as only those actions that would invest in the ‘employability’ of the workers or provide transitional and low-paid public jobs in the course that the laid-off worker is searching for a new job in the market. It needs to be also noted that these programs were required by the Bank as to be in local character tailored to the particular needs of each privatization practice and further, the IIBK and KOSGEB were expected to *sub-contract* the delivery of these services with local private and public institutions and organizations. The IIBK and KOSGEB were also supposed to

[38] Ibid., p. 20.

[39] Ibid.

[40] Ibid., pp. 22-23, 31. Zonguldak Region was particularly indicated as such a region where a regional development program was proposed under the same project which aimed at diversifying the economic base of the region to mitigate the adverse impacts of Karabük Steel Plant (KARDEMIR) and Turkey Hard Coal Mines (Türkiye Taşkömürü Kurumu-TTK) privatizations on the local structure of employment. See ibid. p. 33.

actively engage into promoting such *local initiatives* for these active labour market programs.[41]

What is particularly noteworthy about this labour adjustment measure is that it was envisaged as the main component or constitutive element of the ideal safety net the Bank proposed.[42] Revealing its rather political/ideological character, the Bank reasoned this emphasis put on these labour adjustment programs mainly in reference to their *market oriented* character. In the Bank's words:

> Turkey's experience to-date with labour adjustment in SOEs has been primarily through 'soft reductions' such as voluntary early retirement largely coupled with the prompt payment of severance payments which are legally due to the retirees. These severance pay and retirement options currently in place need to be accompanied by active labour adjustment measures. In order to *attract private investment*, the *'market-orientation' of local initiatives for economic and social development needs to be strengthened*. Strengthening the market orientation of local initiatives in those areas where SOEs are being restructured or privatized would: (a) alleviate the social impact of SOE restructuring; and (b) *reduce the political pressure for, and the risk of re-emergence and re-growth of SOE employment after SOE restructuring.*[43] (Emphases mine)

Another important point that needs to be noted in the context of this safety net project is the emphasis that was laid on realizing a '*participatory process'* in determining the content of each component of the safety net in question. It was defined to be realized through early involvement of all interested parties, i.e. government, management of the SOE and worker representatives in preparing an 'appropriate and legally defensible' severance package. The correct timing of such a participatory process was also specified as '*after* a labour-restructuring decision has been made and should take place in-plant

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[41] Ibid., p. 31.

[42]This reflected in the safety net project at focus such that a critically higher share of funding was allocated to it relative to the temporary income support component of the social safety net. The total project budget amounted to U.S.$ 129 million out of which the component of the Social Safety Net had a share of U.S.$ 31.9 million. Within it, the Labour Adjustment Program was allocated with a share of U.S.$ 18 million and Temporary Income Support had U.S.$ 6. 4 million.

[43] Ibid., p. 22.

prior to any labour-shedding.'[44] The Bank reasoned the amount of attention devoted to such a participatory process by qualifying it as a measure in gaining the workers' consent for privatization which was underlined as 'an essential ingredient for its success.'[45]

The social security system in Turkey was the other subject the Bank tackled with under the same project where the Bank for the first time in Turkey's context concerned with the issue of social policy in practical terms. As ascertaining acute problems in relation to the financial and administrative structure of the system, the Bank called attention of the government of the time towards it as a policy field which is in need of urgent reforms.[46] In advocating reform of the social security system, the Bank also made reference, though rather as an implicit sub-text, to *equity* concerns through implying a financial trade-off within state budget between the social assistance system which benefits the poor section of the society, and the deficit running social security system which primarily benefits non-poor sections of the population. As it will be elaborated in the following parts of the study when analyzing the Bank's current poverty alleviation agenda, in the near future this argument would stand as an outstanding component of the Bank's discourse on Turkey's current social protection system.

The Bank launched its activities directed towards the reform of social security system for the first time with this project. In this respect, it reached an agreement with the government of the time to realize an analytical study which would evaluate in financial and managerial/administrative terms the current situation and future prospects of the three social security funds (ES, SSK and Bağ-Kur) in Turkey. It would also identify alternative options for the reform of the system that would particularly open a space to private pension schemes.[47] This was indeed the first part of this analytical study that was planned as a two-phased study. In the second phase, the Bank was projected to prepare a detailed technical strategy paper which was to assist the government in

[44] Ibid., p. 23.

[45] Ibid., p. 22.

[46] Ibid., pp. 23-24.

[47] Ibid., p. 32.

implementing the reform option that it would have chosen out of the alternative options the Bank would already have set forth in the first analytical study. [48]

Returning to the actual policy context, however, the overall planned lending strategy of the Bank for structural adjustment reforms in the fiscal period 1994-1996, was not put into application, since in the post-1994 financial crisis phase of negotiations held between the government and the Bank, it did not become possible to reach agreement on the exact content of the reform program.[49] Consequently, the Bank-proposed social safety net that was elaborated above was not put into application either, since the planned privatization program which the safety net in question was designed to give support was not implemented at all. So, the Bank adapted its prospective assistance to a 'Low Case' lending program which would only include those projects in urban infrastructure upgrading, human capital development and the environment.[50] It would also supplement them with technical and advisory services on macroeconomic issues, which aimed at increasing the government capacity and creating consensus to apply a structural reform program in the medium term. In parallel, the Bank declared that it still kept open the possibility of adjustment lending if the government would decide to implement a "bold program of structural reforms" in the near future.[51] It was more specifically described as a stabilization program that would stand within the policy paradigm of the Bank-proposed reform process such that it would focus on fiscal adjustment through large cuts in public investment, personnel expenditures, and would incorporate public sector reforms, most notably of which for the Bank was the "divestiture of state enterprise."[52] As relying on the Bank's retrospective account on this period, the particular reason that possibly motivated the Bank's decision for

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[48]As identifying it as an urgent reform, this comprehensive study was monitored to be finalized completely within a two-year period between July, 1994 and March, 1996.

[49] World Bank, *Operations Evaluation Department Turkey CAE,* p. 3.

[50] World Bank, *FY 98-00 CAS,* p. 12.

[51] Ibid.

[52] Ibid., p. 1.

implementing a Low Case lending programme instead of opting for a totally passive period in the country activities can be explained to much extent on the basis of the fact that the stabilization and reform program which the government of time put into application with the early support of IMF in response to 1994 crisis seems to be a determining factor in the Bank's decision to implement such investment operations which were actually conceived as a preparation to expected structural reforms and a sign to the government of the time that the Bank kept the possibility of adjustment lending still open.[53]

Yet, in the following years, let alone adjustment lending, even the activities planned in the Low Case lending program failed to be put into application. The Bank explains this failure, together with the failure of the government's post-crisis stabilization program, to much extent on the basis of the domestic political structure and attitudes of political authorities at the power:

> The program [the government's stabilization program after 1994 financial crisis] had some important initial success, with large corrections in the fiscal and current account of deficits in 1994-95 and a sharp rebound in economic activity in 1995. However, the Government was unable to carry through with the structural reforms in its program, which raised serious questions about the sustainability of fiscal adjustment and prevented Bank assistance through renewed adjustment lending.[54]
>
> Continuing *political uncertainty*, macroeconomic problems and systemic constrains contributed to a difficult implementation environment. Decision-making on important aspects such as investment outlays for utilities, tariff levels and privatization transactions were overly *centralized* and subject to *political interference*. Frequent changes of ministers, management and senor staff in implementing agencies compound the problems, as did changes in Bank staff….Implementing agencies lacked autonomy and financial discipline, and outmoded systems of expenditure control resulted in extensive delays. *Adjustment lending proved infeasible because the Government lacked the political mandate to implement key structural reforms*. Progress on sectoral policy issues was also slow, and institutional

[53] Ibid.

[54] Ibid.

> capacity remained weak. As a result, *even the Low Case lending program proved difficult to deliver.* [55]

The Bank consolidated this account through particularly referring to the developments in parliamentary politics emerging in 1995. It argued that from the early 1990s the support for traditionally dominant centrist parties (center right and center left) has been eroded due to main factors of weak public finance, related macroeconomic problems and the tension between secular and Islamist forces. Reading retrospectively this political economic context where Bank programs could not be realized, this situation was argued to soar with 1995, which led to the early elections held in December 1995. The Bank indicated subsequent weak coalition governments coming to the power for short time periods during 1995-1997, since no single party became able to win enough seats to come to govern alone, as a crucial factor that undermined the Bank activities for initiation of structural adjustment and poverty reduction programs. It is mentioned in Bank's accounts as a political uncertainty period during which the 'political will' and 'strength' to be mobilized for a second generation reform process was lacked by the governments at power.

Consequently, already launched process of downsizing Bank activities in the country which reflected in the decline in the levels of aggregate lending from US$ 1 billion in 1988 to US$ 600 million in 1993 as a response to the unrealized fiscal adjustment reforms has continued more sharply between 1994 and 1998. With one or two projects a year, the Bank lending to Turkey was reduced to an annual average of US$ 170 million with a lowest amount in 1997, that is US$ 19.5 million.[56] So then, the period between 1994 and 1997 can be qualified as a passive period in Bank's country operations. What is particularly noteworthy for our current point of concern is that the Bank argued again retrospectively that even in this passive period, the Bank's

[55] Ibid., pp. 22-23.

[56] World Bank, *Operations Evaluation Department Turkey CAE,* p. 3. According to the Bank's respective comparative account, while at the end of 1993 Turkey had had the fifth largest Bank portfolio (5.27 percent of total Bank loans), by the end of 1998 its portfolio ranked as the tenth (3.12 percent of total Bank loans). See ibid.

comparative advantage was in social sector in order to establish for its future actions the relevance of its policy advises and prescriptions to the ultimate objectives of poverty alleviation and social development. The only standard operational tool at the possession of the Bank in such a context where any lending plan was not in the application at all was the sector works. However, the Bank states that its orientation at this period towards a sector work that would provide a comprehensive poverty assessment in Turkey was limited, in Bank's words, "by the government's concern about Bank involvement in the debate on politically sensitive issues, notably analysis of poverty."[57]

3.3 Establishing the Bank's Relevance to Poverty Alleviation

This passive period in the Bank's country-level operations was ended with the World Bank's bringing the issues of social policy and poverty alleviation into its agenda once more in 1997 when it reconsidered gearing up its activities with a new three-year lending plan and action strategy. As at the time of the FY 94-96 CAS, the Bank again highlighted the policy objective of 'achieving a durable fiscal discipline through a broad range of public sector reforms' as Turkey's highest priority for a sustainable development.[58] This was followed with its propositions for re-regulating the financial system to remove Bank diagnosed structural weaknesses in banking sector which would, it argued, support the macroeconomic stability that fiscal adjustment reforms would have provided. Yet, it needs to be noted that at this time, crisis conditions in domestic political context were still prevailing which further heightened in the 'February 28 (1997) process' which resulted in resignation of REFAH/DYP government under pressure in June 1997 and emergence of the discussions for an early general elections to be held in the next year (1998).[59] Under these political circumstances, in spite of the

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[57] World Bank, *FY 98-00 CAS,* p. 13; World Bank, *Operations Evaluation Department Turkey CAE,* p. 4.

[58] World Bank, *FY 98-00 CAS,* p. *i*, 4,14.

[59] The early election in question was realized in 1999 rather than in 1998 which resulted in the prolongation of the instability in political conditions with a transitional government established solely to lead the country to early general elections.

Bank's such macroeconomic ascertainments and policy proposals for structural reforms, the Bank did not plan its agenda at all for the following three years on the basis of a structural adjustment lending to be provided through a High Case plan. Rather, in its proposed CAS plan to executive directors of the World Bank group in August 1997, the Bank stated that though the new collation government of the time (ANAP-DSP-DTP government) recognized the Bank's vision for macroeconomic stability, the Bank was fully aware of the fact that the prospect for a structural reform process was 'clouded by a number of political uncertainties.'[60] Therefore, at the very outset it proposed to gear up its country activities on a Base Case lending plan which centered around the purpose of 'establishing Bank's relevance to poverty alleviation and social development' by the help of investment projects (investment lending).[61]

In this respect, the key element of the FY 98-00 CAS was identified as shifting Bank's administrative resources to activities aimed at poverty alleviation and social development over the course of CAS period. They would be allocated with the highest share (40 percent) in total administrative resources. Following poverty alleviation, the Bank incorporated into the CAS at focus 'technical and advisory services in economic management' with a 20 percent share in administrative resources. In the lack of a structural adjustment program to be put into application by domestic political authorities at least until new general elections, what is aimed at by such services in economic management is as, in Bank's words: "(a) improving the Government's capacity to design and implement reforms and manage potential shocks and (b) promoting consensus for adjustment."[62]

In terms of consensus building, the Bank advocated its advisory activities as an "objective and valuable tool to inform internal debate and consensus-building"[63] on macro-economic and sectoral policies. The content of these "Bank-supported

[60] Ibid., p. *i*

[61] World Bank, *FY 98-00 CAS,* p. *ii.*.

[62] Ibid., p.13.

[63] Ibid.

dissemination activities" were specified like seminars on pension reform, private provision of infrastructure and custom modernization which were motivated towards "strengthening the consensus for reform among a broad spectrum of interest groups, academics and politicians."[64]

It should be also noted in terms of improving the capacity to draw up and implement reforms that what was actually at the focus for the Bank was investing in *institutional structure* of the economic management. It is because, in line with the Bank's orientation in 1990s towards New Institutionalist thinking in its general approach to development, the Bank insistently underlined the idea that prevention of policy reversals and weak implementation of structural reform process in particular, and sound macroeconomic management in general can only be achieved through *strengthening institutions* at charge which means *isolating them from the political instability and interference*. It needs to be also noted that by the help of these overall technical and advisory services directed at administrative capacity and consensus-building, the Bank pointed out, it would be able to quickly interfere with an adjustment lending in the process "if the government would launches an effective medium-term program of structural reforms, *within a macroeconomic framework satisfactory to the IMF*."[65]

Before elaborating the Bank's this new poverty alleviation agenda it should be also mentioned that 1997 when the Bank decided to gear up its activities in Turkey is also the year when a comprehensive organizational restructuring was launched in the World Bank Turkey Office. It is a reform process which was realized to organizationally rationalize the country office and thereby, refocus its operations towards reactivating the Bank's involvement in domestic political economic context. This restructuring has both domestic and international dimensions. At the country specific level, it was motivated by the Bank's Operations Evaluation Department's critique that the institutional capacity of the country office was weak and this weakness has been responsible, through not as much as the domestic political factors mentioned above, for the increasingly pacified

[64] Ibid., p. 14.

[65] Ibid., p. 14, 18.

Bank activity since the late 1980s. Because the Evaluation Department's assessment reports are closed to the public, it is not possible to learn about the identified specific details of this assessment. Nevertheless, it can be deduced from the subsequently implemented reforms that the organizationally centralized structure of the Bank's country operations were at focus of this criticism. In terms of its international dimension, this reform was in part and parcel of the larger action program started in the World Bank Group's whole organizational structure at worldwide, in early 1997. Under the guidance of former president Wolfensohn, it was launched both to adopt the Bank to its newly assumed missions of disseminating Post-Washington principles centered on the slogan of 'fight against poverty' and to put into application newly accepted principle of '*country ownership*' which aims at increasing the domestic political commitment to structural adjustment and chosen development strategy through active participation of the government and the people of the country at focus in the design and implementation of political, social and economic reforms of growth strategy and poverty reduction which are expected, thereby, in commensurate with the country's needs. The reform realized in Turkey's office is part of this effort to translate this Country Ownership principle into practice. To quote from Wolfensohn's Address in 1997 to the Board of Governors at the traditional Annual Meeting of the IMF and the World Bank Group:

> Earlier this year [1997], we launched an action program -the Strategic Compact- to renew our values and commitments to development and to improve the Bank's effectiveness. I believe the Compact is historic…But the Compact is not primarily about our organization and internal change; it is about our clients and meeting their needs more effectively. To take this beyond rhetoric, we have decentralized aggressively to the field. By the end of this moth, eighteen of our forty-eight country directors with decision-making authority will be based in the counties they serve-compared with only three last year.[66]

And Turkey was one of these countries. Within this framework, the three Country Directors at function until that time was reduced to one with a new appointed

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[66] James Wolfensohn, *The Challenge of Inclusion, Address to the Board of Governors, Hong Kong China, September 23, 1997*, (Washington D.C.: World Bank, 1997), p. 12.

director and the position was decentralized to the Ankara office in 1998.[67] A similar decentralization process realized for the rest of the country operations such that local staff were ascribed with an increased role in supervision of the country activities and they took on equal responsibility with those in Washington in handling the portfolio.[68] The Evaluation Department states that with this new organizational structure the efforts to overhaul Turkey's investment portfolio were launched.[69] Consequently, reemergence of the poverty alleviation in the country agenda, this time as its central element, needs to be considered in relation to this reform act at the country operations. In this sense, the Bank's proclaimed reorientation of its administrative resources towards social and human development can be seen as a shift in policy focus realized by the efforts to draw a new action strategy for making country level operations more 'effective' in domestic political economic context. As it can be detected from the pointes that were mentioned up to now and will be further highlighted in following paragraphs on the Bank's main country-level concerns throughout 1990s, here the main criterion of 'effectiveness' was for the Bank to start and carry through a successful structural adjustment process in Turkey.

Taking a closer look at the Bank's resurgent poverty alleviation agenda, it appears first and foremost that the Bank's envisaged activities in this context had a strongly regional/rural character. In this respect, the GAP (Southeast Anatolia Project) region was the main area on which the direct poverty reduction initiatives have been proposed. More specifically, these were 'priority projects' on urban sanitation, rural development and low-income housing.[70] Defining direct poverty alleviation measures as such, the Bank also declared that it had already initiated negotiations with the GAP Administration and the EU for partnership on these operations in the region.[71]

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[67] World Bank, *Operations Evaluation Department Turkey CAE,* p. 4.

[68] Ibid., p. 3.

[69] Ibid.

[70] World Bank, *FY 98-00 CAS,* p. 8.

[71] Ibid.

What especially attracts attention in this context is the emphasis the Bank place, in the relevant CAS document, on the government's support to the Bank's canalizing its new focus on the poverty alleviation towards the region. It is important to note that, however, such statements were interestingly accompanied with those which put a crucial level of reservation to the government's conceptualization of poverty as a largely regional/rural problem. In this regard, the Bank pointed out the evidence that urban food poverty has becoming an increasingly critical problem in slums of the cities like Ankara and Istanbul, along with the income inequality that, according to the Bank, was more pronounced in urban areas.[72] Likewise, there were also such statements of the Bank which underlined that due to the past governments' reluctance, it could not be able to conduct a systematic assessment study on the nature and scope of poverty at *country scale*, which, in turn, had prevented the Bank Group to develop a 'comprehensive framework for direct assistance to reduce poverty' in Turkey.[73] So, the Bank made a confession, over this time period it had had to take 'an opportunistic approach through targeting assistance for health and rural development in poorer regions'.[74]

In the light of these statements, after proclaimed period of disapproval by domestic political authorities for the Bank's involvement in the issue of poverty reduction, in the finally reached agreement the Bank seemed to confine itself, again taking an opportunistic approach, to the limits/conditions set by the government's approach to the issue, namely conceiving and dealing with poverty as a regional/rural problem. Yet, arguing that it was still a pressing need to carry out a *country-scale* poverty assessment and draw up 'comprehensive' (i.e. country-scale), '*better-targeted*' and '*cost-effective*' public interventions in poverty, the Bank explicitly gave the signals that it did not want to extend this concession period beyond this initial stage of Bank's

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[72] Ibid., pp.7-8.

[73] Ibid.

[74] Ibid., p. 8. In a broader framework, the government's approach to development as a regional issue and its implementation GAP and Regional Development Program was also criticized by the Bank, arguing that such 'large integrated area development projects' are costly and slow. The Regional Development Plan was initiated by the government to provide incentives for private investment in 38 less developed provinces along with special employment programs and targeted public funds for social expenditures. See ibid., p. 7.

active engagement into the poverty field in Turkey.[75] In this respect, it has reached an agreement with the government of the time and incorporated into new CAS a *Living Standards Measurement Survey* as one of its highest priority.

The emphasis on human capital formation is the other outstanding feature of the Bank's approach to the themes of social policy and poverty alleviation in the FY 98-00 CAS. Investing in the poor's human capital endowments through basic education and primary health care services constituted the substance of this focus. As it would be seen as an increasingly brought-to-fore argument in Bank's country agenda in the following years, these services were conceived as poverty reduction measures through the presupposition that they equip the poor with the skills that would enable them to participate in active labour force and thereby, to lift themselves out of poverty on their own.

In this context, the constitutive element in the new CAS of the Bank's poverty reduction-motivated policy proposals for education sector is reorientation of public resources from tertiary and secondary education to primary education and vocational training updated for today's market demands. It was also identified as a shared approach by the domestic political authorities, in reference to Turkey's Seventh Five Year Development Plan (1996-2000).[76] What was the particular objective motivating Bank operation in this sector was extending coverage of basic education by increasing the enrolment and attendance rates of the children in poor and rural areas, especially of girls. In this context, the reform efforts of in the political context of the time concerned towards extending basic universal education to eight years constituted the main framework within which the Bank realized its activities in education sector. The attention was focused on the kind of projects that would support this reform effort of the government, in the context of the heightened debate on the issue between 'secular' and 'islamist' forces in domestic politics. Towards this aim, a 'National Education Development Project' (NEDP) was proposed by the Bank to be applied over the FY 98-

[75] Ibid., pp.7-8.

[76] Ibid., p. 6.

00 CAS period. The NEDP had been actually drawn up previously, in 1996, however, it was marked as a failed project in Bank records. Subsequently, the Bank has revised it in the context of this new CAS through shifting its constitutive objective from putting *national level* quality improvements in basic education into place to *targeted* improvements in basic education services in a limited number of *rural* and *slum areas* via pilot operations.[77] In these operations, the Government would construct and equip primary schools, upgrade the quality of teaching through training and provide educational materials at these areas.

The Bank reasoned this policy shift as a choice of domestic political authorities, stating that the Ministry of National Education rather 'intended to pursue national level quality improvement in basic education over the long-term by devolving responsibility for educational administration to local levels.'[78] In the light of such explanations, it would be appropriate to evaluate this shift as being in relation to the Bank's advices to decentralize the provision of overall public social services, which stands a long-term reform goal of envisaged public sector restructuring by the Bank. It is also particularly in parallel to the proposition of the Bank, which would be then a prominent component of its poverty alleviation agenda in Turkey, that public spending on social assistance and poverty reducing social services should be *targeted* and *cost-effective* which thereby will not violate the broader public finance structure that is based on the principle of a durable fiscal discipline. Stemming from such a framework, in the FY98-00 CAS what the Bank identified as the primary strategy for a pro-poor restructuring of the education and health systems is to improve their sector financing through rationalizing and better targeting of public expenditures, cost recovery and private sector participation and decentralized management.[79]

Considering the health sector, the primary principle of the Bank's poverty alleviation agenda was, again, reallocation of public resources from secondary and

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[77] Ibid., p. 16.

[78] Ibid.

[79] Ibid., Attachment 1, p. 3.

tertiary care (i.e. treatment) to primary care.[80] In this respect, it proposed a 'Primary Health Care Project' to be implemented in 1997. The project centered on the idea of upgrading primary health care services through increasing the lower income groups' access to them. In this sense, it was designed to expand the coverage of public primary heath care services through initiating small scale maternal and child health care programs that were 'targeted mostly to poor regions, in particular, to poor women and children in rural areas.'[81] More specifically, the Eastern and Southeastern provinces were at the target.

What is noteworthy that although it is not a directly poverty related measure, the Bank brought health finance reform to the fore in the same context. It proposed under the theme of poverty alleviation a 'Health Finance and Management Project' for fiscal year 2000, which adheres to the same parameters suggested for the education system as mentioned a few lines before. These are decentralization of hospital management; creating incentives for cost-control and efficiency in hospitals, such as targeting public expenditures, capitation payments;[82]promoting competition and private sector participation in the health sector for efficiency.[83] The propositions for separation of health and pension services stood in the same context as well, which would pave the way for separation of the provision and finance of health care services and thereby, would open a space to private sector participation in both finance (private heath insurance schemes) and provision (private hospitals) of these services.

In elaborating the Bank's resurgent poverty alleviation agenda with the FY98-00 CAS, it should be further noted that its outstanding features of having a particular orientation towards regional (and rural) scale, and emphasizing the investment in human capital endowments of the poor, were supplemented with three lateral elements. One of them is emergence of the idea of '*targeted social assistance*', though in an embryonic

[80] Ibid., p. 4.

[81] World Bank, *FY 98-00 CAS*, p. 16.

[82] The payment of a fee or a grant to a doctor, school, etc., the amount being determined by the number of patients, pupils etc. Source: Concise Oxford Dictionary.

[83] World Bank, *FY 98-00 CAS*, p. 6, 16; Ibid., Attachment 1, p. 4.

form, for the first time in Bank's country-level poverty reduction agenda with the FY98-00 CAS. Although articulated solely as a policy direction rather than translated into practice with a program/project, it was touched on under the theme of social protection that the government needs to 'identify cost-effective measures and target populations for social policies and programs' and in this respect, it must particularly develop *a scheme of public subsidies* to the '*most needy*', which would rely on its own funding separated from social security system.[84] However, the Bank did not consider initiating even preliminary sector study as it proposed to do for several other policy fields. What seems to be more prior in the context of social assistance for the World Bank at that time was to design of a temporary income support scheme targeted to poor farm families which would mitigate the socially adverse effects of proposed reform in agriculture sector.[85] It suggested providing the institutional authorities and the government with an advisory service on design of such a scheme over the CAS period in question.[86] Consequently, it needs to be noted that while the idea of providing public transfers (in cash) to the most needy with a financially institutionalized, targeted scheme was articulated, the overall content of the envisaged social assistance system through its exact means and mechanisms has not matured yet.

In relation to the emergence of social assistance as a component of the remerging Bank agenda on social policy, the issue of social security reform stood as another element of the approach at focus. It was mainly assessed within the context of public sector reforms, since the focus of the Bank on the issue revolved around the fiscal deficit the social security system had been causing in public budget. Actually, since the late 1980s onwards this has always been the situation: the reform of the social security system towards its financial viability has been one of the most prior public sector reforms the Bank has called the governments to realize. In this sense, it has always been

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[84] Ibid., Attachment 1, pp. 4-5.

[85] Through removing public subsidies for agricultural price supports, credit and fertilizer, the Bank identified deregulation of agricultural sector as among the structural reform priorities it called the government to take action in this CAS.

[86] World Bank, *FY 98-00 CAS,* p. 16.

pointed out as an important factor in achieving an 'efficient and permanent adjustment in the fiscal position' that would yield a sustained primary surplus of 3-4 percent of GDP [87] advocated as necessary, in Bank's words, for 'future sustainable growth and debt servicing.'[88] Taking these policy advises and presuppositions in its backdrop, what the Bank proposed in the FY98-00 CAS was to restructure the social protection system by separating pension insurance from health and social assistance, drawing up cost-effective schemes targeting the poor population and promoting private options for pension and health insurances.[89] In addition to the advisory service to government on reform options, interestingly the Bank also offered an advisory service on creation of consensus building for this reform. To quote from the Bank: "to help build popular and political support for reform in these inherently sensitive areas [the health insurance and pensions system], we are supporting public debate in various fora with local and national stakeholders and, where relevant, international participation."[90]

The other element needs to be mentioned on the Bank's renewed concern with poverty alleviation is its continued embracement of *workfare* type social policy measures like in the case of the FY 94-96 CAS. While this time it was not translated into practice via a job counseling and employability (training) program, at the ideational level, the Bank continued to underline '*active labour market policies*', which intervene in opportunities for, rather than outcomes of, labour market as an effective public policy. Improvement of labour force skills and competence was particularly pointed out in this respect. More to note, such a supply-side employment/labour market policy was proposed to be operated within a liberalized and flexible labour market regulation.[91]

In the light of the mentioned points up to now, the reemergence of social policy concerns in the World Bank's country operations in 1997 can be summed up as being built upon policy proposals which give weight to the idea of investing in human capital

[87] Ibid., p. 4.

[88] Ibid., p. 22.

[89] Ibid., p. 16; Ibid., Attachment 1, p. 5.

[90] Ibid., p. 16

[91] Ibid., p. 5.

capacities of the poor that is identified as their only asset which would provide them the potential to lift themselves out of poverty. It was supplemented with the propositions envisaging social assistance measures targeted at the poorest as an effective policy tool in poverty reduction. Further, such social assistance schemes were recommended to be located within a reformed social protection context that sustains fiscal discipline in social security system through market or market like mechanisms. Workfare kind public policies that ultimately mean to intervene in the particular regulation of labour market towards flexibilization were also embraced. And all these measures and policy tools were proposed to be implemented by targeting rural and poorest area of the country, namely the GAP region.

However, it needs to be noted that all these components of social policy agenda of the FY98-00 CAS did not go beyond the discursive level. Outside the National Education Development Project, it is not possible to identify in the Bank records a *direct* poverty alleviation project *noteworthy in its size and activity* which was carried through during the CAS period at focus, although unlike the FY CAS 94-96, this planned lending strategy for 1998-2000 period was implemented without any suspension. This is not in commensurate with the degree of emphasis placed by the Bank on the issue through declaring that it decided to shift the weight of its operations to poverty alleviation. Rather, we see that the investment projects applied under this base case lending totaled US$ 1 billion were on power transmission, water and sewerage, privatization of irrigation, commodities market development, industrial technology, export financial intermediation and emergency flood and earthquake recovery.[92] In this respect, in the context of the Bank's decision to gear up its activities in Turkey towards the ultimate aim of implementation of a structural reform agenda, it is more appropriate to assess the poverty alleviation agenda of the FY 98-00 CAS as an initial step which is focused on *creating consensus for* the Bank's overall policy proposals through establishing in the public opinion relevance of overall Bank operations to the goal of poverty alleviation. It was also an initial step in the sense that it aimed at *to lay the conceptual bases* of the

[92] World Bank, *Country Assistance Strategy Document Fiscal Years 2001-1003(FY 01-03 CAS)* (Washington, D.C.: World Bank, 2000), p. 15.

proposed structural reform program, in Bank's words, 'especially on structural and social aspects' through the advisory and technical services it contained.[93] It needs to be recalled that the ultimate aim of this CAS was also declared by the Bank's itself as to establish Bank's relevance to poverty alleviation and social development which was identified as the best insurance against the failure of the Bank activities [94] which, either in form of adjustment loan or investment lending implemented via technical and advisory services, ultimately aimed at implementation of structural adjustment without any policy reversals or slow down.

3.4 Consolidation of the Bank's Social Policy Approach

As it is noted previously, taking into consideration particularly fragmented composition of the parliament and continuing uncertainty in domestic political context under the shadow of an early general elections possibility, the Bank had declared that a structural adjustment program was highly unlikely and hence, it would base its three-year operation plan for 1998-2000 on a investment lending that would focus on improving the political economic context for a prospective adjustment program. However, again as it is mentioned above, it still kept itself open to the possibility of a reform program after the coming elections and declared that it would provide an additional adjustment lending if the government installed after the elections "adopts and implements a bold and comprehensive program of structural reforms, underpinned by a macroeconomic framework endorsed by the IMF."[95] And in the summer of 1999, the new three-party collation government which came to power after the elections put into application an 'economic stabilization and structural reform program' in close collaboration with the IMF. The content of the program can be summarized as follows:

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[93] Ibid., p. *iii.*

[94] World Bank, *FY 98-00 CAS,* p. *ii.*.

[95] Ibid.

> (i) a strong up-front *fiscal adjustment to put public finances* on a sustainable path; (ii) major *second generation structural reforms* in agriculture, pension, banking, energy and telecommunications, and (iii) a pre-announced crawling peg for the exchange rate backed by *tight incomes policies* to break inflationary expectations.[96][Emphases mine]

Upon this development, the Bank gave its strong approval to the program through stating that it successively covered all areas of reform recommended by the Bank in its previous CAS for the FY 98-00. Implying this CAS had successively carried out the mission on which it was designed for, namely in institutional and political context paving the way to fiscal adjustment and second generation reforms, the Bank particularly asserted that the FY 98-00 CAS helped the preparation of this economic program-especially on structural and social aspects.[97]

However, as being in line with its earlier accounts on the reasons why a second generation reform process had not been put into place, once more the Bank identified the *main* underpinnings of the newly initiated structural adjustment program as '*will*' and '*strength/capability*' of the political authorities at the power. It was spelled out that this 'established wisdom' was confirmed once more in the FY 98-00 CAS period where the strong political commitment to the extension of the basic education to eight years created an effective reform process, while the lack of a similar commitment of the political authorities to the health reform led to failure of the Bank-supported projects.[98] From this perspective, the Bank assessed 1999 as a year in which the opportunity for a constructive change has emerged in economic and social context, mainly under the influence of the following factor:

> [P]rime Minister Ecevit and thee-party coalition that took the office in the spring of 1999 have shown *consistent determination* to carry out urgently needed economic reforms…[99] The *strong consensus* of the governing

[96] World Bank, *FY 01-03 CAS*, p. 6.

[97] Ibid.,p. *iii,* 1; World Bank, CAS Public Information Notice, April 2000, Report No. PIN50, (Washington, D.C., World Bank, 2000), p. 1.

[98] World Bank, *FY 01-03 CAS,* p. 16.

[99] Ibid., p. *i*.

> coalition, installed after national elections in early 1999, on the importance and direction of economic reforms is providing Turkey with a golden opportunity to tackle inflation and long awaited structural reforms. Three out of five parties represented in the Parliament participate in the coalition that controls 350 out of 544 parliamentary seats [A majority government]. The collation has already weathered significant challenges to its unity, including the election of the new president in May 2000.[100]

In addition to these statements of approval, in the fall of that year the World Bank began to work on a new adjustment lending in Turkey to support the program being implemented. It was put into place in the form of a U.S.$ 760 million Economic Reform Loan in May 2000, which was particularly designed to contribute to the reforms in agriculture, energy, telecommunications, *social security system* and privatization.[101] As a parallel action, the operation plan for the upcoming CAS period (FY 2001-2003) began to be prepared and it was centered on the idea of providing assistance to the government's ongoing reform program at two main aspects: *Design of structural reforms* and *mitigating any social impact of the overall reform process*.[102] In this sense, the FY01-03 CAS can be evaluated as a plan which aimed at continuing the Bank's work on structural adjustment that had already been initiated through the ERL with a set of adjustment (Financial Sector Adjustment Loan I and II) and investment (Privatization Social Support Project, Agricultural Reform and Investment Project, Energy Project) loans, and complementing this work with the operations focusing on social outcomes of the ongoing reform.

Poverty alleviation theme which the Bank began to embrace systematically since the previous CAS continued to be dealt with by the Bank within the context of this complementary second aspect of the assistance strategy. Acknowledging the possible

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[100] Ibid., p. 1.

[101] Ibid., pp. 21-22.

[102] Ibid., p. *iii.*

socially adverse impacts of the reforms and conceiving them as a potential source of political risk, the Bank argued that:

> While absolute poverty has been decreasing, some 15% of the population still is considered poor, and significant numbers of people (an estimated 30% of the population) remain vulnerable. Many are unemployed but unable to earn enough to sustain themselves and their families adequately. These people are the most likely to be bypassed by economic growth and suffer the adverse effects of economic reforms, *risking heightened social tension and a social backlash to tough economic reform measures*.[103][Emphasis mine]
>
> The government of Turkey is taking actions to *manage* the risks which are inherent in this reform program and the Bank's program will assist in this process. The main risk factors include political pressures, economic considerations, administrative constraints, and the possibility of another large natural disaster. On the political side…a second political risk is *the possibility of social backlash from tough reform measures*. To address this, the Government is *ensuring adequate funding of existing safety net provision*, including severance payments and other programs for workers displaced by privatization, and is moving to introduce *additional social programs*, including unemployment insurance and direct income support for farmers. Three of the Bank's proposed operations [Privatization Social Support Project, Agricultural Reform Implementation Project and Local Initiates and Social Assistance Project] are being designed to support these aspects of the safety net.[104] [Emphases mine]

In this sense, for the first time in Bank's country-level operations, poverty alleviation was overtly qualified as a risk mitigation measure for the structural reform process. Thereby, the intrinsic relation of the concern with social policy and poverty, which had been spelled out since the early 1990s, to the simultaneously envisaged structural reforms directed towards rearticulating state-society-economy relations had unfolded itself in a consolidated and concrete form.

However, this in a way subordinated relation, at the operational context of Bank's country activities, of the theme of 'fight against poverty' to the structural

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[103] World Bank, *Local Initiatives and Social Assistance Project, Project Information Document*, *February 26, 2001,* (Washington, D.C., World Bank, 2001), Report No. PID8315, p. 1.

[104] World Bank, *FY 01-03 CAS*, p. v.

adjustment that aims at ensuring competitive and efficient functioning of the market economy was articulated in a reverse form at the discursive context of the Bank activities. At this discursive level, poverty alleviation was carried to the forefront through identifying it, in a slogan-like way, as the primary objective of overall Bank activities on structural reform. In this respect, primary components of Bank-proposed political economy framework, such as privatization, removal of agricultural subsidies/liberalization of agriculture sector, financial rationalization of social security system and other public sector reforms aiming at fiscal discipline were presented by the Bank as the 'necessary means' mobilized towards the primary goal of improving living standards, and reducing poverty and economic vulnerability.[105] In this sense, defining its substantial policy content on the basis of these reforms and government's three-year economic stabilization plan, the Bank described its current country assistance agenda as such:

> The *primary objective* of this CAS [FY 01-03] is to help Turkey meet its goal of improving living standards and reducing economic vulnerability and poverty. It is *impossible to make real progress in reducing economic vulnerability in Turkey without high growth and low inflation*. Therefore, the Bank intends to support very strongly the Government's economic reform program which aims to decisively tame inflation and restore the economy to high and sustainable growth in output and employment.[106]

Consequently, in the Bank agenda which aims at supporting the second generation reform process through actively covering both structural adjustment and poverty alleviation activities, there is an apparent disjunction, if not contradiction, in the way how the concern for poverty alleviation was legitimated at the discursive and operational levels of the Bank activities. While at the operational context, social policy and poverty alleviation concerns were reasoned as a means towards the 'orderly implementation' of the fiscal and structural adjustment program; at the discursive context, poverty alleviation was presented as the policy end towards which overall Bank

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[105] John Innes, interview by the author, Ankara, 8 November 2004.

[106] World Bank, *FY 01-03 CAS Public Information Notice*, p. 1.

and government programs for fiscal and other structural adjustment were instrumentalized/mobilized.

Considering the particular content of the proposed poverty alleviation agenda at this time, a closer look at the policy tools and prescriptions it comprised would be conducive. In this regard, it can be described as relying on two main pillars. At the first pillar, just like in the previous CAS, we see again human capital-centered poverty alleviation measures as an emphasized component of the Bank-proposed social policy set. It was articulated under theme of ‘expanding social services’ in this CAS plan (FY01-03). What were particularly focused on under this theme were education and health sectors. In this sense, the policy proposals spelled out were the same with those set forth in the previous CAS. To mention shortly, the Bank suggested again that the state should *increase the access of the poor to basic social services through targeted policy interventions*. What it proposed more concretely in this sense was reallocation of public resources to primary services in education and health sectors. So, the state is called to undertake the responsibility of ensuring the poor’s access to primarily these services, while the other services are proposed to be opened to market mechanisms through competition, private sector participation, financial and managerial autonomy and rationalization of public service providers who thereby will act like market actors.

What needs to be noted in this context is that such human capital-centered measures proposed by the Bank are actually in indirect or long-termed policy tools in poverty alleviation. In this respect, the Bank complements them with more direct and short to medium-termed measures, which stands highly plausible as taking into consideration the orientation of the Bank to conceptualize and operationalize poverty alleviation/social policy as a means of risk management that would support sustainable implementation of the ongoing structural transformation. In this context, the *social assistance system* which had began to appear three years before in the Bank’s agenda on poverty (FY 98-00 CAS) but rather in a pre-mature form, was transformed into the most accentuated component of the Bank-proposed poverty alleviation program with the launch of second generation reform process. In reference to its risk perception mentioned previously, the Bank argued that “critical for success [of reform process] is how well the Government manages to *empower* the population to deal with social risks."[107] In this respect, since they are outside the formal sector, and hence, not covered by any social insurance network, the poor and vulnerable segments of the population were specifically identified as those societal groups who need to be empowered; thereby they would be able to handle on their own the negative influence the structural adjustment poses. In this regard, establishing an effectively functioning social assistance system targeting these people outside the social security system was set forth by the World Bank as the most prior means of its poverty alleviation policy.

Further, the Bank had also put an emphasis on how the particular content of the assistance system should be. Describing the ultimate objective of the recommended public intervention in poverty issue as empowering these groups to manage the risks the reform process poses on them, what the Bank implied in the last analysis was that under partial support of the social policy, these groups are to break themselves free from poverty through their own efforts. Then, the particular content of the envisaged assistance system was articulated along this line. In this framework, while improving existing safety net in Turkey to provide a cash-transfer/poverty relief to the neediest was accepted as part of the envisaged assistance system, this policy tool was actually proposed rather as a secondary component. The principle component advocated by the Bank was basic social services and micro-projects, especially community-based social services, which are motivated towards increasing these people's ability to engage in economic activities, whether through selling their labour, or self-employment by the help of micro-credit. In this context, developing such mechanisms that link cash transfers to such services that would invest in human capital capacities of its beneficiaries was further suggested. Self-employment through micro-scale income generating activity was the other measure attributed with a particular importance in this context.

What is also crucial to note is that there was a strong 'community participation' emphasis in the social assistance system in question. It was envisaged as working through sub-contracting responsibility of the public policy for provision of these social

[107] World Bank, *Local Initiatives and Social Assistance Project*, p. 1.

services to the community-based organizations of the poor and NGOs to the possible extent.

The Bank summarizes all the features of its proposed social assistance system mentioned up to here as follows:

> While the social insurance is relatively extensive, it does not address the needs of poor and vulnerable groups that function outside the formal sector; social assistance should be expected to target such at-risk groups…The Government recognizes the need to strengthen mechanisms that address population groups that fall outside the social insurance network. Emphasis is being placed on developing a safety net that not only provides protection, but also *offers a springboard out of poverty*. There is increased interest in introducing strategies that link poverty-relief with social services, including in particular stronger community-based services, exploring the positive role that NGOs can play in poverty alleviation, and raising-living standards in communities. There is also increased recognition of the importance of entrepreneurship and self-employment in creating new economic opportunities and stimulating privatization and economic development.[108]

Taking such a conceptualization of social assistance in its background, the Bank focused on the prevailing social assistance system in Turkey. It ascertained two main structural problems in the system at focus. One of them is administratively and institutionally, in Bank's words, 'dispersed and disjointed' character of the existing social assistance schemes. The other is the failure, the Bank diagnosed, of these schemes to reach the most vulnerable. In other words, a targeting problem for the social assistance system was indicated by the Bank. Then, strengthening of the existing social assistance system through restructuring it as a targeted, unified structure, and introducing the specific social assistance schemes mentioned above stood as the central objective of the Bank country-level activities on poverty. And Bank proposed the *Local Initiatives and Social Assistance Project* (LISA) in the FY 01-03 CAS period to translate proposals into practice. The particular development objective of this project, as well as its main content was summarized by the Bank as such:

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[108] Ibid., p. 2.

> The development objective of the proposed Local Initiatives and Social Assistance Project (LISA) are the following: provide income earning opportunities for poor and vulnerable population groups; facilitate the integration of rural-urban migrants and children at risk into the mainstream of economy. The Bank's main value added in this project is its accumulated experience with social fund-type operations...The project will have three components: (a) micro-projects, (b) micro-credit; and (c) project management…
> Micro-projects:(i) Socio-economic community works for temporary employment and income generation; (ii) productive community investment projects for sustainable employment and income generation; (iii) establishment of community centers to address socio-economic needs of rural-urban migrants and facilitate the transition of migrant families from rural to urban environments; (iv) street children and working children initiative, targeting service provision at street children and working children.
> Micro-credit schemes for small enterprise development.[109]

There are three points that command attention in reference to the Bank's these recent operations in the social assistance field at focus. First of all, the Bank continued to embrace workfare type social policy means which have been consistently proposed by the Bank since its first incorporation of poverty and social policy concerns into its country-level agenda in 1993. As being same with its above mentioned previous manifestations in the 1990s, the workfare measures were more brought to the fore by the Bank especially in the context of privatization of SOEs under the government's reform program. The Bank proposed a 'Privatization Social Support Project' (PSSP) in this respect that would begin to be implemented in 2001. Its particular development objectives were identified by the Bank as "to support the achievement of the objectives of the Government's Privatization Program, mitigate the negative social and economic impact of the privatization of the state-owned enterprises, and monitor the social impact of the Economic Reform Program."[110] Indeed in terms of its particular content, it was the same with that of the Privatization Implementation Assistance and Social Safety Net Project of 1994. Hence, there is no need to spell out the details of the project to avoid

[109] Ibid.

[110] World Bank, *Project Appraisal Document of Privatization Social Support Project*, (Washington, D.C., World Bank, 2000), p. 2.

any repetition.[111] However, to summarize the way how the Bank particularly approaches to the social outcomes of the privatization issue, and the role attributed to workfare-type social policy measures in this context, the following statement of the Bank in 2001 on the privatization agenda of the structural adjustment program would be illuminative:

> Of particular concern are the employment prospects of those most directly affected by the privatization program- *one of the serious risks to the reform process is the possibility of growing resistance as the public experiences the impact of job dislocations and reduced real income resulting from the divestiture of state-owned enterprises*.[112] [Emphasis mine]

The second point to be reflected in regard to Bank's social assistance agenda designed to accompany the structural adjustment, without any financial crisis situation emerged yet, is that while in Bank's policy recommendations for an appropriate social assistance system, the target group was defined all poor and vulnerable sections of the population staying outside the coverage of social security system, it appears that in Bank's practical initiations to restructuring the social assistance system the target group was more narrowly identified as the poor migrants from the countryside to urban areas and poor children (particularly street children and working children). The surge in migration into urban areas,[113] the need to integrate these people into urban social life and

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[111] To mention shortly, as in the case of 1994 project, it relied principally on workfare type labour redeployment programs which give job counseling and training services to workers displaced due to the privatization of SOEs of which number was estimated as approximately 32.000. This principal component was supported with a Job Loss Compensation Component which would finance severance and other related payments mandated by the law to the redundant workers. The only difference of it from 1994 Project is that a third component was also included, that is monitoring the social impact of government's ongoing economic reform program through analytical and filed works. To develop a National Social Assistance Program was another aim of this component of social impact monitoring. See, Ibid., pp. 14-15.

[112] Ibid., p. 1

[113] The Bank did not explain the details of this referred surge in migration. Therefore, it is not possible to find out what phenomenon it exactly mentions about. However, considering the time period it was claimed for and the tacit way of referring to the issue, the Bank most probably mentions about the crucial increase in the incidence of migration to urban areas due to the intensifying political-military situation in the East and Southeast Regions related to Kurdish Question, which has especially deteriorated in the rural parts of these regions during the 1990s.

the spread at the phenomenon of street children were particularly brought forward as ought-to-be central concerns for the social assistance system at focus.[114]

The last and but most crucial point requires attention is that although it was articulated in Bank's policy recommendations at that time, the Bank did not incorporate into this project, which can be assessed as the translation of its particular vision on restructuring social assistance system into practice, the introduction of a regularly functioning poverty relief/cash transfer scheme for extremely poor. On the other hand, in the context of the Bank's support to government's structural reform program in agricultural sector via an Agricultural Reform Implementation Project, a similar transfer scheme was put into application in the rural sector under the name of Direct Income Support Program. The Bank qualifies it as a means towards mitigating the social impacts of the removal of the government's agricultural subsidies by the ongoing re-regulation process within the agricultural sector.[115] Nevertheless, this transfer scheme is defined as a temporary application, and for '*partial'* rather than 'complete' compensation of the poor farmers' income loss. Yet still, it seems that while the Bank felt the need to create a safety net, though temporary, in agricultural sector at that time, it did not see such a safety net that would provide poverty relief at country-scale to mitigate adverse social outcomes of overall reform process not necessary to put into place yet. As it will be seen in the part of the study on the Bank's current social policy agenda embodied by the SRMP, inclusion of such a scheme in Bank's restructuring efforts on social assistance system in Turkey will emerge only after the financial crisis happening in the same mount of 2001 when the above quoted project information notice of the LISA was issued, reporting that the project's content was under preparation and would be started to be implemented in 2002. So then, at the time when 2001 crisis was about to arise, the Bank did not see the creation of such a safety net necessary in the short term, although it would be a mistake to omit that it has been since the FY 98-00 CAS, within the medium or long term projections of the Bank that centered around the aim of initiating and

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[114] Ibid.

[115] World Bank, *Dünya Bankası Türkiye: Operasyon Portföyü*, p. 7.

successively implementing a second generation reform process that would promote the competitive functioning of free market economy.

3.5 Concluding Remarks

Above conducted comprehensive review on the World Bank's previous agendas on poverty alleviation suggests certain conclusions and diagnoses to summarize here. The main contention rising out of this account is that from its initial appearance in the early 1990s with the case of the Privatization Implementation Assistance and Social Safety Net Project up to the current Social Risk Mitigation Project, social policy and poverty alleviation has always been consistently brought to the fore as an integral component of the Bank's broader agenda for contributing to restructuring state-society-economy relations in Turkey through a second generation reform process. The Bank has identified such a comprehensive restructuring as a next and consolidating phase of the process which had been initiated with trade and financial sector liberalization in the 1980s, but interrupted by domestic political conditions since late 1980s onwards. And in adherence to this view, since the late 1980s onwards it has built its country-level operations fundamentally on and around the objective of realization of such a second generation structural adjustment process. As we said, poverty alleviation has been an integral component of this agenda. A close examination of its manifestations shows that the Bank has always adopted an instrumentalist approach to the theme of fight against poverty. It did so in two main ways: Firstly, when the proposed structural reforms in political economic context was being implemented, the Bank has conceived social policy, articulated in terms of poverty alleviation measures, as *a means of mitigating socially adverse outcomes* of this reform process on social welfare, income distribution, employment and poverty patterns, and thereby, as *a means for preventing these outcomes to turn into political risks* posed on the reforms process. Either through workfare programs and other type of social assistance measures or targeted social services what is intended is 'to politically and socially underpin the structural adjustment programs.' This means operationalization of social policy as, in Jayasuriya's words, a 'mechanism for political crisis management', which is a situation commonly diagnosed for the other country practices of the Bank and its general approach to social policy.[116] This was the case when social policy was incorporated as a theme into the content of the FY94-96 CAS and FY01-03 CAS as well as of the current FY04-06 CAS, the main content all of which are articulated on and around a macroeconomic stabilization-structural reform program and an adjustment loan.

A second way is that when these reforms were not in the application, the Bank operationalized the theme of poverty alleviation as a *discursive means* to 'establish' in the public opinion the ultimate relevance of overall Bank policy proposals to poverty alleviation. Thereby, what is intended is to create consensus for/legitimate overall policy suggestions of the Bank towards structural reforms, through establishing the idea that all Bank agenda is set out around the ultimately aim of reducing vulnerability and poverty. Consequently, this endeavor directed towards consensus creation/legitimation, along with the other analytical sector works, and advisory and technical activities at administrative (government) and institutional levels are motivated towards paving the way to, i.e. creating a conducive political economic environment to initiation of a sustainable structural adjustment process. We have seen the example of such operationalization of poverty alleviation theme in the above mentioned case of the FY98-00 CAS through which the Bank declared after a three-year interval that it decided to gear up its country operations, but this time by shifting its operational focus towards poverty reduction. As it was seen in the course of the closer examination of its details, the constitutive objective of this CAS was to build ideological/discursive, political, institutional and conceptual bases of a possible structural reform process. Embracement of social policy concerns, in this context, was rather attributed with a role in discursive and conceptual terms.

Considering the particular content of the social policy proposals set forth during the 1990s up to now, it needs to be noted first of all that substantial components of the Bank's current social policy agenda have emerged in this preceding period, however, in a discrete and fragmented manner: Workfare programs/active labour market policies,

[116] Kanishka Jayasuriya, "'Workfare for the Global Poor': Anti-politics and the New Governance," *Asia Research Center Working Papers,* 98 (2003).

human capital-centered social policy proposals which draw to the foreground targeted primary education and health services, a targeted and cost-effective social assistance system, a restructured social security system according to the requirements of a tight public fiscal discipline, conditional safety nets, income generating projects, NGO and community participation in social services and social assistance programs, local scale and market orientated social programs. All of them emerged in Bank's agendas throughout 1990s, however, the these recurrent sets of social policy proposals which set forth such measures and propositions were not so comprehensive and more importantly, lack the integrity relative to the current one. Nevertheless, it is possible to diagnoses a gradual improvement in terms of both scope and integrity from its initial form in FY94-96 CAS onwards, as parallel to the process of intensification in the Bank's country level operations which gathered momentum together with the launch of a second generation structural reform process in 1999. In a similar way, the target population of these agendas has also gradually enlarged: From the redundant SOE workers in 1994 to the poor in rural areas and the East and Southeast Anatolia Regions in 1997, from this region/rural scale to the country–scaled policies in 2000 which yet particularly target certain segments of the 'vulnerable and poor' population, namely migrants from rural to urban areas and street children, and finally with the 2001 financial crisis from targeting certain groups within the category identified as the 'poor' to all the poor and vulnerable population at country scale in the context of the current SRMP. So that, it can be concluded that with the intensification of overall Bank's country activities through an agenda focused on the objective of structural adjustment, and with the increasing levels of poverty in the country in a contextually parallel manner, the Bank's social policy agenda matured into a consolidated form with a comprehensive and coherent content which mobilizes all the policy means and proposals that it has set forth throughout 1990s at country-level yet in a disintegrated and most time pre-mature form.

CHAPTER 4

REASONING THE SRMP: THE BANK'S REFLECTIONS ON THE CURRENT POLITICAL ECONOMIC CONTEXT

In order to be able to analyze properly the World Bank's current poverty reduction agenda in Turkey, we should begin our treatment with an initial focus on the Bank's country specific evaluations that the agenda in question relies on. The Bank bases its poverty alleviation operations on a specific country context assessment which can be analyzed in terms of two complementary pillars. These are the views on state-society-economy relations in general, and a certain political and social risk assessment in particular.

4.1. A Proposal for Change in State-Society-Economy Relations

The Bank's assessments of state-economy-society relations in Turkey have its roots in a particular reading it sets out on the history of neo-liberal transformation of political economic context in Turkey. Taking early 1980s as the beginning of this historical account, this decade is primarily associated by the Bank with the structural reforms aiming at integrating Turkish economy into the world economy through trade and financial liberalization. The engine of the socio-economic life in this context is characterized as a "competitive industrial economy with a vibrant private sector."[117]

[117] World Bank, *Turkey: Greater Prosperity with Social Justice, Policy Notes* (Washington, D.C.: World Bank, 2002), p. 1.

Ascribing a positive quality to this decade through proclaiming its success in both economic growth, and human and social development, the Bank praises the 1980s as the years of significantly increasing standards of living. The importance of this highly superficial historical account of the 1980s' political economic context is that the Bank attributes a specific meaning to this decade by identifying it as the beginning of a new promising era for Turkey's development prospect, in reference to the structural adjustment reforms implemented in these years that liberalized trade and finance regimes. Labeling them as 'the first round' or 'the first generation' of reforms, the Bank defines the raison d'etre of its current policy agenda as advancing and consolidating this neo-liberal transformation that has already started in the 1980s. Thereby, it implies an organic continuity between the neo-liberal agenda of the 1980s and today's structural adjustment reforms it proposes.[118] From this perspective, the following 1990s is characterized as the decade when the gains of the previous one were not consolidated through necessary institutional structures that would bed down the already started neo-liberal transformation of the political economic setting. Even starting it with late 1980s[119], it is argued that this lack led to significant fiscal imbalances, increasing public debt, chronically high inflation and consequent instability in business environment. The Bank tries to underpin this line of argument by constantly referring to the kind of comparative economic indicators which underline that in the 1990s the rate of economic growth was lower, and the inflation rate was higher than those levels in the 1980s.[120] In this context, what is depicted for the 1990s is an inherently vulnerable economy that is prone to crises. The specifically underlined issue by the Bank in this context is the particular social impact of this economic fragility. It is asserted that increasing fiscal deficits through limiting the state's ability to improve basic services, and through resulting in an unstable business environment that in turn led to unemployment, created

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[118] World Bank, *Country Assistance Strategy Document Fiscal Years 2004-2006 (FY 04-06 CAS)* (Washington, D.C.: World Bank, 2003), p. 3.

[119] World Bank, *Country Assistance Strategy Progress Report of the World Bank Group for the Republic of Turkey* (Washington, D.C.: World Bank, 2001), p. 3.

[120] World Bank, *Turkey: Greater Prosperity with Social Justice,* p.1.

ultimately a growing social frustration. As it is indicated above, the ultimate reason for such unstable character of the 1990s is diagnosed by the Bank as the lack of the regulatory structures and institutions necessary for a well functioning, i.e. efficient and competitive market economy. In explaining the factors leading to this deficiency, it appears that like in its previous accounts for the failure of the attempts towards implementation of structural adjustment reforms throughout the 1990s that are mentioned in the previous chapter, the Bank agains spells out an explanation which solely makes reference to domestic political actors and processes. In this framework, the governments which have ruled the country during the 1990s are argued not to have the necessary political '*will*' and '*strength*' that would enable them to initiate such a reform process. This assertion is particularly set out in reference to two particular reasons. One of them is the politically unstable environment which manifested itself with emergence of a series of coalition governments from 1991 to 2002. These governments are qualified by the Bank as lacking the political *strength* to successfully face possible political challenges in the austerity phase of the reform process, since they were politically fragile in their combination.[121] The other reason claimed by the Bank is the lack of *will* on the part of these governments for necessary the transformation in political economic context due to their proclaimed 'populist' character. In this regard, the Bank argues that the coalition governments having come to the power over this period implemented such policies that led to large and unsustainable fiscal deficits. These so-called 'populist' practices are particularly identified as follows:

> The lowering of the pension age, the widespread expansion of agricultural subsidies and the use of state banks for subsidized credit and the state-owned enterprises to generate employment are examples of a system of patronage which lies at the root of Turkey's current crisis. When budgetary resources were unavailable, the state banks were utilized quasi-fiscal instruments to pay for populist policies. As a result, they built up huge and unsustainable liabilities. Connected lending also led to

[121] Ibid.

> problems in the private banking sector. Each successive government outdid its predecessor in providing hand-outs to its supporters.[122]

As a result of these political conditions, for the Bank the 1990s became the years of economic instability in the lack of market promoting regulatory frameworks. The content of the mentioned regulatory environment can be grasped clearly in the context of Bank's particular evaluation on the financial turbulence of November 2000 and the following crisis in February 2001. The Bank conceives the political economic environment out of which the crisis rose as being in continuity with the 1990s. It alleges that the crisis is the result of two factors: The emergence of huge fiscal imbalances over the 1990s and the lack of attention to the accumulation of systemic banking sector risks.[123] However, the Bank implicitly elaborates this diagnosis through differentiating the levels as well as importance of these two factors. While defective banking system is indicated in a sense the immediate reason leading to crisis, this system and fiscal imbalances are linked to a more structural problem, namely the '*problem of governance*':

> While the immediate trigger for the 2001 crisis was fragility of the banking system, underlying this and previous crises is a deeper problem of governance. This is manifested in serious non-transparent and unsustainable imbalances of public finances….requires fundamental changes in the institutional arrangements for the management of public finance.[124]

So then, the generative structural reason behind the macroeconomic instability is the problem of governance which is defined in its restricted sense as a problem of public finance management. In this sense, it can only be overcome through applying tight fiscal adjustment policies to reduce inflation and run large primary surpluses over the medium

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[122] World Bank, *Country Assistance Strategy Progress Report*, p. 3.

[123] World Bank, *FY 04-06 CAS,* p. 3.

[124] Ibid., p. 12.

and long term for achieving a manageable and sustainable pubic debt level.[125] That means a particular form of governance of which fiscal foundations are set up on the basis of the following technical prescriptions: rationalization of public investment and public employment, elimination of agricultural subsidies, restructuring/privatization of state enterprises, reforming deficit creating social security system, reforming tax system, initiation of a decentralized social service provision and implementation of an anti-corruption agenda[126]. These reforms are all pointed out as necessary to contain non-interest expenditures to ensure sustainable fiscal adjustment which in turn means sustainable repayment of public debt.

Nevertheless, as the Bank's continual emphasis on 'sustainability' in these texts also implies, the governance problem and the associated fiscal difficulties goes beyond the confines of a simple matter of public expenditure management. As the branches of public expenditure where a cut is recommended indicates, it is conceptually understood on a broader basis as a problem of redefining state's role in a different context of state-society-economy relations. This is clearly stated in the Policy Note prepared just after November 2002 elections by the IBRD Turkey Country Office as a proposal of reform agenda for the 58th Government that "a substantial change in [state's] priorities and the way in which the state, market and citizenry interact" is required.[127] The underlying logic of this proposed articulation of state-society-economy relations is actually two-fold: "private sector productivity rather than public sector spending become the engine of sustainable growth" and "replacement of a top-down state led development approach by a bottom-up empowerment strategy, to ensure inclusiveness, social justice and enhanced productivity."[128] In this context, the role of the state is defined in its general terms as "delivering effective services and regulatory system to help markets and

[125] World Bank, *Turkey: Greater Prosperity with Social Justice*, p.14; See also World Bank, *FY 04-06 CAS.*

[126] World Bank, *FY 04-06 CAS,* p. 13.

[127] World Bank, *Turkey: Greater Prosperity with Social Justice,* p.1.

[128] Ibid., p. 2.

improvements in citizens' lives."[129] Yet more concretely, the attributed roles and functions of the state in this formulation can be conceptualized in terms of two complementary pillars: On the one side, creating a regulatory environment that would foster private investment and competitive functioning of markets; on the other side, providing and maintaining political and social stability to underpin this investment environment.

On the first pillar, as relying on the axiomatic argument that the private sector productivity rather than public spending can be engine of a 'sustainable' and 'inclusive' growth,[130] the state is expected to create an enabling business environment that would facilitate competition, private investment and technological innovation. It is argued that state can realize such a function through setting up and maintaining an appropriate regulatory framework which includes certain necessary institutions and legal arrangements ensuring competitive, hence efficient functioning of the market. The content of such a framework is more specifically identified on the basis of following policy objectives: macro-economic stabilization; improved efficiency of financial sector; improvement of the investment climate to foster both foreign and domestic investment; deregulation and privatization; infrastructure investments.[131] A detailed focus on these components or thematic fields will be conducive to illuminate the precise content of the Bank proposed state-market relations.

For the financial sector component of this regulatory framework, what is mainly pointed out is the need to create independent, technocratic institutions that will regulate and supervise the sector activities in competitive terms. Since such an institutional structure (Bank Regulation and Supervision Agency-BRSA and Savings Deposit Insurance Fund-SDIF) has already been established in Turkey, the government is then called for further strengthening the institutional capacity of the BRSA and defining a

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[129] Ibid,, p. 5.

[130] What the Bank means with 'inclusive growth' is a labor-intensive growth that would create a broad range of opportunities of employment to the poor, who are characterized as having fallen outside the active labor force.

[131] World Bank*, FY 04-06 CAS,* Annex 1, p. 6.

long-term role for the SDIF. In addition to this institutional structure, the state is attributed with the responsibility to provide legal arrangements that would provide the efficient functioning of financial markets. These arrangements include a reformed bankruptcy law to be able to deal with the non-performing loans currently held by the banking system and to prevent the existing financially weak corporations to cause further non-performing loans to banks if an economic instability or crisis occurs again.[132] In this respect, the recommended reform of the law is to enhance creditors' rights and by this way, contribute to strengthening the banking capital. Within the context of state's adoption of a private-sector led economic growth strategy, the government is also responsible for privatization of state-owned banks and dealing with the insolvent banks to contribute efficient and effective functioning of financial system.

In terms of improving investment climate for private capital, the state is associated further with a wide set of regulatory roles. One of them comes to fore with a comprehensive corporate restructuring program called as Istanbul Approach that began functioning in mid-2002. It is defined by the Bank as "the cornerstone of the government's efforts to vitalize the real sector."[133] In this program the government becomes *intermediary* between creditors and companies to restructure the capital basis of weak companies through a special process of financing. The financial provisions are conditional upon implementation of some form of company restructuring such as sales of assets and divisions, mergers or company takeovers by new owners, management changes and fresh equity.[134] With this mechanism, the state helps the weak companies to reach financial resources as well as preventing them to cause non-performing loans and threat the banking capital. The government is further called for action in this context to provide a solution to the still prevailing problem of corporate governance. Reform of the bankruptcy legislation is indicated as one example of the measures that the government can utilize in this respect. In terms of creating an enabling private investment climate, the state stands also responsible for developing a foreign direct investment (FDI)

[132] Ibid., p. 7.

[133] Ibid.

[134] Ibid.

strategy which would bolster FDI flows into the economy. This is argued to be a crucial factor to increase the productivity and the country's competitiveness in global economy. The main ingredients of the such a FDI strategy is identified as issuing a new FDI law, a new company legislation law, creating an investment promotion agency, and reviewing the commercial law, competition policy and privatization program in order to diagnose and eliminate the obstacles to FDI.

Presented as a crucial complementary component to FDI flow is the Privatization. It is also addressed as a main mechanism to improve competitiveness of the economy. However, developing an ambitious privatization program more profoundly underlines the restructuring state-economy relations according to the principle of private sector investment becoming the engine of social and economic development. In this respect, the government's privatization program stands more than a deregulation activity; rather it is realized within a more comprehensive context in which a re-regulation activity of which the state is responsible for.

In bolstering a 'conducive/enabling' business environment, physical infrastructure is indicated by the Bank as another component of the regulatory framework in question. Yet, in Turkey's context the Bank asserts that despite the need for significant investment in physical infrastructure, it is a high-cost responsibility and therefore, cannot be undertaken by the state due to its tight fiscal constrains. In this respect, it seems that continuing the adherence to fiscal austerity and high primary surpluses to sustain macro-economic stability and the public debt service stands a prior element in state's agenda proposed by the Bank. Implying availability of a private sector capacity which is able to take over this responsibility if the sufficient incentives by the state are supplied,[135] the government in this context is associated with incentives to mobilize private sector participation to improve existing infrastructure.[136]

[135] To note, the takeover of the responsibility by the private sector is actually proposed in a context where there is an already publicly invested infrastructure that would man reducing costs for private investment.

[136]Two points seem crucial here. Firstly, this proposal implies that social services would be shifted to the sphere of the private sector activity as long as it would be attractive enough for it to invest in them. Secondly, it further evidences that public goods the state is held responsible for are selectively identified to the logic of cost-effectiveness as adhering to the tight public fiscal discipline.

The other crucial task of the state in creating an attractive business environment is to support development of small and medium scale enterprises (SMEs). What appears particularly significant is the emphasis by the Bank that the SME sector can function as a specific social safety net: “in as much as privatization/ restructuring/ liquidation involves downsizing, a vibrant SME sector can function as part of an effective safety net.”[137] In this respect, the Bank’s particular ascertainment about Turkey’s economic structure comes to the fore as a crucially relevant point that “the modern industry structure in Turkey tends to be quite concentrated through large firms in a few major holding companies.”[138] In this context, the state is supposed to promote SME development with a two-pronged strategy: At a macro-economic level, eliminating the state’s productive and financial activities (state enterprise and banks) which are identified as the potential causes of macro crises and high interest rates which injure SME development; at micro-economic level, providing SMEs the opportunities to access to financial resources, knowledge and technology which would facilitate a more “fair competition environment” for them. More specifically, in this Bank-suggested model of state-economy relations the state stands as responsible for improving SMEs’ access to financial resources by simplifying lending procedures and providing technical assistance and training in application process for credits. What needs to be noted here, although the government is expected to encourage the banks to lend to SMEs, the Bank emphasized that the cost of funds to SMEs should be market determined.[139] The government is also to promote venture capital and equity funds through regulating measures such as strengthening minority shareholder rights and removing double taxation. By means of eliminating collateral constraints in leasing, mitigating equity and working capital pressures in factoring, and promoting establishment of micro-finance institutions, the

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[137] World Bank, *Turkey: Greater Prosperity with Social Justice,* p.6.

[138] John Innes, Principal Social Sector Specialist in Human Development Sector Unit of World Bank Turkey Office and the leader of the task team preparing the SRMP, interview by the author, Ankara, 8 November 2004.

[139] World Bank, *Turkey: Greater Prosperity with Social Justice,* p. 45.

state is supposed to *diversify* the resources in financial sector.[140] Besides promoting the access to financial services, provision of non-financial services such as "registration, inspection, taxation, business plan preparation, market identification and technical adoption assistance" is also mentioned within this responsibility framework.[141] In this sense, one of the state functions in SME sector is identified as provision of business advisory services. More importantly, as an example of value transfer from the public to the private sector, the establishment of technology parks, innovation systems and restructuring research and development (R&D) institutions in order to service better for SMEs are also identified among the prominent responsibilities of the state. Through all these means the state is expected to fuel the investment environment with competitive and productive SMEs.

As all these reforms that are recommended on sector bases point out, what is attributed to the state at a more general level is a *complementary* role in regard to the market that is to be carried out through regulating the institutional and legal environment in which market would operate competitively. The Bank draws the general picture of such way of articulating state-society-economy relations as follows:

> The objective is to catalyze a virtuous circle whereby sustained fiscal adjustment and more effective government led to improvements in market confidence which in turn drives down real interest rates on a sustained basis. Lower rates, combined with the efforts to improve the business climate, should in turn engender an increasingly robust private sector response and eventually create the space for funding necessary public investment and social expenditures.[142]

However, as the last part of the quotation also points out, within the Bank-proposed broader set of state-economy-society relations, the state's role and functions as an actor in social and economic development is not limited to providing a set of institutions and legal arrangements which would enable the market to function on a

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[140] Ibid., p. 46.

[141] Ibid.

[142] World Bank, *FY 04-06 CAS*, p. 7.

competitive and productive basis. The Bank argues that it is to be complemented by providing and maintaining political and social stability by means of a certain set of social policies managing poverty, which would underpin this enabling investment environment. This is the second and complementary pillar on which the Bank-envisaged redefinition of the state-society-economy relations relies. And significantly it has its roots in the Bank's particular diagnosis of certain political and social risks prevailing in Turkey's social context in general.

4.2 Political and Social Risks of the Ongoing Austerity Phase and the Instrumentality of Social Policy

The ongoing structural reform program is not conceived by the Bank as a smooth process which has guaranteed the permanent political support and social consensus. On the contrary, the Bank diagnoses high degree, near-term risks against the second generation reforms being implemented from the year 1999 onwards. Emphasizing "the irreversibility of structural reforms cannot be taken for granted", as we see its initial case with the FY 00-03 CAS, since the start of the reforms process in 1999 it builds its country assistance strategy partially upon this diagnosis through incorporating certain risk prevention and mitigation measures into it. The current country assistance strategy is the consolidated form of this tendency which is concretized with the adoption of the Social Risk Mitigation Project as a crucial component of the assistance plan in question.

However, before mentioning these risk prevention and mitigation measures incorporated into the Bank's country operations to support the reform program, the Bank's particular risk perception in Turkey's social context needs to be explained. Three risk factors are identified in this respect: Political, social and macro-economic. In terms of macro-economic risks, what the Bank actually makes reference to is the evaluation elaborated in the previous part on the prevailing macro-economic imbalances of the economy which, according to the Bank, leaves the economy highly vulnerable to crises. The reforms centered on and around the aim of macro-economic stabilization through tight fiscal and monetary policies, and the complementary structural reforms designed for efficiency requirements of competitive markets are the exact measures the Bank proposes in handling this type of risk. As being already focused on in the previous part, the only point to needs to be noted here is that the Bank's economic risk diagnosis actually functions as one of the points of reference in legitimating especially the economic program of structural adjustment the Bank proposes.

In regard to the other two risk factors, namely political and social risk factors which constitute the main point of concern in this part of the study, it appears first and foremost that the Bank presents a deeply intertwined account of them. In this context, more specifically the Bank bases its particular risk perception on the argument that Turkey's economic vulnerabilities are significantly deep, and the structural adjustment that needs to be realized consists of a long list of reforms which are difficult and painful in terms of their social impacts.[143] Reflecting on the ongoing reform process, commercialization and privatization of state-owned banks, public sector reform agenda and fiscal adjustment are particularly pointed out as the current sources of social pressures. It is argued that they are directly creating such a pressure in terms of their immediate impacts on staffing levels and income policy of the public sector that will inevitably lead to an increase in unemployment rates and a decline in real wages, though according to the Bank's claims, in short to medium term.[144] What needs to be underlined here is that in the Bank's this risk assessment, however, these *social pressures* are mainly devoted attention in terms of their proclaimed potential to turn into *political pressures* that would jeopardize the ongoing structural transformation of political economic context. This can occur, according to the Bank's account, through reflection of such social unrest or resistance in the political sphere in form of 'pressures for populist measures' and 'special interest lobbying' that would hinder the reform process.[145] In this sense, the Bank particularly indicates to the existence of 'vested interest groups', especially in public sector, that would, using the Bank's words, "prefer to maintain

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[143] Ibid. p. 2; World Bank, *Project Appraisal Document on Social Risk Mitigation Project* (Washington, D.C.: World Bank, 2001), p. 11.

[144] World Bank, *FY 04-06 CAS*, p. 37.

[145] Ibid., p. 2.

status quo."[146] It is designated that in this respect the government will be under a constant challenge in the course of implementing reform agenda with a continuing commitment. Such kind of political risk fueled by social costs of reform process is exemplified by the Bank in its review of the recent political developments emerging after 2001 financial crises within the three-party coalition government (DSP-MHP-ANAP). Recalling the internal debate within the Cabinet on the level of wheat support prices, new wage agreement for public sector workers, legislation liberalizing tobacco sector and finally appointment of the new management for Türk Telekom, the Bank interprets the disagreements on these issues as having their roots in the social pressures arising from the crisis and continuing tight fiscal and monetary policies, which put a populist pressure towards diluting the austerity phase of the government's reform program.[147] In this sense, social costs of reform process is seen by the Bank as jeopardizing the internal coherence of the 'political will' that is at the charge of the reform process.

This is actually the point where the Bank diagnoses the most critical political risk potential against the reform process: "The biggest political risk is that the stated commitment to comprehensive reform will not be fully realized [by the government]."[148] The main risk mitigation measure that the Bank suggests against it is ensuring the government's strong consensus for and ownership of this program. The Bank tries to build this ownership through realizing participation of the government in design and implementation of the reform program the Bank proposed. The country assistance strategy (CAS) papers are identified as the main channel to realize such a participatory process.

> The CAS takes its starting point the country's own vision for its development, as defined in a Poverty Reduction Strategy Paper or the country-owned process. Oriented toward result, the CAS is developed in

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[146] Ibid., p. 37.

[147] World Bank, *Project Appraisal Document on Social Risk Mitigation Project,* p.11.

[148] Ibid. p.37.

> consultation with country authorities, civil society organizations, development partners, and other stake holders. The purpose of the CAS is to set out a selective program of Bank Group support linked to the country's development strategy and based on the Bank Group's comparative advantage in the context of other donor activities. [149]

This emphasis on government's ownership for the reform process is actually one of the basic components of the Comprehensive Development Framework (CDF) the Bank has developed with an effort to redefine the scope and the processes of the reform programs being implemented in developing countries with the support of Bank's assistance. Together with its other components the Bank defines CDF as follows:

> In 1999 the World Bank announced its Comprehensive Development Framework, a tool for improving country ownership and donor coordination in development cooperation. The framework is based on four principles: Country ownership of the policy agenda, partnership with all stake holders, attention to social and structural concerns as well as macroeconomic and financial issues, and a long-term, holistic approach built on national consultations.[150]

Country ownership in this context is set out as a new form of donor-recipient relations that would increase the 'effectiveness' of the aid, i.e. reform programs through increasing responsibility taken over by the implementing government, which means in Bank's perspective an increase in the effort put into activity, domestic resources contributed and commitment to the activity even after donor has left.[151]

Against this backdrop of ideas articulated in its general approach to aid and development strategy, what is seen in Turkey's case as we noted above is that the Bank defines the government's strong commitment as the primary ingredient in effective implementation of structural reform process, and advocates strategy of ownership as the

[149] World Bank, "Country Assistance Strategy," <http://info.worldbank.org/etools/docs/library/108875/toolkit/sector/cas.htm> (10 May 2005).

[150] World Bank, *World Development Report , 2000/2001, Attacking Poverty*, (Washington, D.C.: World Bank, 2001), p. 195.

[151] World Bank, *Attacking Poverty*, p. 193.

primary means in prevention and mitigation of any risk jeopardizing the government's such commitment to the program. In this sense, in reference to Ben Fine's critique against the same issue, although it presents the principle of ownership in its general discursive and theoretical framework as a 'means of democratizing and enhancing policy formulation by local participation', this principle is translated into practice in Turkey's case as a strategic tool to ensure implementation of the Bank-proposed reform program.[152] In addition to being utilized towards sustainable implementation of the structural reforms, as referring to the example of 2001 financial crisis in which the failure of the macroeconomic stabilization program was attributed by the Bank and IMF to the government's lack of commitment to the requirements of the program, ownership principle, in case of any failures emerging in the reform process, also provides these international institutions the space for a discursive and political maneuver to shift responsibility of the failure to the national political authorities since they are 'owner' of the program, and thereby, diverting attention from the shortcomings of the proposed program.

Such assessment on the importance of the government's will and commitment for the future of the reforms is complemented by the Bank with another risk perception it sets out for the political context. According to the Bank's discourse it has consistently set out throughout the whole 1990s to date, along with domestic political authorities 'will and commitment', their 'political strength' is also very crucial for the effective implementation of the reform process. This evaluation indeed stems from the Bank's general argument for all country contexts where a structural adjustment program is under implementation that the reform process becomes more effective when it is carried out by a '*strong* government'.[153] What is meant here by "political strength' is the degree of popular political support and social consensus the government relies on when it is in the power. As acknowledging socially adverse effects of the reform program especially on the welfare of levels of certain parts of the population (such as civil servants, poor

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[152] Fine further qualifies this discourse of ownership as 'a form of repressive tolerance.' Ben Fine, "Neither Washington Nor Post-Washington Consensus."

[153] John Innes, interview by the author, Ankara, 8 November 2004.

and vulnerable segments of the society), the Bank points out that these effects are risking the heightened social tension which would immediately erode the popular support basis of the political authorities, and hence, of the reforms process.

Bearing the risk perception it drives from the social and political conditions both produced by and surrounding of the reform process in mind, the Bank evaluates the current government position through these lenses. First of all, especially in its first year in the power, it is argued that the popular support and parliamentary majority enjoyed by the new government is a good opportunity for consistent pursuit of reforms.[154] However, the Bank points to the critical fact that the current government owes its strength, i.e. the popular support that has carried it to the power to a critical extent to its election promise that it would strengthen the social dimension of the reform program that had already been put into implementation by the previous government.[155] This election promise has total support of the Bank, since the Bank conceives an increased emphasis on the social dimension as essential to maintaining social and political consensus for 'the painful stabilization and adjustment program' in Turkey.[156] Therefore, it is stressed that delivering this election promise is necessary to have a continuing popular confidence and support which is indicated as the other requirement of an effectively functioning reform process (as we have said already, the first requirement is declared as a 'government's commitment/willingness').[157] However, the Bank acknowledged that delivering this promise simultaneously with the requirements of the structural adjustment stands as a challenging task. The Bank argues it can only be overcome through 'a constant balancing act.'[158] It means a two-pronged action strategy: Continuing the structural reforms implemented for macro and micro requirements of an efficiently functioning *market society* without any concession to populist demands, and

[154] Ibid.

[155] World Bank, *FY 04-06 CAS*, p. 37.

[156] World Bank, *Project Appraisal Document on Social Risk Mitigation Project,* p. 11.

[157] John Innes, interview by the author, Ankara, 8 November 2004.

[158] Ibid.

simultaneously pursuing an "*active social agenda*" with the appropriate set of social policies that would not harm the very logic of structural adjustment. Such an embedded social policy approach is formulated as follows:

> [S]trong social policies including enhanced social dialogue to achieve price and wage policies consistent with macro-economic stability and increased emphasis on the protection of the most vulnerable groups of society.[159]

In this direction, establishing an enlarged network of social assistance through strengthening the existing mechanisms and developing new complementary social programs is identified as the most influential measure which the government can mobilize to mitigate the prevailing risks. In this sense, restructuring of the public responsibility for social protection system around such a social assistance network targeted at the poor sections of the population is indicated as a priority in the government's agenda to manage the social risks of the reform process. More specifically, two social assistance schemes are identified as the immediate requirements of the reform process: Direct income support program (DIS) to the poor farmers at rural scale, and a conditional cash transfer system (CCT) at overall country-scale that would be implemented by the organizational structure of Social Solidarity Fund. The DIS aims at easing the burden of the crises on the farmers who are also adversely affected by the particular efforts in public sector reform program that eliminates the product subsidies by the government. The CCT is, using the Bank's words, a 'highly targeted social protection network' which supplies regular help in cash on the condition of benefiting from the basic education and health services. It is directed towards the poorest 6% of the population. The social policy agenda in question, however, is actually not limited to the establishing broader networks of social assistance through these two systems (DIS and CCT). It also consists of such social assistance programs that focusing on the employability of the poor and vulnerable (short-termed training schemes), and help them to engage into income generating activities through temporary community employment

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[159] World Bank, *Dünya Bankası Türkiye: Operasyon Portföyü* (Washington D.C.: World Bank, 2004), p.56; World Bank, *Project Appraisal Document on Social Risk Mitigation Project,* p.3.

and micro-credit projects.[160] All these aspects of the social policy agenda put forward by the Bank will be analyzed in the following parts of the study in detail. What is crucial for our current focus is that what the Bank suggests is mobilizing a certain social policy agenda centered on the social assistance system as its main tool, which through the intermediacy of this assistance system function as a social and political risk mitigation instrument for the ongoing structural adjustment program.[161] In other words, these social policies are conceived as necessary instruments to build and sustain social consensus by the government in the conditions of risk which the *overall restructuring process of state-economy relations* in Turkey is subject to.

In addition to the tools of ownership and social policy, the active support of international financial institutions'(IFIs) is indicated as an integral contributor to an effectively functioning reform program in financial, technical and advisory terms. The recovery of the certain macro-indicators after the crisis as soon as possible through extraordinary financial loans provided by the Bank, is underlined as an example of the positive impact that such a support can create.[162] On the other hand, this support is qualified as highly conditional on the commitment to the reform program. At this point, the third risk mitigation measure the Bank employs as a lending institution comes to the fore: Conditionality. As mentioned above, the first mitigation measure applied by the Bank is creating the negotiation mechanisms enabling the government of the country to claim ownership of the program. That means increased levels of commitment to the program in any risk situation. In such situations, the social policy measures mentioned above are depicted as the mitigation tools that are at the disposal of the governments. And conditionality, in this context, stands as the mitigation means that is directly at the Bank's disposal.

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[160] The Bank also proposed indirect social policies that aim at building up the poor's human capital basis by means of publicly provided basic education and primary health services, which goes beyond this function of risk management for structural adjustment.

[161] World Bank, *FY 04-06 CAS*, p. 37.

[162] Ibid., p. 2.

The Bank declares in Turkey's context that disbursement of the adjustment lending will be 'closely linked to actual progress in reform implementation.'[163] In this sense, the currently implemented country assistance strategy incorporates two different lending scenarios: high case and low case. The high case is designed for the situation when the core of the program (public and financial sector reforms) is implemented without any slow down or concession. Low case, however, is designed for the situation when reform implementation performance proves to be weak. Further, these scenarios are very different in their size and composition. As the Bank underlines repeatedly, this difference reflects the *high risk situation* associated with the structural reform process in Turkey.[164] What is particularly interesting about these scenarios is that in terms of their particular composition, in the low case the World Bank's support is shifted from economic and public sector reform towards only human development and local level interventions to reduce poverty, along with disaster and environmental management issues.[165] The difference in amount of lending also attracts attention, while it is for the high case U.S.$ 4.5 billion, for the low case is U.S.$ 1.3 billion.

In the light of the points mentioned above, it can be concluded that the Bank attributes to the state a function of providing and maintaining political and social stability that would to underpin its other integral function of creating market or market-like regulatory mechanisms for an enabling investment environment. What is particularly important is that providing and maintaining this kind of stability exceeds in its content and quality the classical neo-liberal conception of the state, namely *night watchman* state that provides law an order. In addition to its ascribed regulatory/enabling responsibilities before the market, by means of undertaking a particular form of social responsibility and employing certain set of social policy measures, the state realizes a more interventionist role in state-society relations. As the particular reasoning presented by the Bank for these social policies indicates (i.e. risk perceptions referred in emphasizing complementary role of the social policies), this intervention is motivated by

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[163] Ibid., p. 39.

[164] Ibid., p. 1.

[165] Ibid., pp. 1-2.

creating at most popular support and consent, and at least discipline that would underpin the ongoing transformation of social context in its regulatory and articulating structures and processes towards efficiency requirements of competitive markets. In this sense, this way of intervention is deeply political. However, its political nature is not confined to the specific motivation behind it. Once the content of the social policy measures recommended by the Bank are looked at in detail, it appears that they are centered on the idea of inclusion into the market and building the human capital resources in line with the market demands. In this respect, meeting human capital needs of the current form of capitalist accumulation does not mean a technical operation in nature. It refers to the social reproduction of the material (political economic) and cultural bases of the contemporary capitalist society. Furthermore, as will be discussed later on, through also incorporating participation and civic engagement conceptions into this inclusion discourse, the Bank-proposed social policy measures also create a closure of the meaning for both social responsibility of the state and participatory political activity. In the fifth chapter, the Social Risk Mitigation Project which brings together all of these direct social policies recommended in the context of the Bank's poverty reduction agenda will be analyzed in detail, in order to highlight their particular content and location in the Bank-envisaged new definition of state-society-economy relations.

4.3 Mapping Poverty in Turkey

The Bank underpins the axiomatic bases of its current social policy agenda in Turkey by means of a particular assessment on the characteristics of poverty in the country. In this respect, it has realized two main studies which set out a poverty profile and accordingly prescribe certain policies which constitute the substantial content of the poverty alleviation programme the Bank undertakes in Turkey. These studies are Turkey: Living Standards Assessment (2000)[166] and Turkey: Poverty and Coping After

[166] World Bank, *Turkey, Economic Reforms, Living Standards and Social Welfare,* (Washington, D.C.: World Bank, 2000).

Crises (2003).[167] In identifying the data on which the two studies draw on, the Bank calls attention to the lack of a regular monitoring system on poverty as a significant barrier on the way of constituting an effective poverty reduction agenda in Turkey. Annual household income and consumption/expenditure surveys are identified as appropriate means of such a monitoring system. However, in Turkey the most recent household income and expenditure survey (HIES) carried out at country-scale dates back to 1987 and 1994 HIESs of the State Institute of Statistics (SIS), and they were actually designed not for poverty monitoring but towards providing weights for consumer price index. In its two studies about living standards and poverty in Turkey, the Bank utilized the data which these HIESs provided on household income and consumption, through comparing it to different poverty lines.[168] In this context, The Living Standards Assessment (LSA 2000) seems to be designed to give a detailed evaluation of the poverty in Turkey in comparison to the content of The Coping After Crisis (2003). It tries to do so through assessing the findings of the most recent survey (1994 HIES) as well as comparing it to the findings of 1987 HIES for a dynamic poverty analysis that would account for the medium-termed trends of poverty over time. However, the Bank felt the need to update this study after 1999 earthquake and 2000-2001 multiple financial crises to get exact information about poverty trends in general and the social impacts of these events in particular[169]. Hence, it realized a household consumption and income survey (HCIS) in the summer of 2001 in collaboration with the government of Japan. As comparing the findings of this survey of 4200 households to those of 1994 HIES, the Bank published The Coping After Crises which has reached certain conclusions about the current conditions of poverty in Turkey. Indeed, these two studies share the same substantial

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[167] World Bank, *Turkey: Poverty and Coping After Crises, Volume I.* (Washington, D.C.: World Bank, 2003).

[168] Ibid., p. 1.

[169] Ibid., p. *i*.

content in terms of their diagnosis and evaluations[170] which the Bank utilizes in reasoning/determining particular content of its social policy set.

In this regard, one of the main conclusions the World Bank puts at the center of its poverty reduction agenda is that Turkey is a country with low extreme poverty but high urban food poverty, economic vulnerability and income inequality.[171] To clarify the terminology employed here, extreme poverty is defined by the Bank the portion of population with per capita consumption under the Bank's extreme purchasing power parity poverty line of US$ 1 per person per day.[172] It is a definition of poverty that facilitates international comparison. According to the findings of the 2001 HCIS, in 2001 1.8 percent of the population had per capita consumption under US$ 1 per day. Comparing it to the 2.5 percent extreme poverty portion in 1994, the results are evaluated as basically unchanged from 1994 to 2001.[173] The Bank interprets the current 1.8 percent extreme poverty level as very low by the international standards for a developing country.[174] This assessment reflects on the Bank's poverty reduction agenda such that in the CAS 04-06 document while a target is determined for reducing economic vulnerability rate from the level of 15 percent in 2001 to 12 percent in 2006, extreme poverty level is identified to be maintained at the same 'low' level (1.8 percent).[175]

The other main indicator that the Bank employs in this evaluation of poverty profile is urban food poverty. It is defined in the Coping After Crises as the portion of

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[170] Their substantial content is so similar that it would be no exaggeration to conclude that from the Bank's point of view, the only difference the multiple crises of 2000-2001 create is the increase in number of people which the Bank had identified as living below its two poverty lines (urban food poverty and vulnerability) before these crises.

[171] See World Bank, *Turkey: Poverty and Coping After Crises*; World Bank, *Turkey: Greater Prosperity with Social Justice,* p. 22; World Bank, *CAS FY 2004-2006,* p.15.

[172] World Bank, *Turkey: Poverty and Coping After Crises*, p. *i*.

[173] The difference between the two number (2.5 percent in 1994 and 1.8 percent in 2001) is evaluated as very small that it is accepted within the standard error of the samples, see ibid., p. 11.

[174] World Bank, *Turkey: Economic Reforms, Living Standards,* p.36-37.

[175] World Bank, *CAS FY 2004-2006,* Annex B9, p. 5.

urban population with equivalent consumption below of a country-specific food basket.[176] This consumption level is identified according to a food consumption standard, based on minimum caloric intake and the FAO equivalence scale for urban areas.[177] Before the crisis the Bank did not see the urban food poverty as a predominant component of Turkey's poverty profile and evaluated its level as quite low like that of 1 US$ absolute poverty.[178] However, after crisis the Bank began to indicate to it as a defining characteristic of the poverty in the country along with high levels of economic vulnerability. According to the findings of 2001 HCIS the Bank set out that while in 1994 urban food poverty rated 6.2 percent of the urban population (this number is 7.3 percent for country as a whole-urban and rural), it has risen to 17.2 percent of the urban population by 2001.[179] It interprets this rise as the result of combined effects of the earthquake and multiple financial crises in 2000-2001. It is a noteworthy detail that whereas in LSA 2000 the urban food poverty was denoted as a 'country–specific absolute poverty line'[180], the term 'absolute poverty' is dropped consistently from the all in-text definitions of urban food poverty concept in the relevant post-crisis Bank's documents where Turkey is qualified as 'a country with low extreme poverty but high urban food poverty.'

With regard to urban food poverty, the Bank also mentions about presence of qualitative evidence that there is some reverse migration from urban to rural areas in 2001. However, since the sample of 2001 household survey does not represent the rural population adequately, it can not reach exact conclusions about rural food poverty. The Bank can make only some indirect estimates about it through deriving from general trends. Since the income inequality does not decline and but the real income level does in 1994-2001 period, the Bank argues that this may have increased rural food poverty,

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176 World Bank, *Turkey: Poverty and Coping After Crises*, p. *i*..

177 Ibid., p. 1.

178 World Bank, *Turkey: Economic Reforms, Living Standards,* p.36.

179 World Bank, *Turkey: Poverty and Coping After Crises*, p. 13

180 World Bank, *Turkey: Economic Reforms, Living Standards,* p. *vii*, 37.

too.[181] Yet, in developing an explanation for the reverse migration, it is further argued that this increase is not necessarily more than the one in urban food poverty, resting on the assumption that self-produced food tends to be relatively unaffected by the crises.

In terms of economic vulnerability, the 2001 HCIS notes a crucial increase, too. Terminologically, vulnerability is defined by the Bank in two ways. In its static definition, it refers to 'having per equivalent expenditure under a vulnerability line, which was set equal twice the food poverty line.'[182] In this way, this level of expenditure covers the cost of non-food items along with the cost of a country-specific minimum food basket. When it is defined dynamically, it refers to 'probability of falling below the poverty line in the second or subsequent observations.'[183] In its both definitions, the concept ultimately implies the situation of an individual who is not absolutely poor but, in Bank's words, an economic shock (loss of employment, disability) may push her/him into absolute poverty.[184] Turkey has been qualified by the World Bank even before the prolonged crisis of 2000-2001 as a country which has a widespread economic vulnerability problem. Yet, as utilizing the static definition of vulnerability, the Bank underlines that with the crisis vulnerability soared in Turkey from 36.3 percent of the population in 1994 to 56.1 percent of the urban population in 2001.[185]

The income inequality is another indicator which the Bank refers to in its assessment of poverty in Turkey. Considering the data from 1987 and 1994 HIESs to 2001 HCIS, the Bank qualifies Turkey as a country with entrenched income inequality of which level has consistently remained as very high over time. Technically, it is measured by the Bank through 'calculating inequality measures on per capita consumption and per capita income, weighted by household size.'[186] In this context, it is an always underlined fact

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[181] World Bank, *Turkey: Poverty and Coping After Crises*, p.13.

[182] Ibid.

[183] Ibid., p. 23.

[184] World Bank, *Turkey: Economic Reforms, Living Standards,* p. 33.

[185] World Bank, *Turkey: Poverty and Coping After Crises,* p. 23.

[186] Ibid., p. 25.

by the Bank that the Gini coefficient for household *total* income has remained rather stable at a high level since 1987 HIES (0.44).[187] It was 0.45 in 1994 and 0.46 in 2001, while the Gini coefficient for consumption was 0.41 in 1994 and 0.40 in 2001.[188]

However, contrary to the analyses in after-crisis reports, in LSA 2000 the distribution of household *monetary* income was also taken into consideration in assessing income inequality. In this regard, the Bank points out that according to the two recent HIESs, inequality in household monetary incomes has increased significantly between 1987 and 1994 (from the Gini coefficient 0.411 to 0.453-almost a 10% increase in seven years).[189] Analyzing this rise, the Bank asserts that labour market and specifically growing wage differentials by educational attainment is the most influential factor contributing to worsening of money income distribution.[190]

Either in its *money* income or *total* income form, there are two main dimensions of the income inequality on which the Bank sets forth particular evaluations within its account of the poverty in Turkey. The first dimension is the income distribution across the different social groups, and the second one is the distribution of income across different regions within the country. On the first dimension, the Bank indicates that income for the rich seven times higher in Turkey than those of the poor.[191] In emphasizing the high rates of income inequality among social groups in Turkey, the World Bank also refers to cross-country comparisons. The comparators it takes into account are those countries which the Bank considers as belonging to the same category with Turkey in regard to GNP/development levels or regional locations. Relying on its own data from 1998 WDI, it is set out that although inequality in Turkey is lower than in

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[187] World Bank, *Turkey: Economic Reforms, Living Standards,* p. *vi*.

[188] World Bank, *Turkey: Poverty and Coping After Crises,* p. 25.

[189] World Bank, *Turkey: Economic Reforms, Living Standards,* p. 25. It needs to be looked at that whether this upward trend in money incomes has continued after 1994, but the existence of such a trend can be derived from other overall trends in labour markets towards informalization, declining wages and growing levels of unemployment.

[190] World Bank, *Turkey: Economic Reforms, Living Standards,* p. 19.

[191] World Bank, *Turkey: Greater Prosperity with Social Justice,* p. 2.

its Latin American comparators such as Brazil, Mexico, Chile and Peru, it is still very close to the levels in some highly unequal comparators such as Peru (0.45-for consumption) and Russia (0.47-for income).[192] Further, it is higher than several countries in the region and other large middle income countries such as Bulgaria, Italy, Tunisia, Morocco, Portugal, China, Indonesia and Bolivia.[193]

In its effort to picture the poverty in Turkey, what stands predominant beyond such diagnoses about the levels of inequality is the Bank's evaluation for the *sources* of this inequality between different social groups. Through decomposing total income inequality by sources of income, the Bank identifies that *labor income* (wage and self-employment income) accounts for 77 percent of total income inequality between households in Turkey.[194] In parallel, it is also the most important source of income with a share of 73.7 percent in total household incomes in Turkey.[195] In relevance, a noteworthy point is that the poor are increasingly depended on labour income much more than the non-poor. As the Bank states, about 80 percent of the income of the poor comes from labour.[196] Acknowledging the simultaneous evidences of increasing dependency on wages especially among the poor and rising differences in wages by educational attainments as such,[197] however, the Bank argues that income inequality arising from such differences in labour outcome are observed in all countries. Defining this situation as '*market-determined inequality*', it even asserts that 'in market-determined income inequality Turkey shows levels similar to many OECD countries (equal to France and Italy for example and lower than Great Britain).'[198] While

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[192] Ibid.; World Bank, *Turkey: Economic Reforms, Living Standards*, p. *v*.

[193] Ibid. pp. 18-19.

[194] In this regard, 'total capital and property income', 'total transfers' and 'other income (imputed rents)' comes after 'labour income' through their respectively 8%, 8.4% and 6.7% contributions to total income inequality, ibid., p. 19.

[195] World Bank, *Turkey: Economic Reforms, Living Standards*, p. 51.

[196] Ibid.

[197] Ibid., p. *vii.*

[198] Ibid., p. *vii*.

naturalizing the factor of labour market and labour income in total income inequality as such, the Bank rather prefers to problematize *state transfers* which are indicated as another source of household incomes. Shifting the attention towards these transfers, the World Bank argues that while the above mentioned OECD countries have similar levels of market-determined income inequality with Turkey, they reduce it by state's social spending through safety-nets and pro-poor transfers. In the case of Turkey, the problem for the Bank is not the inadequacy in the volume of state transfers. It argues that in Turkey state spends a 'substantial amount of resources' for social transfers.[199] According to the Bank, the problem emerges at the point that whether these transfers have a *progressive redistributive* character or not. Relying on the kind of data exemplified by the table below, it argues that state transfers in Turkey are one of the sources of the income inequality between social groups, as the rich receive a larger share of them than the poor:

Table 1: Distribution of State Transfers by Household Income Quintiles in 1994
Distribution by Quintiles (% of total income source)

	1 poorest	2	3	4	5	Share in total income, percent
State Pensions	4%	9%	16%	25%	47%	5.59%
Tax Return	3%	9%	16%	26%	46%	0.69%
Old-age income and scholarships	8%	11%	16%	21%	44%	0.68%
In-kind transfers from the state	29%	19%	17%	22%	13%	0.05%

Note: Annual income data for 1994. Source: World Bank, LSA 2000, p. 31.

In this context, social security system is indicated as the component that uses the largest share of resources allocated to social transfers. Due to being a social insurance scheme relying on the regularly paid premiums, the Bank underlines, its coverage is

[199] Ibid.

limited to that section of society who holds a regular and formal sector job and thus, it falls short of reaching a substantial amount of the poor.[200] In particular, the pension system is depicted by the Bank as being biased towards the middle and top of distribution since the amount of pension benefit is in commensurate with the level of wages/salary the beneficiary has gained during her/his work life. This is, the Bank accepts, how it must be rather than a failure of the system per se, because it was build up as an insurance mechanism. Hence, it is labeled by the Bank as a non progressive distributive mechanism and being responsible for the largest contribution to income inequality among all state's social transfers. Medical insurance which is the other component of the social security system is criticized by the Bank, too, for not covering the poor. Although not included in the data set of the table above, the Bank asserts that it found in the analysis of the household surveys that about 70 percent of the poor are not covered by any type of medical insurance at all.[201] In consequence, what the Bank does is to qualify the whole social security system as being 'geared towards maintaining the living standards of the population rather than reducing inequalities or assisting the poor.'[202] While accepting the best covered group by state transfers are the elderly, old-age income assistance is characterized by the Bank as such an inequality-creating mechanism, too. It is qualified as so due to the lack of a targeting mechanism in its operations, which, the Bank argues, leads it to cover both poor and non-poor.[203] Both tax-return and in-kind transfers which constitute the rest of the current state transfers in Turkey share the same criticism of the Bank, since they are not targeted at the 'bottom of income distribution'.

These are the Bank's interpretations about the distribution of income inequality across different groups in the society. The other dimension of the Bank's portray of inequality is the differences in income distribution across regions of the country. It is

[200] Ibid., p.56, 58.

[201] Ibid., p. 52.

[202] Ibid.,p. 56.

[203] Ibid., p. *x*.

derived from 2001 HCIS that a high regional income difference is in existence and its levels have not changed since 1994. Diagnosing the same problem, 2000 Report points out that 11 percent of the total inequality in Turkey is explained by regional factors.[204] A crucial point that 2000 report indicates but is not included within the Coping After Crisis is that comparing the time period between 1975 and 1995, the share of overall inequality which is explained by differences in regional means has grown by 10 percent.[205]

The Bank indicates that the issue of regional differences is a very central problem for the other poverty and vulnerability indicators, apart from income inequality. Extreme poverty in Turkey is reported to be concentrated in the Southeast Anatolia Region where the rate of extreme poverty is nearly 5 times higher than the national average. To speak with different numbers, 46 percent of the extremely poor in Turkey live in Southeast Anatolia.[206] Regional location is also identified as 'the most striking correlate' for urban food poverty. According to the findings of the Bank's 2001 survey, despite it has less than 7 percent of the country population, the Southeast Region includes over one–quarter of the urban food poverty.[207] It is also found out that just like the case for extreme poverty and urban food poverty, vulnerability is higher in the Southeast Region where in terms of consumption 93 percent of the population lives below the vulnerability line.[208]

Consequently, in its depiction of poverty in Turkey, the Bank puts a considerable emphasis on the regional inequalities.[209] However, it does not develop a clear explanation of the reasons underlying this great disparity. This seems resulting from a hesitation of the Bank for touching on the delicate political conditions prevailing on the Kurdish question in Turkey. This hesitation unfolds itself in the particular evaluation of

[204] Ibid., p. *v*.

[205] Ibid., p. *vi*.

[206] World Bank, *Turkey: Poverty and Coping After Crises,* p. 11.

[207] Ibid., p. 13.

[208] Ibid., p. 23.

[209] World Bank, *Turkey: Poverty and Coping After Crises.*

the profile of poverty in Turkey by John Innes, who is the Principal Social Sector Specialist in Human Development Sector Unit of the IBRD Turkey Office as well as the designer and task team leader of the Social Risk Mitigation Project:

> [T]here are important dimensions to poverty (…) I think another fact that has to be taken into account is, in all countries there are elements of exclusion. And I think in Turkey *the ethnic dimension which I do not mean by that Armenians or Greeks*. I think it is important. Only just now it became even legal to broadcasting, but the mere fact that there is a still quite high degree of exclusion in Turkey. Turkey is not unique in this, but it is a *significant problem Turkey has to address*. And *this exclusion has a direct impact on poverty.*[210](Emphases mine.)

As it can be seen in the above quoted statements, speaking on behalf of the Bank's Turkey Office, Innes even refrains to articulate the name of the ethnic group that he mentions about. Being parallel to this cautious attitude in acknowledging the regional inequality dimension of poverty, the Bank does not take it into consideration when it determines the content of its poverty alleviation agenda. This ignorance creates an unbalanced situation in comparison to the weight given to the issue in the context of the Bank's diagnoses about poverty in Turkey.

Another, yet outstanding variable which the World Bank incorporates into drawing the profile of the poverty in Turkey is human capital endowments and labour market status of the poor. The Bank actually conceives poverty as a problem having its roots in the failure to bring all sections of the population into economic mainstream.[211] Problematizing the poverty in its essence as such, the primary question it ask is then why these people cannot be active economic agents or in Bank's words, why they do not benefit from 'opportunities' presented by 'modernization', 'economic growth' and 'globalization.'[212] Answering this question requires drawing a profile of poverty that would establish casual relations of certain variables with poverty. In this sense, what the

[210] Interview with John Innes, Ankara, November 8, 2004.

[211] World Bank, *Turkey: Economic Reforms, Living Standards,* p. 33.

[212] Ibid., p. 76, 24.

Bank suggests is that firstly education (human capital) and then labour market status are the key determinants of risk of poverty in Turkey.[213] According to the Bank, the low levels of educational attainment and unfavorable labour market status constitute the 'very distinct characteristics' which the poor people have in comparison to other welfare groups in the society.[214] Because of these characteristics, their participation in economy is qualified as 'handicapped.'[215]

In this context, the Bank puts the greatest emphasis on the factor of education as asserting that in Turkey 'education is the single characteristics with the strongest correlation to poverty risk.'[216] The Bank argues that the increasing level of education promises 'rapidly increasing private returns' through a better labour market prospect and in turn increasing labour income and better living standards. In the particular context of poverty, this means that the incidence of poverty is widespread among the people who have a low educational qualification. The Bank supports this argument with the kind of data exemplified in the table below:

Table 2: Poverty Profile in 1994 by Education of Household Head

	Structure and Decomposition, percent		
Education of Household Head	Population	Vulnerable Population	Poor Population
Illiterate	13.6%	19.7%	27.8%
Literate w/o diploma	7.4%	9.3%	10.7%
Primary	55.8%	58.8%	55.0%
Secondary	17.9%	11.4%	6.2%
Higher	5.3%	0.8%	0.2%
Total	100.0%	100.0%	100.0%

Source: World Bank, LSA 2000, p. 47.

[213] Ibid., pp. *ix*, 46-50, 53.

[214] Claiming that the poor in Turkey has such distinct characteristics, this is evaluated as an facilitating factor in identifying the profile of poverty in Turkey and planning state's welfare activities as targeted operations, ibid., p. 54.

[215] Ibid., p. 33.

[216] Ibid., p. 46.

What is noteworthy in this context is that the World Bank puts the main focus on the relation between illiteracy and incidence of poverty. Assessing the relevant data from 1994 HIES, it sets forth several quantitative supports aiming at legitimation of this focus on the illiteracy. In this regard, it states that 'while 52.6 percent of the illiterate are poor, only 38.2 percent of those with primary education are poor, 23.1 percent of those with secondary education, and just 5.6 percent of those with higher education.'[217] As reading the survey findings in this way, the Bank proclaims that literacy is a key for the ability to escape poverty. The interesting point in this context is that as the Bank-referred data table also shows, those households headed by someone with a primary school education is the largest group within the poor and vulnerable population. Since they also constitute the largest group within the total population, their higher number relative to that of illiterates (55.8 percent and 13.6 percent respectively) causes the share of poverty among them to appear lower in percentage compared to that within the illiterates. So what the Bank does in its picture of poverty is over-emphasizing the role of illiteracy in poverty and underestimating the prevalence of primary education attainment among the poor in Turkey.

Diagnosing inequality in educational attainment as the primary factor behind poverty, the Bank also accounts for the reasons behind this inequality. In this respect, the Bank argues that although education system is comprehensive and mainly bases on public schools that are free of charge, it does not provide enough access to *the poorest*. It is the situation depicted especially for the secondary education. The lacks of money to afford out-of-pocket expenditures of education as well as the lack of information about the private returns to education are identified as the Bank primary reasons for the poor's lower levels of access in comparison to the other income groups.[218] In addition, the Bank underlines the fact that the problem of access is concentrated on rural areas due to

[217] Ibid., p. 73.

[218] Ibid., p. 75.

infrastructural deficiencies of the system (underfunded, underinvested) at these areas.[219] It is also an emphasized fact that lack of access to education concentrates on rural girls due to gender discrimination.[220] Comprising all these evidences of the lack of access to education, the Bank concludes that there is an inequality in educational opportunities for the poor in Turkey.[221] As articulating this situation in terms of regional income inequality, it is pointed out that in the poorest region in Turkey nearly 10 percent of all children in age group 12-15 are illiterate.[222] The Bank argues that such 'inequality in opportunities' causes the poverty to perpetuate among these people.

As we stated earlier, following the factor of education the other important correlate of poverty that is identified by the World Bank is labour market status (employment, unemployment or nonparticipation and type of job).[223] In its arguments on this aspect, the Bank relies on the type of data shown in the table below:

[219] Ibid., p. 76.

[220] Ibid., p. *xi,* 74.

[221] Ibid., p. xi, 24.

[222] Ibid., p. 47.

Table 3: Poverty Profile in 1994 by Employment Status of Household Head

	Structure and Decomposition, percent		
Employment status of Household head	Population	Vulnerable Population	Poor Population
EMPLOYED	86.3%	88.3%	88.3%
Regular Employee	29.8%	25.4%	15.3%
Casual&SeasonalWorker	9.2%	14.8%	18.8%
Employer	6.4%	3.0%	1.1%
Self-employed	40.9%	45.1%	53.2%
Unpaid family worker	0.0%	0.0%	0.0%
NOT EMPLOYED	13.7%	11.7%	11.7%
Unemployed	1.3%	1.8%	2.9%
Disabled and ill	0.6%	0.7%	0.8%
Pensioners and Elderly	9.2%	6.5%	4.4%
Other	2.7%	2.8%	3.6%
TOTAL	100.0%	100.0%	100.0%

Source: World Bank, LSA 2000, p. 48.

Within this context, the Bank puts the greatest emphasis on seasonal and casual jobs, arguing that the risk of poverty is highest for households in which the head depends solely on a seasonal or casual job.[224] These families are even qualified as being more vulnerable and poorer than those with an unemployed head. The Bank accentuates the importance of this situation for the profile of poverty in Turkey through indicating to the fact that the share of this kind of jobs in overall employment is high. In Bank's words, 'every fourth wage earner is a casual employee.'[225] Self-employment on a full-time basis is the other type of job which the Bank identifies as carrying a high degree of poverty risk after casual and seasonal jobs. It is pointed out that 45 percent of the poor in Turkey live families where the head is self-employed.[226] Households with an unemployed head are also included by the Bank into the category with poverty risk that

[224] Ibid., p. *ix*, 48.

[225] Ibid., p. *ix*..

[226] Ibid., p. 49,

is defined on the basis of labour market status. Yet, the level of risk that these families are vulnerable to is not qualified as high as casual jobs and self-employment are.

What is particularly noteworthy is that according to the Bank's own finding through the analysis of 1994 Household Survey, those with a regular employment constitutes an important part of the vulnerable and poor population in Turkey, too. Although not putting the same emphasis on it as it does for seasonal/casual jobs, the Bank acknowledges this situation and explains it primarily on the basis of education and then on the basis of experience, occupation and type of work contract.[227] These are identified as the important correlates of earnings level in labour market. In this sense, it would be no mistake to conclude that prevalence of poverty and vulnerability among regularly employed are accounted for by the Bank in the context of the phenomenon what it calls 'market-determined inequality', which we have focused on earlier. As the Bank sets out, there is a large gap between the labour incomes of the poor and the non-poor and in particular, wages for the working poor are on average 44 percent less than the wages of the non-poor in Turkey.[228] So it appears that the working poor are evaluated to a large extent on the basis of inequalities in labour incomes and in turn, primarily on the basis of differences in human capital endowments. Reading the phenomenon of 'working poor' primarily from such a human capital point of view, the Bank ultimately argues that different labour outcomes are 'simply capturing the way the market rewards different worker characteristics'[229]. So then, working poor is conceived as the 'natural' outcome of this rewarding process.

The last aspect incorporated into the profile of poverty in Turkey is the coping strategies developed by the poor against poverty. Multiple job holding, resting on networks of intimacy and religious charity are identified by the Bank as the three traditional coping strategies of the poor in Turkey.[230] Nevertheless, it is indicated that all

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[227] Ibid.

[228] Ibid., p. 51.

[229] Ibid., p. 29.

[230] World Bank, *Turkey: Poverty and Coping After Crises,* p. 45.

of them suffers from crucial problems. Due to important amount of reduction in seasonal and informal employment after the financial crisis, it is stated that multiple job holding nearly ceased to be a widespread coping strategy.[231] Similarly, relying on the networks of intimacy such as extended family, friends and neighborhood is described by the Bank as under the negative effects of the crisis. Conceptualizing such informal social solidarity networks as social capital, the Bank argues that it has been traditionally an important aspect of Turkish society.[232] Yet, it is noted that the stock of social capital was drained in the crisis circumstances since the poor can no longer afford traditional reciprocity events.[233] However, the Bank acknowledges that despite this demise it is a still applied coping strategy among Turkey's poor. Finally, religious charity pointed out as another traditional coping strategy is conceived by the Bank as insufficient due to its limited and episodic character.[234]

In this context, the Bank diagnoses new coping strategies developed by the poor in the crisis conditions. One of them is borrowing which rests on still remaining amounts of social capital.[235] Another one is reducing consumption, especially reducing the consumption of and quality of food.[236] Last but not least, the Bank documents that the poor cut education and health expenditures. They withdraw children from the school and some of them send them to work for income.[237] The Bank supports this finding with the qualitative evidence it derives from the field visits which has been carried out by SRMP team in the course of the preparation for the project. These visits were realized just after the February crisis to Eastern, Southern and Central Anatolia, Black Sea Region. They were carried out in the slums of Istanbul and Ankara as well. The Bank states that in

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231 Ibid.

232 Ibid., p.33.

233 Ibid., p.45.

234 Ibid.

235 Ibid., pp. 35-36.

236 Ibid., p.40.

237 Ibid., p.ii, 45

these visits the poor declared, even in the presence of the officials, they were not going to send their children to the school in the following September, no matter it would be illegal or not.[238] Further, the Bank underlines that the poorest families mobilize their all members to earn income including children. It is stated that in agriculture (rural areas) there are children workers down to age of nine.[239] It is also noted that as supporting the observations in the field, the staff of Ministry Health reported the poor barely access to preventive health care. [240]

Out of its all evaluations and conclusions mentioned up to here about the characteristics of poverty in Turkey, the Bank particularly focuses on three in reasoning/ determining the content of its poverty reduction agenda. As we stated earlier, the first and the most central one is the conclusion that extreme poverty in Turkey has not changed as remaining at a low level (1.8 percent), while urban food poverty and economic vulnerability has increased significantly with the impact of the 1999 earthquake and 2000-2001 multiple crisis. The Bank interprets the unchanging levels of extreme poverty as a sign for the fact that most of the emerging poverty after crisis must be 'shallow'. This means, for the Bank, the newly poor have certain 'stock of asset' and more importantly a level of 'human capital capacity' that would make them able to integrate into economy if employment opportunities are presented to them.[241] Such capacity of the newly poor to enter into labour market is put at the center of the Bank's poverty reduction agenda in the sense that creation of an employment creating, labour intensive growth is identified as the most prior means in poverty alleviation. And such a growth on sustainable basis is qualified as being possible insofar as macroeconomic management is sustained 'along the lines already agreed in programs with the IMF and the World Bank.'[242] The Bank states that in Turkey the poverty alleviation strategy thus

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[238] World Bank, *Project Appraisal Document on Social Risk Mitigation Project/Loan*, p.14.

[239] Ibid.

[240] Ibid.

[241] World Bank, *Turkey: Poverty and Coping After Crises,* p.47.

[242] Ibid.

should focus on recreating growth by the help of structural reforms (especially 'much-needed' reform of public sector)[243] and strengthening of market institutions.[244]

Relying on the same interpretation about the profile of poverty in Turkey, the Bank also suggests a direct social policy means in tackling poverty: micro-projects that would be realized through active participation of the poor.[245] These projects are expected to deliver two particular functions. Firstly, they would help utilize the poor's already existing productive capacity that has not currently utilized by the market, through directing them towards micro-scale income generating activities. Secondly, they help the poor realize local infrastructure and social services they need by themselves. By this way, community development that cannot be realized by the central public institutions and spending is claimed to be fostered by the community's itself. However, in terms of the first function there is an important point that calls due attention. When the Bank proposes micro-scale income generating activities as an appropriate means for the poor to release themselves out of poverty, it apparently ignores its own diagnoses declared in the LSA 2000 that self-employment in Turkey is a type of employment carrying high degrees of poverty risk and 45 percent of the poor households in Turkey are headed by a self-employed person.

The second aspect of Turkey's poverty profile that the Bank focuses on in drawing its social policy strategy is the evaluations it raises on more structural, i.e. long-termed characteristics of the poor's human capital endowments in Turkey. In this context, the issue of education is devoted with the highest attention. With this regard, the Bank particularly puts an emphasis on its own claim that there is a high negative correlation between poverty/income inequality and educational attainments of the poor people. The diagnosis that for the poor and vulnerable there are entrenched inequalities in access to educational services in Turkey is also brought to the fore in the same

[243] World Bank, *Turkey: Economic Reforms, Living Standards*, p. xi.

[244] World Bank, *Turkey: Poverty and Coping After Crises,* p. 48.

[245] In its general conceptual framework, such micro-scale activities that are designed and executed by community organizations of the poor at local level is denoted by the Bank with the concepts of social funds and community driven development.

context. The Bank utilizes these evaluations towards explaining the poverty in Turkey to a large extent as an ultimate result of the unequal educational opportunities, which drives these people into a 'handicapped' position to participate in economy on favorable grounds.

In the same context, the Bank also devotes a special emphasis to the negative coping mechanism that the poor developed in response to the financial crisis: Cutting the health and education expenditures on children. The Bank describes any retreat from these social services as a destroying act on human capital basis of the country.[246] Furthermore, going beyond the immediate danger posed by this recent coping mechanism, the Bank asserts that human capital basis of the country has already been subjected to an underinvestment trend over a longer time period. Comparing Turkey's human capital indicators to those of several other countries that are within the same income-group (Chile, Colombia, Mexico, Poland, Hungary, Malaysia and Tunisia) as well as to European Union (in reference to Turkey's application for accession negotiations), the Bank concludes that they are not favorable. Specifically, while maternal and infant mortality is depicted as quite high for a middle-income country, life expectancy and female literacy are declared as lower than the other countries, except Tunisia.[247]

Against this background, for the Bank, developing effective social policy mechanisms to reverse such an underinvestment trend in human capital stocks is an urgent need to be met by the poverty alleviation strategy in Turkey. It even underpins this idea at a more general level with the postulate that 'in any market economy, one of the most important roles of Government is to ensure that households invest sufficiently in human capital.'[248] Consequently, the Bank identifies state's provision of publicly financed basic education and primary (birth control, maternal health, immunization and nutrition) and preventive health services to the poor as an appropriate social policy

[246] World Bank, *Project Appraisal Document on Social Risk Mitigation Project/Loan*, p. 14.

[247] World Bank, *Turkey: Poverty and Coping After Crises,* p. 45; World Bank, *Project Appraisal Document on Social Risk Mitigation Project/Loan*, p. 19.

[248] World Bank, *Turkey: Economic Reforms, Living Standards,* p. 71.

means and an indispensable component of the poverty alleviation agenda. This policy means is further qualified by the Bank as a risk prevention mechanism.

Especially, in the particular context of education, it is stated by the Bank:

> Investment in education is the number one priority in fighting poverty over the medium and long-term in Turkey. No other policy measure can have an equally deep and lasting effect as eradicating illiteracy and increasing the level of education for all…These children deprived of even a basic education in childhood have very poor labour market prospects for the future. They, and their future children, may be already doomed to live a life in poverty.[249]

So then the objective of such a public intervention in unequal access to education is equipping the poor and vulnerable with the kind of human capital qualities that would enable them to participate in market on favorable grounds.[250] The Bank claims that by the help of such a social policy application in education, the income differences between social groups will decline. So then, from this perspective, remaining inequalities in income will be result of differences in the ways individuals utilize equal opportunities, and differences in the individual returns to similar human capital endowments, rather than pre-determined differences in accessing educational opportunities.[251]

In terms of such a public intervention, what is more specifically proposed in Turkey's circumstances is reforming basic education system through extending compulsory schooling to eight years as well as improving its quality. In this respect, the eight-year universal schooling program realized in 1997 is identified as to be consolidated through ensuring public compliance with this new law for rural and poor children, especially for girls. In addition, it also calls the state to invest in educational infrastructure of poor and rural areas, and to provide cash transfers to the *poorest* for their children's out-of-pocket educational expenses by means of a regularly functioning

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[249] Ibid., p. 47.

[250] Ibid., p.54.

[251] Ibid., p. 24.

social safety net, which will be focused on below.[252] Further, the Bank proposes to supplement primary education with a secondary education system in which providing diversified vocational education programs equipping the children with specialized skills for market are devoted with a special emphasis. So, the relative weight/interest put on the general secondary education program today is indicated as to be changed in favor of the vocational education.[253] Through such a system, the Bank asserts, the poor would be endowed with the opportunity of a good labour market prospect. However, it is worthy to note that the Bank's advocacy for vocational education as such stands in totally inconsistency with the Bank's own finding in the same study that 'vocational school graduates have the highest rate of unemployment of any category of school leavers.'[254] Considering tertiary education services, while the Bank attributes a decreased role to the state as a service provider through advocating diversified tertiary funding and increased private sector role, it also calls the state for ensuring *qualified* low income citizens to have access to this system via scholarships.[255]

The third and last aspect of the Bank-drawn poverty profile that it particularly refers to in reasoning/defining the content of its social policy agenda is the poorest section of the population and the state's current social transfers in Turkey. At a conceptual level, this *poorest* section is denoted by the Bank as those people who would fail to participate in economy or even if participate, cannot achieve adequate sustenance through their private efforts, in spite of all public services that equip the poor with 'the right tools to participate in economy.' In terms of the current conditions of poverty in

[252] For a detailed account of comments on and propositions for primary education, see ibid., p. 71-76.

[253] World Bank, *Turkey: Greater Prosperity with Social Justice,* p. 28. It needs to be noted that the targeting of such a system is not only confined with the poor children but all those whose qualifications and preferences best suits for getting a job after secondary schooling. Nevertheless, the poor and vulnerable would be its main participants since they do not have any chance to tertiary education other than the public universities and certain scholarships for private education options for both of which their eligibility will be judged on their merits

[254] World Bank, *Turkey: Economic Reforms, Living Standards,* p. 74. For a critique in the similar direction of the Bank's policy proposals set forth in LSA 2000 in general See, Fikret Şenses, "Turkey-Economic Reforms, Living Standards and Social Welfare Study by the World Bank," *METU Studies in Development*, 29, 1-2 (2002), p. 211.

[255] World Bank, *Turkey: Greater Prosperity with Social Justice,* p. 29.

Turkey, as complementing the diagnosis that the majority of the poor who have a certain level of human capital and thus, can be rather easily absorbed by economic growth on broad-basis, the Bank further argues that:

> Even with the growth, however, there is a small portion of the Turkish population (2 percent) who comprise a hard core group of the extreme poor and growth will do little to ameliorate their situation.[256]

Taking this *poorest* strand into consideration, the Bank identifies a comprehensive, uniform and regular social assistance program, i.e. social safety net, as the appropriate social policy mechanism that would target social assistance to these people via a single cash transfer. However, the Bank also prefers these transfers to be conditional upon some positive behavioral change. In Turkey's case, it argues for incorporating certain intervention in this benefit system that will direct the transfers towards building the human capital basis of the extremely poor's children. By this way, the Bank asserts, their new generations will be active economic agents and the inter-generational cycle of extreme poverty will be broke.

The Bank's argument for redistributing 'market-determined' income distribution through state transfers is driven into the same context. As we have already focused on above, qualifying the current state transfers as benefiting middle-class and the rich more than the poor, the Bank states that these transfers are not used as 'a progressively redistributive tool per se.'[257] What it means by such redistribution is actually reallocation of the existing state's social welfare spending towards the poorest section of the society. A comprehensive social assistance system that would provide a 'national poverty benefit' targeted at this section of the population through means-testing is identified as such redistributive spending.[258]

Such a national *targeted cash benefit system*, however, requires an institutional focal point that would regulate the social assistance services and define uniformed

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[256] World Bank, *Turkey: Poverty and Coping After Crises,* p. 48.

[257] World Bank, *Turkey: Economic Reforms, Living Standards,* pp. 19-20.

[258] Ibid., p. *x*, 54.

processes of eligibility and targeting at the country-scale. In this respect, the Bank indicates that the current social service schemes in Turkey are uncoordinated or loosely coordinated and identification of beneficiaries largely depends on discretionary powers of the operators of the schemes.[259] So what it proposes is coordination and consolidation of the current dispersed system through identifying a single administrative authority. However, the Bank does not mean a public monopoly over social assistance services through such an institutional centralization. This institution is envisaged rather as supplementing the consolidated public scheme with private initiatives, through 'serving as a *liaison* with services offered by private and voluntary institutions and *encouraging* private sector funding.'[260]

More specifically, the Bank brings the already existing assistance network under the control of the Social Assistance and Solidarity Encouragement Fund (SSF) and affiliated Social Assistance and Solidarity Encouragement Foundations (SSFs) to the fore as the appropriate institutional focal point for such a uniform and comprehensive social safety-net. Yet, it also underlines that the envisaged safety-net and nation wide poverty benefit needs a larger coverage as well as better targeting than those of SSF's currently operating ad hoc and uncoordinated network.

Postulating that it is a key role of the government to compensate through a social assistance system the market failure's to provide people with adequate sustenance,[261] the Bank proposes to allocate a constant budget share to these services. The volume of this share is defined for Turkey's case as at least equal 0.35 percent of GNP.[262] Within the broader context of a private sector led competitive market economy, a social security system that operates with a least-cost-to-public-budget principle, and an eliminated agricultural subsidy system, this is the only space allocated to state for direct social welfare transfers.

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[259] Ibid., p. 61-63.

[260] Ibid., p. 64.

[261] Ibid., p. 61.

[262] World Bank, *Turkey: Greater Prosperity with Social Justice,* p. 23.

To sum up, according to the World Bank the poor population in Turkey has 'very distinct characteristics' which would facilitate any country-scaled social policy effort to design and implement a poverty alleviation strategy targeted at this poor section of the society. Taking this idea as its starting point, the Bank has engaged in an effort to draw a profile of poverty in Turkey which is indeed ascribed with a dual function: Determining as well as legitimizing the content of the poverty alleviation program the Bank proposes as a social policy model in Turkey. In terms of determining the content of the program, the Bank utilizes this poverty assessment especially in evaluating the social impacts of the recent financial crisis for the prospect of current structural reform process, and in categorizing the poor population into sub-groups to realize a division of labour between the measures of short-termed safety-nets and long-termed interventions in human capital stock of the poor. Nevertheless, it is a non-ignorable fact that the *substantive* content of this poverty alleviation agenda proposed for Turkey's context is actually same with the Bank-applied social policy programs in other countries implementing structural adjustment-programmes. In this sense, the poverty profile detailed in this section also fulfills a legitimizing function in Turkey for the Bank- tailored standard social policy agenda. This means that the picture the Bank illustrates for poverty in Turkey has to a certain extent a biased character motivated by this aim of legitimization. To end in Bank's words, the reflection of this standard social policy agenda in Turkey's context is summarized as follows:

> Given the characteristics of the poor in Turkey, policy prescriptions to alleviate poverty match the main thrust of the strategy developed in the 1990 World Development Report: Support growth and macro-economic stability, while equipping the poor and vulnerable with the right tools for participating in economic life, and design a strategy for assisting those who clearly fall behind.[263]

[263] World Bank, *Turkey: Economic Reforms, Living Standards,* p. 54.

CHAPTER 5

THE SOCIAL RISK MITIGATION PROJECT

5.1 Introduction

In the context of the social policy ends based upon the Bank's particular assessments on the profile of poverty in Turkey, and the social policy means identified in the same assessments to reach towards these ends, the Bank actually defines the substantial content of the 'active social agenda' which it calls the government to take action for. These means-end matches are translated into practice in Bank's country-level operations through certain social policy programs which are brought together under the umbrella of the Social Risk Mitigation Project. Apart from the empirical fact that they are components of the same project currently, these programs can be examined in their inter-connectedness systematically within the borders set by the Bank-articulated social policy formula that "including economically vulnerable in both the growth process and social safety nets."[264] These policy objectives, namely inclusion to growth process and inclusion into social safety nets can be taken as the two main pillars of an analytical framework within which the Bank's poverty alleviation activities in Turkey is analyzed and reflected on properly. However, they will be referred hereafter as '*inclusion in market*' and '*inclusion in social protection*' to denote their ascribed contents by the Bank more accurately. Further, in reference to the Bank's proposals for community based/community driven poverty alleviation activities through social fund type initiatives, and its calls for active participation of the poor in particular and civil society

[264] Ibid., p. 25.

in general in provision of pro-poor social services, a third constitutive pillar will be incorporated into this analytical framework, that is '*inclusion in decision-making*'.

Equally importantly, in this critical analysis, the idea of inclusion will be taken as the axis around which this analytical framework unfolds itself. The Bank consistently refers to the notion of 'inclusion' in defining and reasoning the particular content of its poverty reduction agenda at focus. As relying on the premise that poverty has its roots in exclusion from the formal processes of the society, the Bank identifies the ultimate aim of its poverty reduction activities as creating a 'more inclusive Turkey.'[265] However, rather than contenting with such an abstract conceptualization of inclusion and exclusion, the Bank further specifies the particular social processes from which the poor are claimed to be excluded as labor markets in particular and economy in its general sense. In accordance, inclusion is conceptualized as to be realized through providing both a social safety network and primary social services to the poor and economically vulnerable which would focus on building up their capacity to enter in the economic life. To quote form the Bank's 2002 Policy Note:

> A more socially just and inclusive Turkey will ensure improved education, health and social protection for all its citizens, so that the opportunities are more equally available.[266]

As taking in its background this axiomatic conceptualization of social inclusion as well as the particular assessments on the prevailing conditions of poverty in Turkey which is elaborated in the last part of the previous chapter, the Bank sets forth a coherent set of social policies on the basis of the three constitutive pillars of 'inclusion in market', 'inclusion in social protection', and 'inclusion in decision-making'. In the following sections of the study, each of these three pillars will be analyzed as particularly focusing on the policy proposals and operations the Bank set out in each of these complementary contexts.

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[265] World Bank, *Turkey: Greater Prosperity with Social Justice,* p. 2.

[266] Ibid.

5.2 Inclusion in Social Protection

The Bank identifies a 'strong social protection system' as one of the integral components of the social policy set that Turkey is in need of. What it more specifically recommends in this regard is an effective *social safety network* which would constitute the core of what it calls as a strong social protection system. The Bank grounds the need for such a social protection system on the two ascertainments mentioned previously. First of all, in reference to the current incidence of poverty in Turkey, it argues that the recent rise in urban food poverty and economic vulnerability can be tackled by means of an effective social protection system.[267] What needs to be recalled here is that this recent rise in poverty is evaluated as basically having its roots in the macroeconomic mismanagement. Thus, proposed program of macroeconomic and structural reforms is identified as the main means to reduce the incidence of poverty at focus. In this sense, suggested social protection system stands much more a secondary mechanism in curing poverty in terms of operations towards long-termed investment in income generating capabilities of the poor by means of basic social services and micro-credit components it contains. Yet, it stands as a primary means in the short to medium run insofar as being a risk management mechanism through its safety net component that would partially meet the minimum requirements of physical survival of the poorest, and prevent destruction of their human capital capacities which, the Bank argues, otherwise would trigger an inter-generational vicious cycle of poverty for these people in the long run.

In relation to this first diagnosis, the second ascertainment underpinning the Bank's emphasis on social protection system is its particular risk perception for short to medium term. Considering the ongoing structural reforms as creating significant social costs and political challenges that in turn threaten the continuity of the reform process, the Bank identifies a 'strong social welfare system' working through an 'effective' safety net as a crucial measure to mitigate the *social risks associated with economic fluctuations.*[268] Thus, the Bank conceives it rather as a security belt in the reform

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[267] World Bank, *FY 04-06 CAS*, p. 15.

[268] Ibid., Annex A2, p. 1.

process. This identification of safety net with a security belt function is accentuated further through in the Bank's policy advice that 'it is necessary to spend more social safety nets during downturns.'[269]

We see that in its general approach to the issue, the Bank evaluates a social protection system in terms of its two particular components: Social assistance system and social security system. In this framework, from its initial inclusion into the Bank's country agenda as a policy theme in 1993 in the context of the first country assistance strategy plan, the current social protection system in Turkey has always been pictured by the Bank as consisting of a integral trade-off between social security and social assistance systems which makes it inherently unbalanced and unaffordable in overall terms. As indicating to the large deficit the social security system causes in the public budget, the Bank argues that this deficits cause the overall social protection system to exceed its appropriate share in the GNP that is accepted as sufficient for an efficiently and effectively functioning social protection system. What requires particular attention at this point is that this 'appropriate budgetary share' is indeed determined according to the limits set by the fiscal discipline pointed as necessary for macro-economic stability and sustainable debt service.[270] In this respect, in relational terms, the Bank asserts that 'chronic cost overruns' of the social security system damages the social assistance system through undermining its funding within overall budgetary share allocated to social protection system. This picture of an integral trade-off between the two systems in *financial terms* is consolidated by the Bank in *distributional and moral terms* through a *narrative of* '*equity*' such that while the social assistance system is exclusively defined as a welfare mechanism benefiting the 'poor' segments of the society, the social security system is defined as a public transfer mechanism biased towards the 'non-poor' sectors of the society. Taking these two 'trade-off' arguments in its backdrop, the Bank sets forth the reform of the current social security system as a highest priority in way of constructing a strong and effective welfare system in Turkey.

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[269] Ibid., p.23.

[270] Ibid., p.23.

However, apart from its adoption as a policy theme in the context of suggestions for restructuring Turkish social policy regime towards a ‘pro-poor social protection system’ as such, the proposed reform of the social security system is *primarily* conceptualized by the Bank as an ‘intolerable burden’ on public finances, and in turn a crucial contributor to overall macroeconomic imbalances. In this sense, a fundamental restructuring of the existing social security system is mainly *contextualized* by the Bank as a part of the reform agenda for fiscal adjustment and public expenditures management of which defining parameters are articulated in accordance to the concerns for macro-economic stability and sustainable debt service. It is also part and parcel of the Bank recommended financial strategy such that transformation of the pension system into a model including individual investment-type pension schemes is expected to be a source of long-term capital in domestic financial markets by expanding domestic savings.

Locating it primarily within such a framework, from its first going into a serious deficit position in 1991, reform of the social security system has been constituting one of the main components of the reform agenda on state finances the Bank calls the governments to take action for throughout the 1990s until now.[271] In this context, the overall system is pointed out as in the need of a fundamental restructuring towards financial self-sustainability, administrative effectiveness and efficiency. So the two constitutive sub-components of the system in Turkey, namely pension system and health insurance system, and its more residual component, old-age social assistance payments are brought under focus in these efficiency and effectiveness terms. Within this context, from 1990s onwards, deficit running character of the pension schemes of the three funds making up Turkey’s social insurance system- the SSK, the ES and the Bağ-Kur[272]- has particularly brought to the fore in terms of its ‘inadequate actuarial linkage of pension contributions and benefits.’ This situation, according to the Bank, results from the

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[271] World Bank, *Turkey: Challenges for Adjustment, Volume 1: Main Report*, (Washington, D.C.: World Bank, 1996), p. v, 29-42; FY 98-00 CAS, pp.4-5; *Turkey Country Economic Memorandum: Structural Reforms for Sustainable Growth, Volume 1: Main Report*, (Washington, D.C.: World Bank, 2000), pp. 28-51; FY 00-03 CAS, pp. 7, 27; World Bank, *Turkey: Greater Prosperity with Social Justice,* pp. 24-26; FY 04-06 CAS, pp. 7, 25.

[272] Sosyal Sigortalar Kurumu (SSK) for workers in formal sector enterprises, Emekli Sandığı (ES) for civil servants, and Bağ-Kur for the self-employed.

regulation of the system such that benefit periods were too long, and contribution periods were too short due to low minimum retirement age, and benefits rates were too high relative to the effective contribution rates.[273] It has been argued that this financial imbalance was compounded with the inclusion of the pension schemes old-age social assistance payment that does not have a contribution basis at all, and hence have to be financed by the pension funds.[274] In this respect, in its 1996 report on pension reform, the Bank defined the key reform in the regulation of retirement age as such:

> Raising the minimum retirement age is indispensable for any lasting solution to financial crisis of the pension system…Raising the minimum retirement age to 50/55 for women /men has some impact; however, it is not sufficient to eliminate the deficit and to prevent it from raising again after the year 2000…To enable a significant impact and procedure, temporarily surplus in the pension system, the minimum retirement age should be raised to 55/60 for women/men. However, beyond 2015 a trend for growing deficits would resume as the projected ageing of the Turkish population would again begin to dominate the system. Long-term sustainability can only be assured if the minimum retirement age is raised to 60/65 for women/men.[275]

In the same proposal, increasing contribution revenues was identified as another key reform field where in addition to raising the effective contribution rates, and matching contribution rates to the benefit rates via a cut in benefits, it is also proposed that:

> [T]o ensure that all individuals contribute (fully) for at least twice as long as they can expect to collect full benefits, the minimum contribution period should be raised to 30 years for all three social security institutions. In individual cases, where a minimum contribution period of 30 years is

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[273] World Bank, *Country Economic Memorandum: Structural Reforms for Sustainable Growth,* p. 51. In 1992, the already minimum retirement age (50/55 for women/men) was replaced for all three social insurance institutions with a new eligibility criteria such that those who have been enrolled in the pension system at least 20/25 years (women/men) became eligible to receive full pension benefits, upon completion of a contribution period of 14 years in SSK and 15 years in Bağ-Kur and 20/25 years (women/men) in Emekli Sandığı (World Bank, *Turkey: Challenges for Adjustment,* p. 32)

[274] World Bank, *Turkey: Challenges for Adjustment,* p. 37.

[275] Ibid., p. 37.

> not feasible, shorter contribution periods would need to be combined with matching reduction in benefits.[276]

Old-age social assistance payment was pointed out as the other reform area for which several models were proposed. But whichever model is chosen, the Bank underlined, is secondary importance; the critical point for which the Bank called attention was "to significantly reduce the burden of these social assistance payments and to ensure that they are fully financed-either through adequate transfers from the budget or increased contribution payments or a combination of both."[277]

What stands particularly critical about this reform proposal is that the Bank acknowledged at the outset when it took for the first time the reform of social security system into its country agenda that the proposals it has set forth were quite radical, and therefore, to secure necessary political and popular support required a phased reform process.[278] In this respect, we see that the first reforms in the pension systems which were in line with the Bank's as well as the IMF's[279] proposals adopted such a gradual action strategy. They were realized by a reform act in August 1999 which was one of the priority actions of the second generation reform process launched in that year. It reduced benefit periods substantially for new entrants through an increase in retirement age to 60 (male) and 58 (female); contribution periods have been raised; benefit rates have been cut while effective contribution rates have been increased.[280] In addition, a 3-month premium payment condition before gaining right to health insurance was adopted.[281] Furthermore, an unemployment insurance scheme was also introduced with this reform act. Following this reform, one year later, in 2000 an administrative reform

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[276] Ibid., p. 37.

[277] Ibid.

[278] Ibid.,p. 36.

[279] The IMF echoes the same policy concerns and prescriptions for social security system, and currently (the fall of 2005) identifies it as a primary conditionality of the 1st review of the new stand-by agreement in.

[280] World Bank, *Country Economic Memorandum: Structural Reforms for Sustainable Growth*, p. 32.

[281] World Bank, *Turkey: Greater Prosperity with Social Justice,* p. 24.

of the public pay-as-you-go (PAYG) system to improve coverage and compliance was enacted, and a legal framework for voluntary funded private pension schemes was introduced under the Bank provided Economic Reform Loan (ERL) which, as mentioned in the third chapter of the study, was designed to support the government's ongoing second generation reform agenda.[282]

The new regulations enacted by the August 1999 reform are qualified by the Bank as inadequate for eliminating the deficit of the social security system and bringing it in a fiscally sustainable position over the long-term, but "buying time for formulation of further structural reforms" in the overall system through shrinking the deficit to a certain extent.[283] Echoing the gradual character of the reform strategy it proposes against any risk of a political and social resistance to the reform process as such, the Bank especially points out a rise in retirement age to 60/65 for male/female, and a further substantial increase contribution periods as necessary reforms to be implemented.

> The broader scope of the Augusts 1999 reform notwithstanding, simulation results indicate that the reformed pension system will not attain financial balance in the medium term due to *insufficient adjustment in benefits* and the *generous* eligibility criteria applied to the transition generation.[284]
> Over the long-run, Turkey will need to implement *deeper* structural reforms of the social security system to respond to the requirements of an aging population with increasing life expectancy and contribute to the development of long-term domestic savings and growth. Longer term policy options for pension reform include further modification of the PAYG system, more innovative PAYG reforms based on notional accounts, or the introduction of a full multi-pillar system. Structural reforms of the health insurance programs and measures to better integrate the unemployment insurance scheme introduced in the August reform with existing severance payment programs round out the longer-term policy agenda for social insurance in Turkey.[285][Emphases mine]

[282] *FY 04-06 CAS*, p. 25.

[283] World Bank, *Country Economic Memorandum: Structural Reforms for Sustainable Growth*, p. 28.

[284] Ibid., p. 35.

[285] Ibid., p. 28.

In this sense, reform of the social security system towards financially viable, and administratively/institutionally rational and effective structure still constitutes one of the prior policy objectives of the current Bank agenda under the Programmatic Public Sector Adjustment Loan (PPSAL). The Bank notes that though the changes in the pension system with the August 1999 reform created in the following year a saving equivalent to 1.2 percent of GNP, in the subsequent years the deficit has increased and led to unexpected financial imbalances,[286] primarily under the influence of 2001 financial crisis. In this respect, the Bank argues that further reforms need to be enacted in the short-run. This time we see institutional reforms at the center of the proposed reform agenda. Separating pension and health insurance, and thereby transformation of the current social insurance structure into a pensions system, and creation of an independent public health insurance structure in the form of an 'universal health insurance system' is one of these reform proposals. The current merged system in all three pension funds, according to Bank, hinders improved service delivery to contributors and beneficiaries, and prevents transparency of pension and health insurance finances that in turn, inhibits the financial reforms in each system.[287] Therefore, the Bank argues separation is needed for both efficient and transparent operation of the two schemes. In a related context, separation of provision and financing of health services is another element of the Bank proposed reform agenda. Such a separation is argued to facilitate health services on both aspects (finance and provision) through opening a space to private sector involvement that means a competitive environment in health services' finance (multiple actors: private health insurance schemes and publicly provided universal health insurance scheme), and in provision (multiple actors: private health enterprises and public hospitals that have a financial and administrative autonomy under a decentralized public

[286] World Bank, *Turkey: Greater Prosperity with Social Justice,* pp. 24-26.

[287] World Bank, *Country Economic Memorandum: Structural Reforms for Sustainable Growth*, p. 36.

service delivery system), which in turn means for the Bank better resource allocation in these areas.[288]

Institutionally fragmented character of the overall security system in Turkey is identified by the Bank as the other institutional aspect that needs to be reformed. It is asserted that the three separate sub-social insurance systems (ES, Bağ-Kur and SSK) create a fragmented institutional structure, which is conceived as a deteriorating factor on overall financial basis of the social security system. In this context, the Bank declares certain reform priorities which are in essence several over short to medium term administrative regulations that would ensure the current three institutions to decrease their cost overruns, such as making the SSK and the Bağ-Kur's participants pay their unpaid contributions, identifying non-payers and including them into system and revising the ES's benefit formula in lines with 1999 pension reform.[289]

Yet, in the long run what the Bank envisages a social security system that has a single institutional structure which covers all the sections of labor market. The constitutive logic of this system, as deriving from the Bank critiques of the current system, is rationalization through a 'least-cost to the public budget' approach. In this respect, by means of its currently implemented the Programmatic Public Sector Adjustment Loan (PPSAL), the Bank embraces reform of the social security system as an integral element of the public sector reforms directed towards restructuring state finance on the basis of fiscal discipline as a tool for macroeconomic stability.

> A key objective [of the PPSAL] is to move the social security system towards medium term sustainability while continuing to improve the institutional structure of public expenditure management...Parametric reforms to the pension system to contain the fiscal deficit will be accompanied by continuing public sector reforms. These might include measures to improve public expenditure management and financial accountability including at the sub-national level, tax reform and measures to improve service delivery. The system of formal social protection will be

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[288] World Bank, *FY 04-06 CAS*, p. 25. In this sense, such a separation is located within a broader reform agenda specific to health system that has been proposed by the Bank since 1990s and we have reviewed its details in the third chapter in the context of the social policy agenda of the FY 98-00 CAS.

[289] World Bank, *Turkey: Greater Prosperity with Social Justice,* pp. 24-26.

> extended for pensions and health insurance, an improved social assistance system for the poor and labour market reforms for unemployment insurance and job creation.[290]

So then in reforming the overall publicly provided social protection system to make it, in Bank's words, 'more comprehensive, administratively efficient, affordable and effective', the Bank suggests tacitly to transform publicly managed social security system into its residual component that would function in dire straits of the public fiscal discipline through a permanent compliance to the logic of 'cost-effectiveness'. Complementing this proposal, it identifies social assistance system as the central element of this social protection framework. The importance attributed to the social assistance in this context is particularly reasoned by the Bank on the basis of two features of the existing social protection system in Turkey.

Firstly, the Bank draws attention to the high numbers of people who lack coverage of the formal social security system as a result of unemployment, informal sector, or shortfalls in the existing social insurance systems to identify non-payers. In this regard, though most time in a tacit manner, the Bank particularly emphasizes that social security system constitutes the focal point of the existing public social protection system through large public fiscal subsidies provided to it that constitutes the main body of the overall public social expenditures. But, from the Bank's point of view, due to its very structure encompassing only formal sector in the labour market, defining social security system as the focal point of its operations leads the public social protection policy neglect and relatively exclude the poor and vulnerable sections of population who according to the Bank's account, mostly either reside outside the formal sector or totally excluded from labour market.

> Limitations of social insurance: Social insurance (pensions and disability) are tied to an individual having a job in the formal sector. With the exception of the Bag-Kur social insurance plan for the self-employed, the

[290] World Bank, "*Program Information Document (PID) Concept Stage," Report No. AB1146*, <http://wwwwds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2005/01/10/000104615_20050111112450/Original/PID010Concept0Stage.doc> (2 February 2005).

> whole social security system is linked to holding a formal job (including the newly introduced unemployment insurance). *Such a system runs the distinct risk of excluding those without a connection to the formal labour market*. In the 1994 Living Standards Assessment, it was demonstrated that households headed by seasonal or causal workers (workers without a labour contract) were at the high risk of poverty and economic vulnerability, and that approximately one out of four workers in Turkey are casual employed. *Turkey's social protection system lacks a benefit that would be targeted to these vulnerable groups*.[291]

In the light of such emphases insistently put by the Bank on the proclaimed 'exclusive character of the social security system', the Bank tacitly presents the existing social protection system in Turkey as being biased towards non-poor sections of the population through taking this security system as its central element. In this respect, a strong social assistance system is set forth as the mechanism to eliminate such 'not pro-poor' character of the existing social protection system. It would do so through a structure designed to target these poor and vulnerable groups not covered by any social insurance scheme. Turkey already has a social assistance system, but according to the Bank existing public policy for social protection does not give sufficient importance to it relative to the emphasis laid on the social security system. In this regard, it assesses the prevailing social assistance system as ad hoc, patchy, limited, underfunded and not comprehensive in its coverage:

> Turkey's existing social assistance is quite limited. Turkey does not have a poverty relief- a cash transfer that is targeted to the vulnerable- which could be used to help those negatively affected by the reform. Social assistance in Turkey is limited to ad hoc assistance in kind channeled through the 931 SYDVs and limited programs for elderly and disabled under Law 2022, as well as institutional care for children and the elderly administrated by SHCEK. Turkey has no other cash transfer that could help the vulnerable, unlike many neighboring countries of Western and Eastern Europe.[292]

The second aspect which the Bank refers to in reasoning the importance it allocates to the social assistance system is that the Bank identifies an effective social

[291] World Bank, *Project Appraisal Document on Social Risk Mitigation Project*, p. 18.
[292] Ibid.

assistance system as the most appropriate public policy tool in poverty alleviation. In this context, it makes reference to social assistance both as a risk mitigation/management measure geared towards sustainability of structural adjustment through helping ease the negative effects of economic fluctuations on these vulnerable groups, and as a risk prevention measure geared to expand income generating opportunities for these people through investing in their capabilities to engage in economic activity.[293]

Drawing the attention towards social assistance system in the context of discussions on social protection as such, then the Bank particularly focuses on the existing social assistance network in Turkey. In this respect, the current social assistance system is depicted in the Bank's relevant accounts as suffering from two main problems: Weak institutional structure and inadequate financing.[294]

In regard to institutional structure, the social assistance system in Turkey is directed by the Social Solidarity Fund (SSF) which has been established in 1986 as an extra-budgetary agency under the institutional body of the Prime Ministry. Operating through 931 Social Solidarity Foundations which operate at province and district levels, and are financed from the Fund budget, it has a decentralized and flexible institutional structure. The Bank evaluates such decentralized structure of the SSF as very appropriate for the model of social assistance system it envisages. Further, according to its establishment law, the SSF provides social services to those people who are not covered by any social security system. This character of the Fund, too, is assessed by the Bank as in conformity with the type of social assistance system it recommends.

Nevertheless, certain aspects of this organizational structure are identified by the Bank as in need of reform. One of them is the staff regime of the SSF. The Bank points out the fact that the staff of the Fund and foundations is in seconded status which means they are officially personnel of other public institutions and serve in the Fund and foundations for temporary terms.[295] This is evaluated by the Bank as a source of an

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[293] Ibid., p. 20.

[294] World Bank, *Turkey: Greater Prosperity with Social Justice*, p. 22.

[295] Ali Kapucu, the coordinator of the Local Initiatives Component of the SRMP, interview by the author, Ankara, 11 November 2004.

organizational inconsistency and inefficiency in the social assistance system. In this regard, it proposes enactment of a reforming legislation which would transform the SSF into a general directorate which has its own permanent personnel, and upgrade the organizational structure of the foundations by means of staff development and training programs, and a new personnel regime giving professional recognition and status to their staff.[296] An important point needs to be noted here is that although the Bank wants transformation of the SSF into a general directorate, it wants this directorate structure to reserve its financial flexibility and decentralized operational structure both of which, the Bank argues, would increase its ability to handle crises more effectively. It would do so, from this perspective, by means of a social safety net which thanks to such a decentralized organizational structure would have the information of and, thereby responsive to the local needs and demands. And its financially flexible structure would facilitate especially during economic downturns to meet these needs and demands effectively.

Taking its backdrop such reform demands, what the Bank more fundamentally envisages a strengthened institutional structure in Turkey in dealing with the phenomenon of poverty:

> Responsibility for poverty reduction and social inclusion is scattered among many agencies which results in *inadequate policy formulation of addressing vulnerability*. *Monitorable poverty reduction and social inclusion strategies* are required to be prepared by all EU accession countries. An *institutional focal point* for these issues is needed taking into account current capabilities and responsibilities. A regular and robust poverty monitoring system is being introduced [the initiative under the SRMP for the conduct of household income and expenditure surveys by the SIS on a regular basis] and it is important to maintain this system.[297] [Emphases mine]

Considering the particular points it draws attention to, that is existing conditions of ambiguous and scattered institutional responsibility for poverty reduction policy

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[296] World Bank, *Turkey: Greater Prosperity with Social Justice,* p. 23.

[297] Ibid., p. 25.

formulation and the lack of a regular poverty monitoring system in Turkey, in essence what the Bank offers an institutionalization in the field of poverty in order to render it to a more calculable and governable phenomenon.[298] Through "taking into account current capabilities and responsibilities", the Bank conceives the SSF in this regard as appropriate to function as such an 'institutional focal point' insofar as its organizational structure is strengthened. In this effort, the Bank thinks that, in addition to giving professional recognition and status to its staff, the Fund also needs financially sufficient and consistent resources. As noted above, the SSF is financed as an extra budgetary fund which makes its financial basis highly inconsistent and unaccountable.[299] As focusing rather on its inconsistent character, the Bank argues that extra budgetary funds in general are financially vulnerable to the fluctuations in economic growth. Yet, for the Bank, social safety nets that the SSF would undertake the responsible of are especially important instruments of social cohesion and political stability in times of such economic fluctuations and thus, they need to be financed more in these times.[300] Therefore, in the effort of creating a reliable, effective and sustainable institutional framework in poverty reduction, it is stressed that the financial aspect must be taken into account as a priority concern. In this direction, the Bank calls for incorporating the financing of the SSF into the public budget through the proposed institutional legislation reform that is mentioned above in regard to reform of the personnel regime of the Fund.[301] Furthermore, in addition to creating a regular financial basis by means of integrating it into the public budget, the adequacy of this financial basis is identified as another problem by the Bank that needs to be tackled. It assesses the current levels of financing available for the existing social safety net in Turkey as inadequate which therefore, the Bank argues, puts a pressure on the scope of the safety net's coverage and levels of benefits it provides. The inadequacy of public spending on the safety nets is

[298] Ibid., p. 22.

[299] Fikret Şenses, "Yoksullukla Mücadele ve Sosyal Yardımlaşmayı Teşvik Fonu," *ODTÜ Gelişme Dergisi*, 26, 3-4 (1999).

[300] World Bank, *Turkey: Greater Prosperity with Social Justice,* p. 23.

[301] Ibid.

emphasized further through comparing its share in the GNP (fluctuated between 0.19 and 0.30 percent of GNP over the last 5 years) to those in Western Europe (1 percent or more) and neighbors in Eastern Europe such as Bulgaria and Romania (about 0.7 percent).[302] So, the Bank defines a benchmark for the share of the social safety nets in the budget as at least equal to 0.35 percent of it,[303] and criticizes the government for failing to meet this target since the institutional reforming process of the existing social safety network started in the late 2001 under the SRMP.[304]

In its demand for an institutionalized structure for poverty alleviation, the Bank also touches upon the issue of *targeting*. Diagnosing a targeting problem in the current social assistance system, the current, using the Bank's terminology, inclusion/exclusion errors (including non-poor and not covering all the poor respectively) in the Fund's and foundations' operations are explained from a technical point of view as a result of the lack of an effective formula that would set clearly the target population of the safety net, and define the eligibility conditions in identifying the beneficiaries. Along this line, the proposed solution is determining a scoring formula according to the findings of a comprehensive household income and consumption survey. It is supposed to rank the population groups from the richest to the poorest and in accordance to this categorization, to tailor the safety net system towards targeting the poorest section of the population. Already developed scoring formula in the context of the SRMP by the SSF and the SSI under the technical supervision of the Bank to target the social assistance programs carried out under the project is pointed out as a model in this respect.

To summarize the points mentioned up to now, on the one hand, through reforming the social security system with a least-cost approach to support the fiscal adjustment benchmarks, the state's appropriation of social security system (through fiscally subsidizing it) as a redistribution mechanism targeting working population is eliminated to a critical extent. This means the state's welfare responsibility

[302] Ibid.

[303] World Bank, *Turkey: Greater Prosperity with Social Justice,* p. 23.

[304] World Bank, *FY 04-06 CAS*, Annex A2, p. 4.

(redistribution) before the active labour force is being eliminated. Further, through opening the system to private sector by means of individual investment-type pensions and health insurance schemes, a commodification process is set up in this social service field.[305] Considering that public character of a social service rests in its very non-commodity character,[306] i.e. being provided outside of capital logic, this commodification process implies that the field is loosing its public character: Social security services transformed into private goods and their beneficiaries into market actors ("fund owning customers").[307] On the other hand, the state's responsibilities before *the* poor sections of the population, who are more specifically defined as those people staying outside active labour market (structurally or temporarily unemployed/destitute),[308] is drawn to the center of public social policy for social protection. It is concretized in the call for an urgent policy agenda geared towards strengthening social assistance system for these people through safety nets and other social service programs that will be examined in the following sections. This new target population group of public social policy is further categorized by the Bank as either extreme poor or vulnerable (moderately/relatively poor) population groups. In the context of this proposed shift in the object of the social policy, intervention in the field of poverty through an organizationally rationalized, technologically updated and financially enriched institutional structure emerges as a prior issue in the Bank-proposed social policy agenda. Social protection system constitutes the main direct mechanism of public social policy in contemporary capitalist societies. In this sense, the Bank articulates the main framework of social protection system it envisages by means of its

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[305] Filiz Çulha Zabcı, "Sosyal Riski Azaltma Projesi: Yolsulluğu Azaltmak mı, Zengini Yoksuldan Korumak mı?," *A.Ü. SBF GETA Tartışma Metinleri,* 51, (November 2002), p. 16.

[306] Gosta Esping-Andersen, *The Three Worlds of Welfare Capitalism*, (Cambridge: Polity Press, 1990).

[307] Metin Özuğurlu, "Sosyal Politikanın Dönüşümü ya da Sıfatın Suretten Kopuşu," *Mülkiye*, 27, 239, (2003), p. 71.

[308] In this sense, poverty is conceptualized in Turkey's context too as a phenomenon outside the labour market and economy, ignoring the particular phenomenon of working poor. Working poor constitutes today, according to different estimates, nearly one half of the overall poor population in Turkey. See Filiz Çulha Zabcı, "Sosyal Riski Azaltma Projesi: Yolsulluğu Azaltmak mı, Zengini Yoksuldan Korumak mı?," p. 10.

proposal for redefining social projection policy on and around social assistance system, and in the same context, redefining the main function of social assistance system as a social risk management mechanism. Within such a framework, when the content of its proposal for an institutionalized intervention in poverty alleviation field in Turkey is considered, it rather implies an institutional regulation in this field geared towards rendering the phenomenon of poverty exacerbated by the ongoing neo-liberal structural transformation of the society to a calculable and governable phenomenon.

In this context, the proposed social assistance system that is embodied by the SRMP has two main components: Social safety nets, and those social assistance services investing in the income generating capacities of the poor that would enable them to search through economic activity for the ways of lifting themselves out of poverty. Defining the main content of the SRMP as such:

> The SRMP seeks to alleviate poverty in two ways- combating the transient deterioration of living standards resulting from the crisis for the most vulnerable groups (the "safety net") and expanding opportunities for the poor to escape from poverty (the "trampoline")..The SRMP provides a multi-faceted vehicle…by building strong social assistance institutions and by expanding the range of available interventions to encompass CCT and increased local initiatives including income-generating activities and adult literacy through other components of the SRMP.[309]

In the next part, the social safety net component of the proposed assistance system will be at focus. Once the social services which the state is held responsible for in the particular context social safety net is considered, we see initially that they are *limited* income support together with in-kind benefits of food, medicine and heating. However, what the Bank proposes as the integral component of the safety net that would help manage the risk of extreme poverty both in times of the crisis and in normal functioning of the economy (for groups of the population left behind normal functioning of the market), is a conditional cash transfer system which is embodied by the CCT component of the SRMP.

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[309] World Bank, *Project Appraisal Document on Social Risk Mitigation Project*, p. 20.

5.2.1 The Conditional Cash Transfer Programme

Considering the lack of a poverty benefit in Turkey, the Bank proposes filling this gap with a regular cash transfer system. Towards this aim, it incorporates a particular component into the Social Risk Mitigation Project, that is the Conditional Cash Transfer Programme (CCT) which is to help the government initiate such an assistance mechanism. It is characterized by the Bank as 'a highly targeted social assistance transfer to poor families with children, requiring positive family behavioral changes with respect to health and education.'[310] The CCT is depicted as necessary in the context of the previously mentioned ascertainments that Turkey's human capital indicators are not well in comparison to other middle income countries, and this situation currently tends to deteriorate further as a result of poor families giving up investing in human capital of their children in the aftermath of the crisis.[311] Additionally, it is put forward as a means to address the need for mitigating the immediate impact of the recent crisis on the vulnerable groups. So that, the role to be fulfilled by this regular cash transfer is a dual-faceted one: Combining short to medium-termed social assistance to long-termed human capital formation to prevent, using the Bank's words, "inter-generational transfer of poverty."[312] In this sense, the Bank calls for using the publicly financed social safety net to protect and develop human capital capacity of the poor. Thereby, what actually it does is to intervene in the social safety net provisions towards, again quoting the Bank's words, "to ensure families are proactive in seeking their welfare."[313] In this respect, it qualifies the CCT as a measure for both risk/poverty mitigation and risk/poverty prevention.

The CCT is modeled as a highly targeted social assistance system which is directed towards the poorest 6 percent of the population. In contrast, in the social

[310] Ibid., p. 24.

[311] Ibid., pp. 20-21.

[312] Ibid., p. 26.

[313] Ibid., p.119.

assistance services previously delivered by the SSFs, the beneficiaries have been determined through deliberation of board of trustee of the each foundation relying on the informal local knowledge about applicants, rather than through clearly defined and standard selection criteria. Therefore, operations of foundations at localities have always heavily depended on the discretionary power of their official authorities.[314] Similarly, the SSF in its social assistance operations against poverty has not relied on any analysis of the prevailing conditions and profile of the poverty at all. Further, whether in practice the Fund objectively adheres to the criteria defined officially for the formal process of allocation of the Fund's resources to the foundations (such as level of economic development of the district or province where each foundation resides, rate of population and level of unemployment of these district or provinces, the projects or activities the foundation proposes) has always been open to question.[315]

However, the Bank identifies targeting as an integral element of an effective social assistance system. It reasons this on the basis of the premise that public sector resources that can be allocated to social assistance are scarce and they can only be efficiently and effectively used by the help of targeting.[316] In this direction, a national scoring formula is designed for the CCT which is also to be used for the other activities of the SSF. It relies on the SSI's 1994 HIES data, and the findings of the Bank and Japanese government-financed 2001 HCIS as well as the field visits carried out by the Bank's task team designing the SRMP. Scoring formula (also called proxy means-testing or combined indicator targeting) is a 'technique whereby the household's living standards are estimated based on a series of indicators that are found to be correlated with poverty in that country.'[317] More specifically, these are the indicators demonstrating demographic, socio-economic, property ownership and life quality characteristics of the household, such as number of children and elderly in the

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[314] Fikret Şenses, "Yoksullukla Mücadele ve Sosyal Yardımlaşmayı Teşvik Fonu," p. 434.

[315] Ibid.,pp. 433-434.

[316] Ibid., p. 26.

[317] Ibid., p. 117.

household, the level of education and current employment situation of head of the household, location of the residence (urban-rural, province-district), the housing material, consumer durable goods (for instance automatic washing machine, refrigerator, car), electricity and water, number of rooms, whether the toilet is inside or outside the house, holdings of land and assets, etc. [318] Each indicator has a particular weighted score. In other words, each has either a negative or positive score; in overall calculation they can neutralize one another. So then, the applicant households fill an application form that contains several questions referring to these indicators in the scoring formula.[319] Their answers are then calculated through a special web-based software that applies the scoring formula. Then, they are ranked according to their level of poverty to which their particular score refers. Yet, previously a specific cut off point is determined in accordance to the target population of the social assistance. Those applicants who are ranked under this cut off point are approved as beneficiaries. However, since the data entered to the software for calculation is totally based on the declaration of applicant, it is vulnerable to illegitimate statements. To prevent this, foundations need to control the declaration through visiting applicant household by social service experts working for foundations, and after this stage, the application is confirmed.[320] The scoring formula is required to be updated according to the findings of the new household surveys carried out by the SSI and of the feedback comes from vakifs, which is currently revised by a special committee at the Project Coordination Unit.[321] The important thing to note here is that as prior to the particular cut off point and poverty score, the fundamental criteria of eligibility for both the CCT and Local Initiatives is having no coverage by any public social security scheme in Turkey. In this sense, those who are not under protection of the

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[318] SSF, *Yoksulluk Çocuklarımıza Miras Kalmasın, Şartlı Nakit Transferi El Kitabı*, p. 12; Müge Nişancı, the coordinator of the CCT at the Project Coordination Unit of the SSF, interview by the author, Ankara, 4 November 2004.

[319] See Appendix 2.

[320] Müge Nişancı, interview by the author, Ankara, 4 November 2004.

[321] Ibid.

social security system are identified as the general target population of the both programs.

By means of this scoring formula, the CCT is targeted to the poorest 6 percent of the population. The Bank explains this limited targeting identified for the CCT in terms of a division of labour which it set outs among different social assistance programs. In this context, it targets the CCT and other less regular in-cash and in-kind assistance benefits to the households who are identified under the absolute food poverty line (the Bank accounts the population share of this group as six to eight percent), while other social policy programs of income generation and workfare activities under the SRMP are targeted to the economically vulnerable (identified as approximately 36 percent of population) who are not extremely poor but carrying the risk to slide below the absolute poverty line.[322] The reason of this differentiation is accounted in reference to a pure 'human capital' point of view. The Bank conceives 'the most needy' 6 percent as may not having the basic skills to develop small income generating activities or to sell their labour in the market which are assessed as more appropriate for those who have been somehow in interaction with the labour market, most probably in informal sector.

As stated previously, in the CCT program regular cash benefits are paid to the extremely poor households, yet as conditional on regularly keeping their children at school, and benefiting pre-natal and early childhood basic health and nutrition services, such as vaccination in a tamely manner, growth monitoring and preventing mal-nutrition. The age limit for health/ nutrition grants is set out as children under the age of 6, and for education grants as children at the ages of 6 and above who are enrolled in grades between 1and 11, i.e. until the end of high school.[323] The payments are deposited at bank accounts belonging to the mothers of children. In determining the value of the benefits, the Bank states it commits to the criterion that providing a level which would create an incentive for the poor families to ensure their children to benefit these services, yet also low enough creating a disincentive for the sections of population above the 6

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[322] World Bank, *Project Appraisal Document on Social Risk Mitigation Project*, pp. 26, 29.

[323] Ibid., p. 59.

percent cut off point to try to abuse the cash transfers.[324] Additionally, the Bank declares that it has preferred one national benefit level rather than geographically differentiating benefit levels. However, the Bank states that the concern for regional differences in poverty map of Turkey is incorporated into the scoring formula through giving adequate weight to location as a part of the score.[325] As a result, level of benefit in education is identified as up to U.S.$ 8 per child, yet a decrease in the amount for each subsequent child in the same family. It is paid twice in a school term or four times during 9 month, totaling U.S.$ 72 per year.[326] Health/nutrition grants are U.S.$ 6 per child, which is paid quarterly, totaling U.S.$ 72 per year.[327] As the levels of benefits imply, the Bank admits that they are not fully cover the out-of-pocket expenditures which are pointed out by the Bank as the main reason of why the poor families pull their children out of school, in the conditions that the public education is free of charge at all levels in Turkey. The budget of the CCT amounts U.S.$ 360 million in total of which U.S.$ 260 million is provided by the Bank as an investment loan and the resting U.S.$ 100 million is given by the government of Turkey. It is important to note that the share of the CCT in the overall SRMP budget (U.S.$ 635.46 million) is 56.7 percent.[328] In this respect, the CCT is the project component which has the largest financial share in comparison to other project components. The huge difference in the amount between the CCT and the Local Initiatives component that follows the CCT with a 21.1 percent (U.S.$ 133.85 million) is worth mentioning as indicating the financial emphasis put on the CCT.[329]

The CCT was started in November 2001 in the context of the overall SRMP. Yet, its first cash transfers were realized in April, 2003 due to the time lag that the technical requirements of the application process has caused to, such as developing software

[324] Ibid., p. 121.

[325] Ibid., p. 22.

[326] Ibid., p. 122.

[327] Ibid.

[328] Ibid., p. 74.

[329] Ibid., pp. 24, 74.

program, determining the pilot regions of application and receiving the initial applications.[330] It has not been implemented at the country-wide scale at the beginning; rather a gradual process was realized. Initial application was carried out at six pilot regions, then, it was enlarged to all geographical regions of Turkey, yet, to only one city and its all districts in each region. Finally, it was enlarged to the whole country in May, 2004. This gradual implementation process points out the fact that the Bank designed the CCT not as a rapid response to 2001 financial crisis, but as an investment in structural reconstruction of the social safety net in Turkey.

As of November 2004, the present number of the CCT beneficiaries is accounted as 866.000 children of whom around 590.000 are the education beneficiaries, while approximately 270.000 is health beneficiaries; the number of beneficiary families amounts to 330.000.[331] However, the authorities stated that in November 2004 they would revise their objectives through identifying a cumulative target as 990.000 beneficiaries and they project to reach 1.3 million children in March or May of 2005.[332] This is evaluated by them as an easily realizable target as making reference to the huge interest of the poor population to the CCT; they stated that at in November 2004 when the interview by the author was held the number of applications currently waiting for being entered to the software system for evaluation in foundations counts thousands.[333] Yet, even with the projected 1.3 million beneficiaries, it seems that the CCT falls short of its proclaimed target, namely 6 percent of the population.

[330] Müge Nişancı, interview by the author, Ankara, 4 November 2004.

[331] Ibid.

[332] Ibid.

[333] Ibid.

5.2.2 Concluding Remarks

There are several important points mentioned above which need to be reflected on. Firstly, as in line with the fact that social protection system constitutes the main direct mechanism of the social policy in contemporary capitalist societies, the Bank's proposal for a new "active social agenda" in Turkey takes at its focus the current social protection system. Considering the discourse as well as assessments and policy prescriptions the Bank spells out on the existent social protection system, it is possible to diagnosis an effort to radically redefine substance of the social protection system, in terms of its premises, policy objectives, policy mechanisms and actors, which means an overall paradigmatic shift. In this context, it would be accurate to identify the Bank's particular evaluations and reform proposals on social security system as the main axis of this redefinition effort. The linchpin of these Bank evaluations is the one that social security system covers mainly non-poor section of the society and in this sense, the state transfers realized through subsidizing this system constitutes a non-redistributive transfer mechanism which, although a substantial amount of resources is allocated to it, maintains, if not exacerbates, market-determined income inequality. The clearest articulation of this proposition can be found in the context of previously mentioned Bank analyses and conclusions on the prevailing profile of poverty in Turkey, where current high levels of income inequality is accounted primarily as the outcome of the failure of the existing state transfer (redistribution) mechanisms (social security system is indicated as the main one of them, using the largest share of resources allocated to social transfers) to address the poor population.[334]

What needs to be particularly focused on in this proposition on social security system is its highly superficial way of categorizing the social groups as the poor and non-poor. It appears that in making this categorization the only criterion the Bank refers

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[334] World Bank, *Turkey: Economic Reforms, Living Standards*, p. vii. These mechanisms, in addition to social security system, are all direct state transfers such as tax return, old-age income, scholarships, in-kind transfers. The Bank also raises the same critique of benefiting non-poor populations groups for secondary and tertiary pubic social services including health and education that the state undertakes as a social responsibility before all citizens. See Chapter 3.

to is 'being a part of active labour force and more specifically, of formal sector.' From this perspective, simply those individuals who engage in active labour force in formal sector are assumed by the Bank as the non-poor, while those who fall outside the formal sector, or outside the overall active labour force are identified as the poor. This crystallizes in the Bank's main thesis for the system that since it is a social insurance scheme relying on the regularly paid premiums by those who holds a regular and formal sector job, it excludes in its coverage the extremely poor and vulnerable (relative poor) population groups.[335] Thereby, in the Bank's relevant accounts on social security system, poverty is premised as a phenomenon that is external to economic relations in formal sector.[336] Considering its subsequent definition of the poor as those individuals who do not/cannot engage in market/economically productive activity, it can be also said that poverty is presented as a phenomenon that is external to overall labour market and economic activity in general. In regard to its particular proposition on social security system, the immediate implication of this assumption is to ignore the incidence of working poor in formal sector, which is a quite common phenomenon in Turkey. But more profoundly, it implies negation of the tendency of deprivation that waged labour/capital relation creates.

This assessment on social security system in Turkey has very crucial implications for how the substance of social protection system is to be defined. First of all, it reflects the tacit endeavor to redefine focal point, i.e. object, of social protection system in particular and social policy in general as the poor and vulnerable (structurally or temporarily unemployed, and the destitute).[337] And as setting its definition of the 'poor' in such a stark opposition to active labour force (at least its formal sector part)

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[335] World Bank, *Turkey: Economic Reforms, Living Standards*, pp. 56, 58. In particular, the pension system is depicted by the Bank as being biased towards the middle and top of distribution since the amount of pension benefit is in commensurate with the level of wages/salary the beneficiary has gained during her/his work life.

[336] Considering its subsequent definition of the poor as those who do not engage in economically productive activity/market, it can be also said that poverty is presumed as a phenomenon that has no structural relationship to labour market and economic activity.

[337] Metin Özuğurlu, "Sosyal Politikanın Dönüşümü ya da Sıfatın Suretten Kopuşu," pp. 64-65.

through this simplistic duality of poor/non-poor, it marginalizes, if not totally excludes, employment and the waged labour/capital relations, that are the traditional concerns of social policy, in the envisaged new social protection framework. The terms, 'pro-poor social policy agenda' and 'pro-poor social protection' that the Bank refers constantly in its discourse and policy prescriptions on Turkey's social policy agenda actually reflect this shift the Bank proposes in the focus (i.e. object) of social protection and social policy.

Secondly, redefining the borders and content of social protection on and around the 'poor' as such, the simplistic categorization of population around the binary opposition of 'poor'/ 'non-poor' is utilized to implicitly redefine the criterion according to which a social program can be qualified as redistributive or not: In the Bank's relevant discourse, targeting those sections of the population identified by the Bank as the 'poor' and 'vulnerable' is sufficient to characterize a social program redistributive. The critical point here is that such a conceptualization indeed implies the negation of the right of other social groups not included in the category of the 'poor' for redistribution which is set forth as a concept that is *by its definition* identified with exclusively to the 'poor'. In this sense, there is identification, i.e. interchangeable usage of the terms of 'redistributive' and 'pro-poor' in the Bank's terminology. Taking its backdrop this premise, in Turkey the state's social/welfare spending targeting the waged labour in formal sector by means of the social security system is qualified as a *non-redistributive* mechanism, while the welfare spending targeting those segments of population identified as 'the extreme poor' and 'vulnerable' through safety-nets and other pro-poor social assistance programs is identified as the *effective means of distribution*. Basing upon this assumption, while social assistance system is embraced as constitutive component of public policy for a pro-poor social protection system, social security system is transformed into, if not eliminated at all, a residual component of it through negating its redistributive function for waged labour with its mainsprings in the negation of waged labour's right to redistribution.

To the degree its redistributive function is negated as such and thereby, it is excluded from of the category of the 'necessary social spending for promoting equity', the social security system is re-conceptualized by the Bank as a element of 'non-interest' public expenditures which are at the immediate target of the disciplinary logic of fiscal adjustment and macro-economic stability principles of neo-liberal perspective on public finance. In this sense, the fiscal deficit it creates that has been conceived until today as an indispensable component of state's welfare spending is redefined by the Bank's approach as an 'intolerable fiscal burden' on state finance.[338] In this way, what the Bank suggests is actually to read social security system through the lenses of balance of payments, and sustainable external and internal debt service of the public finance, rather than through the lenses of redistribution.

Relying on this discursive framework, the Bank evaluates the current social protection system in Turkey as not *pro-poor* or *equity promoting* on the basis of the diagnosis that it is centered on the social security system as its primary mechanism. In this narrative, since social security system is particularly qualified a transfer mechanism that neglects and relatively exclude the poor and vulnerable sections of population, undermines funding basis of the pro-poor social policy mechanisms, and creates a fiscal burden on public finance which delivers, in turn, a negative impact on pro-poor growth; then, overall social protection system through relying on this social security system as its primary mechanism inevitably functions in a manner biased towards the non-poor.

Carrying the baggage of all these presumptions, redefinitions and narratives, by means of the SRMP and the social security reform proposal elaborated above what Bank suggests it to reorganization of the existing social protection system in Turkey on and

[338] This redefinition of public subsidy to social security system as an intolerable fiscal burden implies a profound redefinition in approach to social protection system. This is highly challenging transformation in terms of its policy implications and social impacts. The tension this re-conceptualization creates is felt clearly in the current practical policy context through the contradictory statements of the current political authorities spearheading the reform process in social protection system along the lines set by the World Bank's reform proposals here at focus. The minister of Labour and Social Security who is at the charge of the ongoing reform process in the social security system recently states: "in the fiscal years of 2003 and 2004, the deficit of social security institutions was around 4.5 percent. In many European countries you can see this deficit reaching up to 20 percent, because in any social security system, revenues can never match expenditures. Therefore, the state must subsidize the social security system…The term 'social security deficit' should be critically judged; if what is meant by the deficit is money given to retiree, health expenditure spent for citizen, these are inevitable expenditures. Social security institutions must make these expenditures." Murat Başeskioğlu, "'Sosyal Güvenlik Açığı' Yargılansın," Birgün, 14 September 2005.

around a new focal point, i.e. object, namely the poorest (absolutely poor) and vulnerable (relatively poor) sections of the society. In accordance, the proposed pro-poor reorganization would adopt social assistance system as the central mechanism of the social protection system, which would function, through safety-nets and other social assistance programs it would deliver, to empower the poor to manage the social risk they face.

Reorganizing the social protection system around such a new focal point, namely the poor and social assistance system, has crucial implications that can be better comprehended through a brief look at the social protection understanding proposed to be changed. In this traditional definition social protection as a public policy, which has its roots in the political economic regimes of welfare state and national-developmentalist state in the post-Second World War era, the main policy objective is protection of individuals against the *risks* production relations creates that would *jeopardize* maintenance and reproduction of their physical and social existence. Towards this aim, social security system stands as the primary mechanism of the social protection systems which is complemented by benefit schemes (citizenship income) provided to all citizens rather than now Bank proposed means-tested schemes as well as other regulations in labour market and working conditions in form of individual and collective rights, such as minimum wage, job security, limitation of working hours, right to unionization, collective bargaining and strike, etc.

The critical point in this traditional approach to social protection giving all the system its main spirit is its particular conceptualization of the risk. In this approach, market is accepted as an inherently risk creating mechanism. The kind of risks market creates is more specifically identified as the tendency of deprivation that production, i.e. labor/capital relations intrinsically generates. As of particular importance, the risks in question are attributed with a pejorative meaning in reference to their jeopardizing effect on maintenance and reproduction of individual's social and physical existence. In this context, waged labour is identified as being at the target of these risks, and along this line, dependency of waged labour to employer is problematized as the focal concern of the overall social protection system.[339] Defining its focus as such, as Özuğurlu points out, an intrinsic relation between waged labour and social protection system is established which means organization of social protection system around the primary objective of compensating the exploitation of surplus value *to a certain extent*.[340] In this line, social security system always constitutes the primary means of this traditional social protection paradigm, and the service it provides is conceptualized as a public service in terms of its *redistribution of income function*, which the Bank try to negate now. In this sense, it is financially subsidized from the public budget through contribution the state gives to the insurance funds in complementing the premiums paid by worker and employer, and through financing its deficits that are inevitable in most cases since it operates not according to market principles of efficiency and profit, but as a provider of a public service according to the logic of collective good.[341] In this sense, it is conceived as an *integral part* of the state's welfare expenditures/redistribution policy, rather than as unbearable burden on public finance disturbing the balance of payments.

With its mainsprings in the same main concern, namely inherently risk creating nature of production relations for labour, but in a broader framework than social protection system, social policy in this approach is organized on the basis of the main aim of preventing *a total market dependency* for reproduction of social existence of *citizens*. Towards this aim, social services constituting the main mechanism at the disposal of social policy are inherently designed as non-commodified means which all citizens can utilize to meet at least their basic social and physical needs. Together with social security services (pensions, health insurance, and unemployment insurance)[342] and citizenship income type assistance entitled without requiring any active attachment to

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[339] Metin Özuğurlu, "Sosyal Politikanın Dönüşümü ya da Sıfatın Suretten Kopuşu," p. 67.

[340] Metin Özuğurlu,"Türkiye'de Sosyal Politikanın Dönüşümü."

[341] For instance, in this definition of social security system most time it operates on the basis of the principle of economically active population supporting those living on pension which implies a certain collectivized type social solidarity that stands in contrast to the Bank recommended system based on to an increasing extent on private capitalization through individualized pension accounts.

[342] These social security services still implies a certain attachment to the market.

labour market, the underlying logic of these publicly provided goods and services provide is that citizens are not left totally dependent on the market imperatives to survive.[343]

The translation of this general approach/paradigm into practice varies across countries in accordance of the particular content and configuration of overall social policies (welfare regime) being in implementation. Turkey's social protection system in this respect lags behind in fulfillment of the policy objectives of the mentioned approach at many aspects. However, in terms of its constitutive logic and primary mechanism it still reflects the basic characteristics of paradigmatic approach to social protection.[344] So, Bank-proposed change in the focus/object and main mechanisms of social protection system in Turkey actually implies a paradigmatic shift rather than a reform. More specifically, changing the focal point/object of the system from waged labour to the 'poor' is of critical importance. It is so first of all in regard to the particular conceptualization of the poverty mentioned above as a phenomenon external to economic relations in general. Taking at its focus the poverty which is defined as such, the main content of social protection is redefined as at the outside of market relations. This means a total negation of the traditional concerns of social policy, namely the tendency of deprivation that production/market relations create, and protection and empowerment of waged labour. In this sense, social security system looses its central importance to the system.

It is also noteworthy that when the new policy objective of social protection system is defined as the empowerment of the poor, what is meant by empowerment is clarified as helping them actively engage in market relations which is identified as the only possible means to end their poverty. This again has its roots in the conceptualization of poverty as a phenomenon external to the market, and furthermore,

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343 As Gosta Esping-Andersen puts it, the degree of insulation this type of social policy approach provides against market dependency varies significantly across countries in accordance to particular type and configuration of social policies (welfare regime) being in implementation, and they do not guarantee a *total disembeddedness* from market relations (de-proletarianization) at all by the help of inbuilt incentives/imperatives for a certain degree of market participation they contain. Gosta Esping-Andersen, *The Three Worlds of Welfare Capitalism*, p. 37.

344 Metin Özuğurlu,"Türkiye'de Sosyal Politikanın Dönüşümü."

as resulting form being external the market, i.e. resulting from the individual's failure to engage in economic activity. In this context, the defining objective of social protection system is radically reset from protection against the risk market delivers to an effective management of the risks market creates. Defining the new framework of social protection as such, social assistance system that is set forth as the primary means of public action for social protection is more specifically qualified as a mechanism of risk management.

The critical point here is that the Bank also proposes a new conceptualization of the risk that social policy in general is to deal with. It would be accurate to argue that in this new conceptual framework set out by the Bank, risk has a double meaning: Firstly, it refers to the possible adverse effects of socially negative outcomes created by the ongoing social transition to competitive market society on the sustainability of the transition process itself. As it is scrutinized in the context of the Bank's risk perceptions on the ongoing structural adjustment process, these social outcomes is conceived as a risk in terms of their potential to turn into a political pressure on the transformation process. Defining them most time in its terminology as social risks, the Bank identifies social assistance system as a tool to curtail these social risks the reform process potentially faces. Since the reform process is at the source of these social risk, the main thing that social assistance system can do against this social risks is to *manage* them effectively such that they do not transform into political risks jeopardizing the process in question. In this regards, social safety-net is identified as the most appropriate means at the disposal of a social assistance system towards this objective.

Secondly, it refers to the risk of deprivation that is part and parcel of the routine functioning of the competitive market society the reform process aims at, where economic activity constituting the main form of social interaction is itself accepted as a risk taking activity in its essence. In the same context, managing these risks which normal functioning of the market society creates is accepted as primarily an individual/private responsibility which would be realized paradoxically again by means of economic activity.[345] Thereby, any public responsibility for protection (that is already

[345] World Bank, *WDR 2000/2001 Attacking Poverty*, pp. 142-146.

redefined from protection against the risk market delivers to helping individuals in management of the risks market creates) of *all* citizens is excluded from the concerns of public social policy at all. Further, this elimination of the public character of social protection against market risks through its identification as a private responsibility is also morally underpinned through assuming it as an integral part of active, responsible citizenship.

Recalling the Bank's particular way of accounting on poverty as a phenomenon external to the economic context by means of defining the poor as those individuals who cannot or do not engage in economic activity, the poverty of these people is explained in the context of the Bank discourse on risk as the outcome of their failure to cope with the risks market relations create. In this regard, a social protection responsibility of public policy is accepted only before these individuals who cannot manage the risks on their own.

> Extreme poverty deprives people of almost all means of managing risk by themselves…Low asset endowments (physical, human, social), little or no access to credit and insurance markets- a chronic trap for poor people, unable to accumulate enough assets to escape poverty. Since poor people cannot fully manage risk on their own, any poverty reduction strategy needs to improve risk management for the poor.[346]

In this sense, it stands rather as a residual form of public responsibility that comes to the scene only where and when individual, community and market fail to deliver the needed protection. As accentuating this residual character, the Bank further bases public action for management of risk economic activities creates on two main principles: Cost-effectiveness and complementarity. Then, an effective risk management framework is defined by the Bank as the one which "focus on primarily how to improve risk mitigation and coping by the poor people' and then "identifies the conditions for public action to supplement poor people's own risk management efforts" through safety

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[346] Ibid., p. 146.

nets.[347] Even at this residual stage of state's involvement in social protection that is redefined on the basis of risk management, the Bank proposes to embed safety nets in a modular and mixed framework:

> Not every country needs to setup a comprehensive social safety net. But each does need to construct a *modular system* of programs based on its own patters of risk and to cultivate a suitable *mix of providers* (public and private) and administrative arrangements…When should the state step in and provide a social safety net for poor people- and how? The general answer is that it depends on the types of shocks likely to occur and the kinds of private insurance arrangements in place…Where informal insurance is ineffective…whether the coverage should come from the state or private insurers depends largely on the type of risk. The state is often best able to cover covariant risk, but most idiosyncratic risks may be better handled by private providers (*communities, insurance firms*). The government's role should then be *to facilitate* and if necessary *regulate* private provision.[348][Emphases mine]

Then, it can be concluded that the Bank articulates the institutional/ organizational framework of the social protection and social assistance systems it proposes on the basis of a *governance* framework which functions through a decentralized structure and encompasses multiple actors (NGOs, private sectors, community initiatives and state).[349] And the state would particularly function as an enabler that would facilitate and regulate functioning of the system, and "if necessary" would engage in as one of the active service providers. Also, through monitoring poverty in country-context and identifying the social risks to manage, the groups in need of help and the measures that would be targeted towards them, it would also set a national poverty strategy that would accommodate macroeconomic and political framework the social policy is embedded in.

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[347] Ibid., p. 142.

[348] Ibid., pp. 147, 149.

[349] Şenay Gökbayrak, "Enformel Sektöre Yönelik Sosyal Koruma Modelleri," *Mülkiye,* XXVII (239) (2003), p. 243; Filiz Çulha Zabcı, "Sosyal Riski Azaltma Projesi: Yolsulluğu Azaltmak mı, Zengini Yoksuldan Korumak mı?," p. 16.

Considering this with the Bank's call for an institutionalization process in social assistance system of which most appropriate focal point is identified as the SSF, what the Bank suggests in this respect is not a social assistance system that operates as a centralized public institutional structure which tailors country scale interventions in poverty. What it envisages is rather establishment of a regulatory framework within which an appropriate public social assistance institution, that is the SSF, would function as the institutional focal point coordinating and facilitating the multiple private actors' (NGOs, private sector, community-based organizations, local initiatives, international donors) social assistance activities. In the same regard, the Bank's statements of appreciation for the SSF's decentralized structure, that is praised in the Bank general literature on governance as the appropriate organizational/administrative form for public structures, also reflect this preference for a governance-type institutional framework that is wanted to be established. In this respect, NGOs are particularly emphasized actors of which participation in social assistance service provision, the Bank argues, needs to be developed. In this respect, in the context of the proposed legislation reform to base the SSF on an organizationally continuous and financially strengthened footing, the Bank has also required incorporation of necessary regulations into this legislation to enable the SSF and SSFs structures to work with and contract NGOs more easily. This is so emphasized by the Bank that it is identified as a condition of disbursement of the loans for the CCT and LI components of the SRMP.[350]

The other crucial point to note is that even in such a residual form, this accepted public responsibility is radically different in its essence from the social protection responsibility assumed before all citizens in the traditional social policy. It is specifically defined as helping the poor *manage the risks themselves* through directing them to economic, or in Bank's words "higher risks higher return activities" they fall outside:

> Poverty reduction strategies can lessen the vulnerability of poor household through a range of approaches that can reduce volatility, *provide the*

[350] World Bank, *Project Appraisal Document on Social Risk Mitigation Project,* p. 28.

> *means for poor people to manage risk themselves*, and strengthen market or public institutions for risk management…Supporting the range of assets of poor people-human, natural, physical, financial, and social- can help them manage the risks they face. And *supporting the institutions that help poor people manage risk can enable them to pursue the higher-risk higher-return activities that can lift them out of poverty*.[351] [Emphases mine]

So, what the Bank proposes for the existing social protection system can be summed up as transformation into a risk management of mechanism. Bearing all its details elaborated above in mind, it would be appropriate to evaluate the Bank's proposal for the reform social protection system as an effort to radically redefine substance of the social protection system, in terms of its premises, policy objectives, policy mechanisms and actors, as we said earlier, which in turn means an overall paradigmatic shift in social policy in general.

The particular role the CCT component of the SRMP realizes in this general context needs to be evaluated as in relation to restructuring the existing social assistance system in the way required by the Bank-suggested overall reorganization of social protection framework around a comprehensive and effective social risk management mechanism. Firstly, the gradual character of the CCT's implementation process should be considered as an indicator that the Bank designed the CCT not a rapid response to the 2001 financial crisis which is pointed out among project objectives of the SRMP. Rather it is an initiation towards/input in restructuring social assistance system in Turkey as an institutionalized social policy mechanism to manage through a systematic social safety net the socially most severe outcomes (this is specified by the Bank as 'the extreme poverty') of both ongoing social transition to a competitive market society, and routine functioning of this society in the long-run.

The fact that the Bank's loan funding the CCT is an investment type loan underlines its structural quality, too. In explaining why the Bank chose to integrate adjustment (rapid response component in amount of U.S.$ 100 million to mitigate the effects of the crisis in its aftermath) and investment (comprising institutional

[351] Ibid., pp. 39-40.

development, the CCT and the Local Initiatives components) operations into one single project,[352] the Bank states that "rapid response component cannot be divorced from the overall strengthening of the safety net which is necessary so that Turkey will be better able to cope with possible economic downturns in the future."[353] Beyond being a rapid response effort to 2001 financial crisis, this orientation of the CCT towards investing in safety-net structures in Turkey is totally in line with the general policy framework the Bank sets out on poverty alleviation in the Attacking Poverty Report under the headline "Policy Responses for Improving Risk Management":

> The balance needs to shift from policies for coping to those for reducing and mitigating risk. That means ensuring that social safety nets such as workfare programs, targeted human development programs, and social funds are in place on a permanent basis and can be called up when a shock occurs.[354]

Conceiving the function of the safety net as such, what the CCT particularly means for this existing social safety network in Turkey seems that while other social assistance benefits being delivered through current safety net mechanism are not regular, systematic and targeted, the CCT services as a model for restructuring this network in terms of its regular and targeted nature. Further, in response to the requirements of the CCT and the LI for an institutional focal point that would coordinate a country-scale intervention in the poverty field through technologically updated, organizationally rationalized and financially enriched means, the Bank's institutional strengthening operations under the SRMP are set forth as a condition to implement the CCT and the LI. In this respect, together with the Local Initiatives (LI) component, the CCT become the channel where a technical improvement effort for the social assistance system is initiated for the first time in the context of currently rising interest on the issue of poverty in Turkey. To remind, these interventions in the institutional capacity of the government agencies (SSF, SSFs as well as SSI and SHEÇEK) are reasoned by the Bank

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[352] World Bank, *Project Appraisal Document on Social Risk Mitigation Project*, p. 31.

[353] Ibid., p. 21.

[354] World Bank, *WDR 2000/2001 Attacking Poverty*, pp. 146-147.

towards the end "to improve the coverage and targeting of the social safety-net for the poor", which underlines their ultimate goal of structurally strengthening social assistance system in Turkey.

As indicated a few lines before, the reason for such an institutionally strengthened social assistance framework is identified by the Bank as to enable Turkey to *cope* with possible economic downturns in the future. In this sense, it would be accurate to evaluate the underlying motive of such a more equipped intervention in the field of poverty as to regulate it in more governable terms. Interestingly, in the the Bank discourse, usually this 'better equipped' subject 'against downturns' is specified sometimes as the poor and sometimes as the state. This oscillation in identifying the 'enabled' subject is indeed quite meaningful: What is indented by means of this institutionalized social assistance system is to enable the poor to manage the socially adverse outcomes they face, which in turn means to enable the transition to and normal functioning of this social order to prevent these socially negative outcomes to turn into political threats to its survival. In this sense, the proposed safety-net is qualified by the Bank as a strategy or means of social *risk management*[355] which implies its deeply political nature. This dual denotation of who is 'better equipped' or who will 'manage the risk' is summarized in the Bank's following statement:

> Safety nets are important for several reasons. They can play a crucial role in mitigating the effects of crises on the poor and protecting the near-poor from falling into poverty…Safety nets can also help prevent irreversible damage to the human capital of poor people. And they can aid political acceptance of stabilization and reforms, preventing conflicts over resources distribution that can create stalemates, deepen economic crisis, even cause governments fall.[356]

As we said a few lines before, the CCT stands as a model of the safety net the Bank envisages due to its regular and targeted character. The targeted nature of the CCT is the second point that needs to be reflected on. The Bank defines the CCT as a highly

[355] Ibid., p. 2.

[356] World Bank, *WDR 2000/2001 Attacking Poverty*, p. 169.

targeted social assistance system which is directed towards *the poorest of the poor* (which is accounted as 6 percent of the population). The reason behind this emphasis laid on targeting is implied in the assertion of the Bank that it would be both 'inappropriate' and 'unaffordable' to rely solely on the CCT in the context of a pro-poor social policy set.[357] First of all, let us to focus on the term 'unaffordable'. The Bank explains why it identifies such a limited targeting for the CCT on financial considerations. Taking for granted that the public resources for overall social services, including social assistance schemes is scarce in strict compliance with the requirements of public fiscal discipline, the Bank identifies targeting by adopting *means-tested* type social assistance programs as a '*strategic choice*' to utilize the limited resources most efficiently in the design of social protection. Under these circumstances, the Bank advocates that 'some way to discriminate between the extreme poor and not so extremely poor is required such as afforded by a scoring formula.'[358]

Therefore, this emphasis on targeting needs to be think in relation to the context of fiscal adjustment and public sector reform, as referring to the Bank's evaluations on social protection that:

> Most governments cannot afford to provide universal social benefits because of the high cost of universal benefits. Most countries choose to target their assistance to the poor or poorest, on grounds of *equity* and because of the *fiscal constraints*. Several methods have been used internationally to target benefits to the poor.[359]

So that, a publicly financed social safety-net system that is targeted to the poorest is a cost-effective way of re-acknowledging a public responsibility for 'social dimension'.

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[357] Ibid., p. 27.

[358] Ibid., p. 22.

[359] World Bank, *Project Appraisal Document on Social Risk Mitigation Project*, *Annex 12-Turkey: Social Risk Mitigation Project CCT Issues and International Experience,* p. 117.

In addition to this concern with public fiscal discipline, there is a more profound motivation behind advocating a targeted system, that is the Bank's particular conceptualization in moral terms of an appropriate social policy approach. The Bank conceives benefit type (both means-tested type poverty benefit and universal/citizenship income type welfare benefit) social assistance schemes as 'passive' measures.[360] What it has in mind when calling the governments for an 'active social agenda' is as follows:

> [A]ctive social system, rather than just giving people cash and then make them *dependent on the state*, to *support them in gaining employment*. That is absolutely vital. One of the good things about Turkey is that the governments both the previous government and this government do not want to create *welfare dependency*. They want to support people to have sustainable income.[361][Emphases Mine]

An *active* social policy is then conceptualized by the Bank as not the one that bases solely or primarily on benefit-type social safety nets, but the one that principally relies on those measures investing in the human capital of the poor. This is qualified as an effective social assistance system which would function like a 'trampoline to help the poor escape poverty.'[362] Therefore, the Bank argues in Turkey's context that the CCT must be complemented by the social programs that enhances the 'employability' of the poor. This would be through helping them acquire the skills that are inline with the 'market demands', which are more specifically identified by the Bank as "literacy, numeracy, interviewing and job searching skills, coping-with-life skills."[363]

What the Bank calls an active social agenda actually echoes very much the recent trends in social policy towards a neo-liberal redefinition of it. In this sense, what Jasyasuriya states on this shift and its underpinning premises rather moral in character stands also quite helpful to open up further what the Bank means by defining its approach to social policy as an active one:

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360 World Bank, *Project Appraisal Document on Social Risk Mitigation Project*, p. 22.

361 John Innes, interview by the author, Ankara, 8 November 2004.

362 World Bank, *Project Appraisal Document on Social Risk Mitigation Project*, p. 2.

363 Ibid., p. 27.

> One of the most important changes in social policy over the last decade in much of English-speaking world is a shift from the idea of welfare entitlement as an important component of citizenship – a form of social citizenship- to the notion that social policy needs to engage individual citizens- be they disabled citizens, the unemployed or single mothers- in the active management of their lives. From this perspective, rather than being dependent and passive recipients of welfare services and entitlement, individuals are called on to play a more active role in shaping their futures… a specific understanding of individual autonomy as economic independence or participation which informs much of the recent work on contractualism. Responsibility in this context refers to the ability to manage in a pro-active way the accentuated risks that flow from living in a globalized economy. Therefore welfare recipients should seek to become active and responsible managers of their lives and seek to enhance their economic independence.[364]

In this context, the Bank utilizes the targeting mechanism to realize a particular division of labour among the social policy instruments in accordance with this particular approach to social policy. While the CCT is designed as a means towards the 'poorest of the poor', income generation and workfare type measures target the 'vulnerable' who are defined by the Bank as a having consumption level "low enough such that this population is in a significant risk to slide into absolute poverty."[365] What lies beneath this differentiation or division of labour is actually the Bank's particular considerations which rely on a pure human capital point of view. To quote from the Bank:

> This group [vulnerable] is the target group for the Local Initiatives component, since income generation activities are not suitable for the poorest of the poor (*who may not have the basic skills to develop small income generating activities*), but are highly *relevant to those employed casually in the informal sector, for enhancing their income generating potential*.[366] [Emphases mine]

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[364] Kanishka Jayasuriya, "The New Contractualism: Neo-Liberal or Democratic?" *The Political Quarterly*, 73 (3) (2002), pp. 309-310.

[365] Ibid., p.29.

[366] Ibid.

As differentiating the poor into two main sub-groups as those who do not have potential or actual human capital qualifications that can be utilized in market and those who do have such qualifications to be used/appropriated in market, the Bank differentiates social policy instruments accordingly. The 'passive' social assistance system (social safety-net) that operates through with benefits low enough not creating a fiscal burden on the state or disincentive to work, is targeted to the poorest of the poor who have been identified as not able to present skills or capacity demanded by the market. The exact characterization used by the Bank for these people is 'not able-bodied or work-able.'[367] It is also particularly noteworthy that the conditional cash transfer system designed for these people is actually targeted directly on the children of them, rather than on the individuals themselves. It seems that they are not seen as potential sources of human capital (not able-bodied or work-able), yet, their children are seen so. In this regard, rather than giving an unconditional benefit, it is preferred to be conditional on investing in human capital basis of their children. In consequence, by means of such a safety net, those who are proclaimed as to be escaped from poverty are not the poorest of the poor, but their children. The poorest of the poor is rather left alone in the midst of poverty with a limited income, food and/or heating support since it seems that it is considered to be too late to invest in their human capital capacities. To exemplify this approach more clearly, let us refer again to the Bank's words articulated in the context of explaining why the Bank chose to implement the CCT rather than a large-scale workfare program in filling the gap of a poverty or welfare benefit in Turkey:

> Given that Turkey lacks a poverty or welfare benefit, a basic choice between protecting the human capital of the poor by conditional cash transfers or creating a large-scale workfare program, whereby able-bodied adults are employed in temporary public works at low wages. The SRMP does provide scope for workfare/temporary community employment initiatives under the Local Initiatives component and the Turkish government appreciates this window for increasing local temporary community employment efforts. However, a full-scale workfare program instead of the SRMP was not viewed as practical or as responding as directly to the impact of the crisis on children...[explaining the reasons]

[367] Ibid., p.22.

finally, workfare does not reach the poorest of the poor, who are not *able-bodied* or *work-able*.[368]

So that, the Bank envisages a model of social assistance in which while the safety-net is reserved for those who do not have a potential to supply appropriable labour in the market, income generation and workfare measures (realized in the form of social fund type community-driven poverty alleviation activities) are mobilized for those who have such a potential. The Bank specifically focuses on this employability improving measures in the context of the Local Initiatives component of the SRMP through developing systematic initiations in this respect. It will be examined in detail in the following section under the thematic headline of 'inclusion into market.'

5.3 Inclusion into Market

In line with its conceptualization of an appropriate social policy as a set of means that gives weight to improving the poor's (except the extremely poor sector of them) ability to participate in labour market, the Bank carries out certain initiations that contribute to the restructuring social protection system in Turkey along this conceptualization. Local Initiatives (LI) component of the SRMP is the main location of the Bank's activities towards this end.[369]

5.3.1 The Local Initiatives Programme

The Local Initiatives (LI) component of the SRMP is defined by the Bank as an initiation that aims at putting into application those programs which are developed at

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[368] Ibid.

[369] The Bank also puts an indirect contribution towards this end through its projects that support the particular reform processes in education and health systems. However, they are outside the scope of this study of which main focus is on the direct social policy means the Bank proposes in this context which find their expression in the social assistance programs put into implementation under the SRMP.

provinces and districts levels with a local community scale and geared towards enhancing the employment opportunities of the poor through utilizing/improving their human capital.[370] In this context, the content of the LI programme is determined on the basis of four sub-components. These are income generating sub-projects, employability training, temporary community employment and expansion of cost-effective social services for children, youth, elderly and disabled. As in the case of the CCT, the fundamental criterion of eligibility for the LI is being not covered by social security system at all. The beneficiary target of the LI is specified as the 36 percent of the population who are identified as the vulnerable in respect to overall poverty profile in Turkey. As we stated before, in addition to having a consumption level vulnerable to the risk of sliding into extreme poverty, this targeting group is also defined by the Bank in terms of their human capital skills which are utilizable in and/or improvable for the market. The LI has a budget of U.S.$ 133.85 million which is composed of the Bank-financed U.S.$ 104.52 million and the government-financed 21 million U.S.$. Its share in the total U.S.$ 630 million budget of the SRMP is 21.1 percent. So that it stands as the second program after the CCT in the financial ranking of the SRMP components. However, the LI Coordination Office at the PCU/SSF argues that the LI's importance or the emphasis put on it within the SRMP is out of proportion to the extent of its budget share; since the program provides opportunities to escape poverty through benefits that are much higher in amount than those in the CCT.[371] Additionally, the LI is characterized by the SSF as an assistance program rather than a regional, sector development or civil society enhancement program.[372]

Considering the distribution of weight among the sub-components of the LI program, the most emphasized sub-component is the income generating sub-projects (IGPs). Within the overall applications of the LI, the share of the IGPs is declared by the SSF as approximately 75 percent and the financial share allocated to them is stated as

[370] Ibid. p. 24.

[371] Ali Kapucu, the Local Initiatives component coordinator at the Project Coordination Unit, SSF, interview by the author, Ankara, 11 November, 2004.

[372] Ibid.

the same, with a 2-3 percent deviation.[373] Thus, the IBRD Turkey Office characterizes the LI program as ‘a social fund which is very focused on income generation’ and as arguing differently from the SSF, states that over 90 percent of the approved sub-projects are income generating.[374]

What is particularly important in this characterization by the Bank is the concept of social fund. It particularly belongs to the Bank’s literature on social protection and poverty and is defined by the Bank as follows:

> Social Funds allow poor people and communities to become *actively involved in their own development*. Social Funds support small projects ranging from *infrastructure* and *social services* to *training* and *micro-enterprise development* which have been identified *by communities* and presented to the social fund for financing.[375] [Emphases mine]

As the quotation above also underlines, what is the defining feature of the social fund-type social assistance programs is that they rest on participation of the poor in small scale projects’ design and implementation, thus they are qualified as demand driven/community driven. The crucial point to note in this regard is that the LI program in Turkey seems in practice hardly in compliance with this defining feature of social funds. In this respect, the IBRD Turkey Office states that “it is not as community driven as in many other countries.”[376] This will be seen more obviously if we look at the income generating sub-projects more closely.

As we stated earlier, the IGPs program is the most prominent sub-component of the LI program. Indeed, similar micro-income generating projects have been undertaken by SSFs previously[377], yet in a limited and irregular manner. Like in the case of the

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[373] Ibid.

[374] John Innes, interview by the author, Ankara, 8 November 2004.

[375] World Bank, World Bank Official Website, <http://wbln0018.worldbank.org/HDNet/HDdocs.nsf/socialfunds/4BD316505BD3662E85256BB50065A9C5?OpenDocument> . (28 December 2004).

[376] John Innes, interview by the author, Ankara, 8 November 2004.

[377] Ali Kapucu, interview by the author, Ankara, 11 November, 2004.

CCT, through the LI program what the Bank aims at is transforming these activities into an expanded and systematic structure through improving their 'extent, quality and effectiveness.'[378]The objective of the IGPs program is described by the SSF as an "setting up such business by the poor households that would through on site-employment help them make their living, reach supplementary income opportunities and sustain all these activities in the long-run."[379] In this respect, it is declared as one of the most important evaluation criterion in selecting applicants that sub-projects must enable the poor households who have had problems in making their living until now, to receive income that is at the extent ensuring their livelihood on sustainable bases.[380] Yet, this aim or criterion is rather revised by the LI Coordination Office through explicating what is meant by 'making their livelihood on sustainable bases' is rather *contributing* the beneficiary families to make their living rather than covering their livelihood costs *completely*.[381]

As designed as a social fund-type program, the other significant criterion in selection process is the requirement that the receiver of the financial support must be also among employees in the sub-project.[382] To state differently, in line with demand driven social programs' intrinsic logic, the owner of the sub-project must be also within the group of its beneficiaries. Again as stemming from the program's demand driven character, the application process is described on the basis of two channels, either the direct application of candidate beneficiaries themselves, or the application of the consultant agencies who give a technical support to the beneficiaries in project design

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[378] John Innes, interview by the author, Ankara, 8 November 2004; Ali Kapucu, interview by the author, 11 November 2004.

[379] SSF, *Yerel Girişimler El Kitabı*, (Ankara: SSF, 2004), p. 5. "Gelir getirici küçük ölçekli alt-projeler alt bileşeninin amacı, yoksul hanelerin yerinde istihdamını içerecek şekilde kendi geçimlerini sağlayacak işleri kuabilmeleri, ilave gelir olanaklarına kavuşabilmeleri ve tüm bu olumlu gelişmeleri uzun süreli sürdürebilmeleridir."

[380] Ibid., p. 6.

[381] Ali Kapucu, interview by the author, Ankara, 11 November 2004.

[382] SSF, *Yerel Girişimler El Kitabı* (Ankara: SSF, 2004), p. 3.

and implementation. The experts, profit-motivated professional agencies and civil society organizations are identified as eligible for consultancy services. These services are specified by the SSF as sub-project design and development, guidance in implantation of sub-projects, monitoring sub-projects, field and market surveys, collecting data, interview in and/or analysis of the field, auditing and reporting, training, organizing training activities, controlling, directing and managing sub-project implementation process in the name of foundations.[383]

In the LI in general and income generating sub-projects in particular, Social Solidarity foundations (SSFs) are actually the key agencies. In line with the Bank's preference for a decentralized social assistance organization, the applications are submitted to foundations rather than the SSF. Thus, foundations are responsible for assessing applications; further, they are to meet subsequent monitoring and evaluation requirements of both the IGPs program's itself and individual sub-project implementations carried out under the IGPs program. Considering the SSF's particular role, in all the LI sub-programs it has coordination function which is confined to giving financial support to the sub-projects that are approved by the foundations.

However, when we look at the practice of income generating sub-projects program, a rather different picture emerges. The functions of the foundations in practice are not limited to evaluating applications and carrying out monitoring and evaluation of sub-projects implementations. They also decide in which sectors or on which subjects sub-projects will be realized and even further, prepare most of the sub-projects in question. Those projects that are designed and implemented under the initiation of the beneficiaries themselves are rather few in number.[384] This is explained as a result of asserted lack of individual project applications in most localities. In this respect, the particular organizational structure of the foundations comes to the fore as of critical importance. Each foundation is a legal entity founded according to the law of foundations (The Civil Code, Law 903). Therefore they are not sub-units or provincial

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[383] Ibid., p. 15.

[384] Ali Kapucu, interview by the author, 11 November 2004; John Innes, interview by the author, Ankara, 8 November 2004.

organizations of the SSF legally. Each foundation has a board of trustee as the decision-making and execution organ. The composition of the board of trustee was determined by the founding law of the SSF (issued in 1986) as consisting of ten members. Seven of them are the representatives of the public institutions at the provincial administrations, which are the Directorate of National Education, the Directorate of Health, the Fiscal Directorate, the Office of Finance Ministry (Maliye), the Religious Directorate (Müftülük), the Police Department and the Gendarmerie Headquarter. The other three members are '*charitable*' civilians from the local people. The board is headed by the *Kaymakam* (District Governor) at the district level and by the Governor or Vice-Governor at the provincial level. The head of the board has an important influence on the operations of the board in practice. The SSF and the IBRD Turkey Office declares that in implementation Kaymakams are the most important agency in income-generating sub-projects; they take the initiation in design and implementation of the most sub-projects.[385] They also select the 'charitable' local peoples who would take place in the board as representing the local community.[386]

In addition to foundations, the Agricultural Directorate at the provinces and districts are significant figures who design and implement most of the agricultural sub-projects.[387] Consequently, contrary to the defining logic of the social funds ascribed by the Bank that they are under the influence of the poor in local communities through their active participation in decision-making and implementation processes, the IGPs program in Turkey is not so participatory and demand driven in technical sense. In this regard, it is stated by the SSF that "as terminologically speaking, sub-projects are determined by a top-down manner rather than a bottom-up one, [i.e. they are] publicly determined projects."[388] This situation, rather than being problematized as a shortfall needs to be

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[385] Ibid.

[386] Ali Kapucu, interview by the author, Ankara, 11 November 2004.

[387] Ibid.

[388] Ibid.

tackled, is instead naturalized by the Bank on the ground of an assumption that it has its roots in the 'very nature' of Turkey which lacks a participatory civic culture.[389]

Finally, the structure of the benefits in IGPs program needs to be explained. At the outset, the individual and group limits of financial supports were determined as U.S.$ 1000 and U.S.$ 25.000 respectively.[390] Yet, with a revision, the individual supports were increased to 2.000 U.S.$, while group supports rose up to U.S.$ 60.000.[391] Since the expected rise in U.S.$ exchange rate has not emerged, the supports were revised once more in August 2004 through increasing individual supports to U.S.$ 3.000 and groups supports to U.S.$ 100.000 [392] In addition, since in urban areas there is low levels of application for IGPs, the individual support is raised to the limit of U.S.$ 5.000 in urban to create an incentive.[393]

These supports are loans rather than grants, which needs to be paid back according to a repayment plan determined in the contract signed between the foundation and the beneficiaries. The content of these contracts are not determined in deliberation with the beneficiaries. They are standard as previously determined by the Project Coordination Unit. Similar to the micro-credit projects in the international context, in order to guarantee the repayment, a peer-pressure mechanism is incorporated into the contracts through making each member of the beneficiary group as standing guarantor for the other members.[394] Similarly, for those rarely approved individual projects foundations prefer to require the beneficiary to appoint a few persons as the guarantor in the contract.[395]

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[389] John Innes, interview by the author, Ankara, 8 November 2004.

[390] Ali Kapucu, interview by the author, Ankara, 11 November 2004.

[391] Ibid.

[392] Ibid.

[393] Ibid.

[394]Ali Kapucu, interview by the author, Ankara, 11 November 2004.

[395] Ibid.

In sum, the IGPs sub-component of the LI program is directed towards utilizing already existing human capital of the vulnerable which has not been utilized by the market yet. It does so through providing micro-financial resources to the vulnerable for their self-employment activities in production and trading of goods and services. The financial support is provided for once and is to be paid back over two or three years. Sustainability of these economic activities is left to the responsibility of the vulnerable. It means most of the employment created by the IGPs sub-component turns out to be short-termed in character. This is actually in harmony with the underlying logic of the Bank-envisaged social assistance model, which invests in employability of the poor, and leaves the objective of providing sustainable solutions to poverty up to the poor's individual efforts in market, rather than taking public responsibility of providing such solutions to their poverty by the state. In the case of IGPs, it is left at micro-level to entrepreneurial abilities of the poor, at the macro-level to the market that in the lead of private capital would be the engine of growth and thus, employment creation.

The second sub-component of the LI program is the temporary community employment (TCE) sub-program which underlines more overtly the short-termed character of the social assistance services the Bank envisages. Similar to the IGPs sub-program, the TCE is developed to utilize already existing human capital of the vulnerable that has not been utilized by the market, yet. Such workfare activities were being applied previously by the SSFs, yet again in a limited, ad hoc and patchy manner. So then, the Bank declares that through incorporating the TCE as a sub-component into the SRMP, these activities "will be expanded to provide *an employment safety-net to the able-bodied poor* in areas where this can be organized."[396]

There are two defining features of the TCE activities. Firstly, the wages offered in these employment programs must be low enough that would not create a 'disincentive' to the poor to integrate into labour markets. In this sense, the Bank states that they must be offered at levels lower than the minimum wage.[397] Secondly, in terms

[396] World Bank, *Project Appraisal Document on Social Risk Mitigation Project*, p. 27.

[397] Ibid., p. 22.

of duration of the job, they must be short-termed. So, from Bank's point of view, without any public intervention in competitively functioning labour market, or leading them to a public welfare dependency, the poor are directed to find long-term employment on their own in the market. Thus, the SSF declares that any applicant sub-project to the TCE program must deliver such employment services that do not exceed six month.[398]

The primary eligibility criterion for sub-projects to be implemented is identified by the Fund as "designing sub-projects *not for providing employment* to certain people, but rather in cases when short-term labor is necessary for the services needs to be fulfilled."[399]The particular services for which temporary employment can be created are identified as rehabilitating services for 'local infrastructure and community assets', such as small-scale sewerage systems, sewage treatment facilities, rehabilitation and cleaning of parks and roads, etc.[400] Additionally, it is also stated that the TCE sub-projects are realizable "in cases of natural disasters or *extraordinary conditions.*"[401] One example of it is the Bank's workfare activities realized in the aftermath of 1999 earthquakes in earthquake zone.[402] The Fund states that in such cases, these activities would help mitigating the resulting adverse outcomes, in economical and socio-psychological terms. Yet, it needs to be noted that what is meant by the other, 'extraordinary conditions' case is far from having been clarified. Finally, it is identified as possible to develop such workfare projects in the context of the other sub-projects in the LI program which require certain community services.

Although the targeting group of the LI is identified as the vulnerable sector of the population, it is more specified in the context of the TCE sub-component through ascribing a priority to certain groups within this category of vulnerable. They are

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[398] SSF, *Yerel Girişimler El Kitabı*, p. 10.

[399] Ibid.

[400] World Bank, *Project Appraisal Document on Social Risk Mitigation Project*, p. 24; SSF, *Yerel Girişimler El Kitabı*, p. 9.

[401] SSF, *Yerel Girişimler El Kitabı*, p. 9.

[402] World Bank, *Project Appraisal Document on Social Risk Mitigation Project*, p. 22.

women, unemployed youth and disabled people who are qualified by the Fund as the most disadvantaged ones within vulnerable 36 percent of the population.[403]

The third sub-component of the LI program is 'employability training.' The development objective of this sub-component is defined as to enhance employment opportunities for the poor through helping them acquire necessary skills relevant to the market demands. These training sub-projects are expected to be developed by three major agents: Public institutions, the SSFs and civil society organizations which are more specifically exemplified as associations, foundations, the chambers of industry, commerce and trade, cooperatives and unions.[404] These organizations need to apply to program in the name of the poorest 36 percent of the population. The upper limit of financial support for the sub-projects are determined as U.S.$ 25.000 that would be equal or less according to the number of poor beneficiaries.[405] As being similar to the TCE program, in targeting the priority is given to women and unemployed youth. With regard to women, adult literacy programs are brought to the fore as the most effective means to improve their employability. In respect to unemployed youth, the particular sub-projects investing in their technical and life skills are pointed out as the most suitable one for employment training activities targeting this group.[406]

The last sub-component of the LI is 'cost-effective of social services.' These social services are further specified as those benefiting abandoned children/orphans, disabled, elderly, vulnerable women and men and unemployed youth.[407] In this context, the aim of the sub-component is identified as enlargement of cost-effective social services targeting these people by means of new social centers, as well as diversifying the services being provided in the existing centers. Building shelters for abused women, street children/ employed children and homeless are also included within subject field of this sub-component, together with repairing community assets for increasing community

[403] SSF, *Yerel Girişimler El Kitabı*, p. 10.

[404] Ibid., p. 7.

[405] Ibid.

[406] World Bank, *Project Appraisal Document on Social Risk Mitigation Project*, p. 24.

[407] Ibid.; SSF, *Yerel Girişimler El Kitabı*, p. 11.

life quality and social cohesion. It is particularly pointed out as a priority that these social centers or other activities mentioned in this context are to be realized in shanty town (*gecekondu*) districts in urban areas.

In respect to the applications, they are expected to come first of all from civil society organizations which are attributed a leading role. In addition, Social Services and Child Protection Organization (SHEÇEK) and SSFs are also indicated as eligible applicants. Yet, the Project Coordination Unit states that in practice most of the currently applied sub-projects are under the responsibility of public institutions rather than NGOs. The SHEÇEK comes particularly to the fore in this respect. There are also few projects that are developed by the head governors (Kaymakams) in the foundations. Still, it is also underlined that the social services sub-component is the one which has the most engagement of NGOs in comparison to other components under the LI program. The level of NGO involvement is stated as being approximately 30-40 percent of total cost effective social service projects.[408] In regard to the benefits, the financial upper limit of the sub-projects is increased from U.S.$ 100.000 to U.S.$ 150-200.000 which is pointed out as the factor behind the higher proportion of NGO involvement in social services sub-component relative to other sub-components.[409] On the other hand, like in the cases of employment training and temporary community employment, the number of sub-projects is quite low in cost-effective social services in comparison to those in income generating activities. Its share is accounted as around 8 percent of the total sub-projects in application within the LI program.[410]

There is a particularly important point to note about the social services sub-component. The SSF identifies sustainability of the sub-projects as a selection criterion, though it is not obligatory. Since the financial support provided to all sub-projects under the LI program is not on permanent basis but paid for once, as we stated earlier in the context of income generating activities, they all suffer from high risk of being short-

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[408] Ali Kapucu, interview by the author, Ankara, 11 November 2004.

[409] Ibid.

[410] Ibid.

termed. Yet, this risk gains a particular significance in social services component in the sense that the community centers or other social service providing small–scale establishments need to carry on certain income generating activities to ensure sustainability. Therefore, some of these social service providers unavoidably engage in economic activities and searching for several marketing channels for them.[411] This means that the short-termed character of the financial support also makes the social services they provide vulnerable to commercialization. In this context, the Project Coordination Unit states that they wish these small-scale social service providers to reach sustainable resources, however, it adds, after the two-year support of the SSF, some of them will be able to reach new funding resources while most of the others will have to downsize their services or disappear totally.[412]

Table 4 The Number of Projects Implemented in the LI Programme (May 2003-February 2005 Period)

Region\Program	Income Generating Sub-Projects	Temporary Community Employment Sub-Projects	Employability Training Sub-Projects	Cost-Effective Soc. Services Sub-Proj.	Community Development Sub-Projects	TOTAL
Central Anatolia	261	51	24	32	1	369
Black Sea	426	57	25	36		544
South East A.	272	24	9	39		344
East Anatolia	274	30	4	28		336
Aegean	182	28	8	13		231
Mediterranean	224	52	7	13		296
Marmara	157	27	9	21		214

Source: SSGD, Sosyal Yardım Programları ve Proje Destekleri, p. 13.

[411] Ibid.

[412] Ibid.

5.3.2 Concluding Remarks

In the context of the Local Initiatives program reviewed above, there are certain points need to be reflected on. Firstly, all of the four social assistance programs developed under the LI program provide a short-term assistance to the poor. This has its roots in the Bank's previously explained general approach to social policy.[413] According to it, the state only takes the responsibility of supporting the vulnerable in gaining employment through enhancing employability of them, rather than providing them any kind of long-term assistance that is negated through the claim of creating 'welfare dependency.' In this way, the concern with lasting solutions to the problem (such as providing welfare entitlements to ensure a socially acceptable quality of life for all citizens, or expansionary employment policies with the guidance of state's demand management and industrialization policies) is kept outside the content of public policy in general and social policy in particular. It is rather assumed as an individual/private responsibility. In accordance, it is asserted that the only possible lasting solution is the vulnerable people's utilization of their most abundant and most time the only asset, namely their labour, in market. In this sense, what the vulnerable need is new employment opportunities and the Bank states that such opportunities can only be created on broad-bases through competitively functioning market of which engine is private sector. Through such functioning market that is sustained by the state by means of embedding it into an appropriate legal/institutional framework facilitating competition, it is claimed, a *labour intensive growth* can emerge. Such kind of growth pattern is qualified as *pro-poor* in the sense that it is expected to create employment for the poor, except its extremely poor section. The proper role of the state in poverty reduction is thus providing short-termed (conditional transfers through safety-nets) and long-termed (basic education, health and nutrition services) measures caring for human

[413] "Inclusion in Social Protection, Concluding Remarks."

capital stocks of the poor, besides realizing its prior function of creating an enabling environment for private sector activities.

In this respect, on the one side, the existing social safety-net in Turkey is to restructured as a cost-effective means for raising the children of the non-workable or non-able-bodied people as work-able (through publicly provided basic education) and able-bodied (through publicly provided primary health). Besides, by providing limited in-kind and in-cash assistance to these people themselves, this safety-net is expected to help the poor coping with effects of economic crises. The Bank perceives this as very significant in the sense that through providing such ability of coping it would function as a mechanism of poverty management without letting poverty to pose a social and political threat to the process of 'creation an enabling environment for competitive market', i.e. second generation reform process. Complementing it, for work-able and able-bodied people who constitute majority of the poor in Turkey, the state is to create and sustain such measures that prevent destruction of their human capital basis through utilizing it temporarily, and that upgrade these productive capacities in line with the skills demanded by the market.

Particularly, it is pointed out that temporary community employment is a social policy tool which, if it is scaled up, can function as a second safety-net: An employment safety-net to the able-bodied poor who are outside the active workforce as a reserve army of labour. Yet, what is underlined here is that like the safety–net for the extremely poor, the assistance provided by such an employment safety-net needs to create 'incentive' for its beneficiaries to enter active work-force. This would be ensured through giving lower wages than minimum wage and short-termed employment. So then, by means of such a social assistance scheme the state creates a mechanism of compensation for a market failure, unemployment; however, do this in strict compliance to not creating any public intervention in competitively functioning labour market, or leading them to a welfare dependency on the state.

In this sense, in addition to its risk management function through mitigating the socially and in turn, politically adverse effects of poverty, provided social policy services in general and temporary employment services in particular are rather envisaged to function as a means of *social conduct* directing the poor towards finding long-term solutions to their poverty on their own in the market. In this sense, although it is quite residual, state's acknowledged welfare responsibility before the poor does not act in a way that subordinates the competitive market creating failure (unemployment and poverty) to extra-economic imperatives such as entitling a social right to the citizens which would guarantee a minimum welfare without being completely dependent on market for survival and/or welfare. Rather, the state is expected to subject its motives of intervention in poverty by means of Bank-proposed new social policy set to the requirements of market's competitive functioning through incorporating *market promoting mechanisms* into its social assistance measures.

At this point, Esping-Andersen's arguments on de-commodification dimension of social policy are highly relevant to our case. [414] He points out that since it tends to violate a tolerable level of individual welfare and security, the commodified status of labor in capitalist social system poses a social threat to system's survival. The efforts to come to terms with this dilemma, the author argues, had a crucial contribution in the rise of modern social policy; throughout its history, every social policy regulation entails a certain potential of de-commodification. The author describes de-commodification as 'the degree to which individuals or families can uphold a socially acceptable standard of living independently of market.'[415]In this context, he categorizes social security arrangements according to their degree of de-commodification. Among them, what he calls the '*social assistance tradition*' is echoing the World Bank's social policy model embodied by the SRMP. As having its roots in the 'less eligibility principle' of the poor-law tradition, this kind of social protection framework is characterized by a means or income-tested social assistance, or poor relief arrangements. It has been embodied by liberal welfare regime tradition. The restrictiveness of income/means test and very limited amount of benefits are defining features of this type of system. In Esping-Andersen's words:

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[414] Gosta Esping-Andersen, *The Three Worlds of Welfare Capitalism,* pp.35-55.

[415] Ibid., p. 37.

> In this way, the extension of unconditional social rights was avoided, and government largesse was limited to the certifiably needy and would not induce workers to choose welfare instead of work…A way of ensuring that non-market income is reserved for those who are not able to participate in market anyhow…public obligation enters only market where the market fails: Commodity-logic is supreme.[416]

Consequently, those social policy regimes staying within the paradigm of this social assistance tradition, including the one proposed by the Bank by means of the SRMP, provide a quite low level of de-commodification. The most important evaluation raised by the author and stands very explanatory for the underlying logic of the Bank-proposed social policy set is that under the appearance of government's passivity, this system is actually "an active social policy designed to establish market hegemony in the distribution of welfare."[417] By providing such low levels of de-commodification what it actually does is to *strengthen* the commodity status of labor but *without preventing* social reproduction of the system. Considering the fact that the structural adjustment agenda of the ongoing second generation reform process is actually an agenda towards a particular regime of capital accumulation in its essence, this is very much echoing the Bank's call the government for an 'active social policy agenda' of which constitutive logic is explained as complementing the structural adjustment reforms implemented for building an attractive business environment with the appropriate set of social policies that would not harm the very logic of structural adjustment. In this respect, the *residual* character of the public policies for social protection suggested by the Bank's 'active social policy agenda' that is elaborated in the previous section, needs to be evaluated as highly crucial in terms of its market-promoting character, rather than underestimating it as a minimum engagement in social dimension carrying the aim of an political eyewash. Through all its emphases on active agency, economic independence, prevention of welfare dependency, and through all its policy proposals for productivity enhancing, human capital centered social policy measures that would help the poor to lift themselves out of poverty on their own by means of market participation, and social

[416] Ibid., p. 43.

[417] Ibid., p. 36.

safety nets that would help the poor who fall outside market participation manage the risk of extreme poverty economic conditions pose, and thereby, induce them higher risk higher return activities in market to search for a way out of their poverty trap, what the Bank suggests is a hegemony of market in the distribution of welfare. It means operationalization of social policy as a means of inducing market dependency for social and physical reproduction of individual's survival.

Another point that needs to be raised in regard to the market-promoting character of the Bank-proposed social policy measures is that this has certain political implications for state-society relations. It redefines state's welfare functions before the society. It does so, first of all, through shifting the assumed legally and politically neutral status of the state between labour and capital towards the one where the state is explicitly at the side of the interests of the capital. The bets example of this is that the state offers lower wages in its employment safety-net than minimum wages which is formally determined by deliberation between labour and capital and is under the legal protection. The Bank touches on this issue particularly in discussing whether large-scale workfare activities by the state are suitable in Turkey's circumstances. In this context, the Bank admits that workfare activities are violating the existing legal regulations mandating minimum wage and social taxes and the change of these regulations has a political nature; thus, such a legislative action is described as "quite difficult to achieve from a political economy perspective."[418] So that the Bank decided to develop a strategic temporary solution that is keeping such workfare activities limited only certain small programs and not including a legal change for this into the structural reform agenda. Yet, it is also implied that such social policy measures needs to be kept in the long-term agenda of the state through the statement that, "the SRMP does provide scope for workfare/temporary community employment initiatives under the Local Initiatives component and the Turkish government appreciates this window for increasing local temporary community employment efforts."[419]

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[418] World Bank, *Project Appraisal Document on Social Risk Mitigation Project,* p. 22.

[419] Ibid., p. 22.

The second example to redefinition of state's relation to society is the short-termed character of the employment provided through state-led workfare programs. It is argued by the Bank in the same discussion that as in the case of workfare program carried out at the earthquake zone, previously realized workfare programs have created at the side of beneficiaries expectations for ongoing employment. This is indicated as a political economic problem, too,[420] given the long-term solutions to the unemployment or poverty is set outside the social responsibilities of the state.

The second point needs to be reflected on in the context of LI program, is the key role undertaken by foundations and its inconsistency with the Bank-proclaimed participatory nature of the local initiatives. The foundations have an especially influential role in the IGPs program in selecting beneficiaries and allocating benefits. In regard to allocation of benefits, financial transparency and accountability of foundations' activities have constantly brought under discussion in the public opinion for a long time.[421] As Yalman, et al. states in reviewing the existing academic literature appraising activities of the SSF and foundations:

> If there is a divergence of opinions about the impact of the SASF [the SSF] funded activities on the needy, there has been no less a divergence of opinion in regards to the ways in which the SSFs tended to operate in their respective localities. Question about transparency and accountability, or lack of them, in the functioning of the SSF have been raised, thereby suggesting that there is certain degree of arbitrariness in the evaluation of the applications as well as in the distribution of the existing resources. Even those praised the transparency and accountability observed in the SSF support system would note that some SSF personnel 'took the liberty of distributing the support the ways they deem proper for their specific locations.'[422]

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[420] Ibid.

[421] Fikret Şenses, "Yoksullukla Mücadele ve Sosyal Yardımlaşmayı Teşvik Fonu," pp. 442-443.

[422] Galip Yalman, et al. *An Evaluation of Poverty Alleviation Programmes in the Southeast Anatolia Region*, (Ankara: UNDP and Turkish Social Sciences Association, 2004), p. 12.

This highly questionable character of the accountability and transparency of the foundation activities has its roots particularly in the fact that the auditing authority of the LI's central execution agency (the SSF-the Fund) on the foundations is administratively quite weak due to the founding law of the SSF that gives an independent legal status to foundations in relation to the Fund. The foundations are legally attached to the institutional authority of the General Directorate of Foundations. Then, the particular relation between the SSF and the SSFs is rather a financial one in which the revenues of the Fund are disbursed to the foundations through periodic transfers.[423] Thus, in a sense, the foundations are the transfer channels of the Fund's revenues to the social assistance services at the localities. Further, as inconsistency with this financial relation between the SSF and foundations, the fiscal auditing on foundations' activities is of the responsibility of the General Directorate of Foundations rather than the SSF, and it is a highly valid critique that the General Directorate of Foundations does not fulfill this responsibility effectively.[424]

The second aspect of concern for foundations' influential role in practice in selecting beneficiaries and allocating resources is the accountability of their organization to beneficiaries. The decentralized organizational structure of the Fund-foundations relations is actually appreciated by the Bank, actually to much extent as relying on the premise that decentralized organizational/administrative structures are more participatory and democratic. Speaking more generally, decentralization in public services is promoted by the Bank on the basis of the assumption that it would create both accountability of service providers to the citizens/consumers and opportunities for the local communities to participate in decision-making.[425] Yet, it is quite obvious in Turkish case that a decentralized organizational structure in social assistance does not

[423] These periodical shares are differential in accordance to the development and demographic indexes of the foundations.

[424] Fikret Şenses notes in his article evaluating the SSF and foundations activities that even in 1999 it was found out that the General Directorate of Foundations did not have any auditing report that documenting foundations' activities. Fikret Şenses, "Yoksullukla Mücadele ve Sosyal Yardımlaşmayı Teşvik Fonu," p. 444.

[425] Vedi R. Hadiz, "Decentralization and Democracy in Indonesia: A Critique of Neo-Institutionalist Perspective," *Development and Change*, 35, 4, pp.697-718.

mean a participatory organizational structure is in existence, too. In the context of the LI program, in order to meet the minimum requirements of having participatory structure, foundations that are key agencies in benefit distribution need to be controlled by the targeting group (the poor) through including them in decision-making, implementation, monitoring and evaluations processes of the sub-programs under the LI. However, there is not any concern or initiation of the Bank for building such a self-auditing structure in foundations in accordance with the participatory discourse of the program. In identifying institutional pre-requisites for application of the CCT and LI, the Bank does not take this point into consideration at all. However, ensuring the fair and transparent functioning of foundations which are key authorities in the program requires first of all such a change in the organizational structure of foundations which would make them relatively more democratic. This is not no doubt the only way to realize a participatory and democratic social assistance system, it is also open to serious critiques on what kind of democracy conception it entails in its background. This critique will be at the focus in the next part. However, what is tried to be underlined here is that such self-auditing structure is the simple logical mandate of the Bank's participation discourse on poverty alleviation, namely inclusion of the poor and vulnerable into the decision-making and execution of the poverty alleviation projects through social fund type programs. Yet, what the Bank indicates at the organizational aspect as a lack are actually technocratic in nature, namely rationalization of staff regime of foundations and the Fund, a legislation that gives a professional status and recognition to their personnel, and enriching their financial sources on a sustainable footing. In respect to the foundations' decision-making and execution processes, the only change Bank-supported draft legislation brings out is replacement of the representatives of the Police Department and Gendarmerie Headquarters with those of the Agricultural Directorates in the board of trustee.[426]

The Bank only touches on this quite clear participation problem through interpreting it as a lack of interest on the part of civil society organizations to participate in the assistance programs through sub-projects. At a more conceptual level, the exact

[426] Ali Kapucu, interview by the author, Ankara, 11 November 2004.

mechanism of participation of the poor is assumed as civil society organizations which would take the leading role in sub-project design and implementation. Along this line, the Bank added a new sub-component to the LI, the ‘Community Development’, to create technical and financial incentives for NGOs to ensure them to participate more in these human capital development, income generating and community services activities.

In this respect, it would be accurate to argue that the idea of inclusion around which the Bank-formulated social policy agenda unfolds itself, is ascribed by the Bank a double character: Economic in the sense that trying to attach the poor to market as laborers or self-employed, and political in the sense that emphasizing participation of the civil society (that also include the poor’s community-based initiatives along with NGOs) in implementation processes of these ‘economically inclusive’ social services on the ground of the ideas of accountability and participation. This focus of the Bank on NGOs and poor’s self-help schemes as trying to make them leading service providers in social assistance will be examined in the following part through all its implications for the political content of the Bank formulated social agenda on the basis of its underlying imagination of state-economy-society relations. The new Community Development sub-component of the LI as well as the Bank’s particular discourse and policy suggestions on the nexus of civil society and poverty will be examined within this context.

"Men should be governed in such a way that they do not regard themselves as being governed, but as following their own bent and their own free choices in their manner of life; in such a way, then, that they are restrained only by love of freedom, desire to increase their possessions..."

B. de Spinoza Tractatus, Politicus, 1677.

5.4 Inclusion in Decision-Making: Participatory Poverty Alleviation in Practice

Participation and civil society are two prominent ideas along with inclusion and building/ enhancing human capital of the poor which the Bank refers to in articulating its social policy agenda. Although in Turkey's context the Bank does not involve in an effort to open up conceptual content of participation and civil society, it continually gives place to them in its propositions for appropriate strategies of development in general and social policy in particular in the country context. In the lack of such conceptual clarification, an endeavor to capture how the Bank conceptualizes them through a textual review of the Bank's related documents on Turkey's social sector would be conducive. In such a review, several points come to the fore. Firstly, we see that the Bank uses the ideas of participation of the poor in design and execution of social policy projects and active engagement of civil society in the same fields of action an interchangeable manner. Such identicalness that has been set out between participation of the poor and an active civil society has its roots in a particular tacit assumption by the Bank. Its own proposition to 'amplify the voices of the poorest people in decisions that affect their lives'[427] is presumed by the Bank to be realizable only by the mediation of civil society between the poor and the public policies and structures. In its general theoretical framework where the Bank gives a conceptual definition of civil society, it is more specifically illustrated as being composed of various 'non-profit organization and special interest groups working to improve the lives of their constitutes.'[428] So, what the

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[427] World Bank, *Working Together: The World Bank's Partnership with Civil Society*, (Washington DC: World Bank, 2000), p. 5.

[428] Ibid.

Bank depicts in Turkey's context is participation of the poor and vulnerable sectors of society in human and community development through the intermediacy of civil society organizations which will engage in projects and policy dialogue (in a consultant status) with public sector on these issues. The crucial point here is that these organizations do not need to be self-organizations of the poor; they can be professional NGOs (non-profit or profit motivated) as well. We will focus on this point later in the context of the Bank's particular projects implemented on NGO engagement in Turkey. What is to be noted here is that as a reflection of this idea of 'intermediacy', the Bank's terminology constantly oscillates between 'participation of the poor' and 'engagement of civil society' in social policy and development strategies. In accordance with that oscillating terminology, these concepts will be used sometimes as substituting one another in the following part.

The second point coming to the fore in this context is the particular rationale the Bank adheres to in reasoning its proposition for the poor's participation in community and human development through a vivid civil society. In all instances where the Bank refers to this participation issue, it argues that it will guarantee the *effective* functioning of reform process and make the emerging policy changes sustainable. Participation of the poor is alleged to have such an influence on the reform process through three particular functions which it is tacitly assumed to realize. One of them is providing *local knowledge* which would inform the poverty reduction projects about the local needs of the poor communities, which is qualified as demand driven social assistance by the Bank. Through appropriating this knowledge, the Bank argues 'innovative ideas and solutions' can be developed by the poor at community level to solve local problems. Through designing and executing projects relying on such ideas, local communities will be able to solve their problems on their own. Attainment of local knowledge is also conceived as servicing towards end of 'strengthening and leveraging impact of development programs' in general.[429] What needs to be noted here as a crucial point is that participation of the poor is exclusively conceptualized in the Bank's discourse as

[429] World Bank, *Turkey: Greater Prosperity with Social Justice,* p. 85.

being at the local scale/community level in socio-spatial terms. Further, the needs of the poor that the Bank refers in this context are conceived as only those in relation to income generating economic activities and community social services. In this context, local knowledge is argued to enable the development decisions to entail more relevant choices in regard to the poor's income and social services needs at localities.

Such relevant choices are further referred as creating a *legitimization* for structural reform process and emerging new regulatory environment. To quote from the Bank's own words:

> Greater engagement of civil society in Turkey's development for designing strategies and implementing programs will raise the effectiveness and relevance of the government's efforts in the eyes of its citizens.[430]

In this respect, the Bank identifies a second particular function that it expects resulting from the poor's participation, which is legitimization of the reform process. It is no doubt an ideological function in nature. The Bank also seems to expect a similarly ideological third function in this context: *consensus* creation. Actually, this is the aspect on which the Bank puts the greatest emphasis in the context of civil society and poor's engagement. All relations that public authorities involve with civil society are conceived as 'a consensus-building exercise' by the Bank. What is crucial at this point that cooperation between civil society, public structures and private sector which is indicated as an enabling environment for development and poverty reduction, is conceptualized as being independent of any irreconcilable conflict. To exemplify from the Bank's words:

> Partnerships amongst governments, private sector and civil society have proven to be effective in achieving sustainable economic and social benefits, particularly for the poor and vulnerable groups.[431]

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[430] Ibid., World Bank, *Country Assistance Strategy Fiscal Year 2004-2006*, p. 13.

[431] World Bank, *Turkey: Greater Prosperity with Social Justice,* p. 85.

This conceptualization on the basis of consensus is also valid for civil society's itself which is implicitly ascribed with homogenous fundamental interests. So, possible existence of the antagonistic interests/views in civil society and more specifically within the poor against structural reforms that are pro-market is tacitly negated. In other words, it is a latent assumption by the Bank that there is a fundamental common ground which all members of civil society together with the 'enabling state' and private sector share, that is the belief in and the support for efficiently and effectively functioning free market, liberal democracy and rule of law. The identification of the particular activities on which the poor is to participate at localities as only those on income generation and social service provision is another manifestation of this assumption. It limits participatory activities of civil society and the poor to those that support the general framework of structural adjustment in general and restructuring of the state according to efficient (that means const-effective) public expenditure management in particular. This point will be focused on in detail below. What is intended to state here is that due to this consensus-creation function ascribed to them, the poor's participation at localities in social sector activities and a vivid civil society mediating this participation are indeed for the Bank is part of the institutional and regulatory framework which is to enable a competitive and efficient market. As exemplifying from the Bank's own words that are articulated in discussing appropriate strategy for structural adjustment:

> An emerging lesson of experience in the portfolio [of the CAS for fiscal years between 2000 and 2003] is the need to press for legal and institutional changes prior to project implementation…certain regulatory and institutional changes with due allowance for necessary procedures and consensus building.[432]

Consequently, civil society engagement and the poor's participation in development and poverty reduction is promoted by the Bank on the ground that it has functions of providing local knowledge, building consensus and legitimization. It is argued that by means of these functions, participation leads to 'more effective

[432] World Bank, Country Assistance Strategy Fiscal Year 2004-2006, Annex 2, p. 9.

implementation of programs and meaningful results' in the structural adjustment.[433] To quote from the IBRD official:

> If we work with governments, it is more effective when you have strong governments, and it is more effective when you have the governments that have the confidence of the people as well and good mechanisms of participation.[434]

Thus, it emerges that the Bank proposes the participatory practices with an instrumentalist reasoning that aims at the ultimate end of successful realization of structural reforms that is to facilitate investment environment. In this sense, the participation in determination of this development strategy by the same people stands as absolutely out of consideration. To exemplify this instrumentalist rationality from the Bank's words:

> International experiences has shown that engaging civil society groups in projects and policy dialogue improves development outcomes in several ways…[one of them is] promoting public consensus and local ownership for reforms, national poverty reduction and development strategies by building common ground for understanding and encouraging public-private cooperation.[435]

Another characteristic feature of the Bank's discourse for involvement of the poor and vulnerable at the local level is its particular way of conceptualization of participation. In the Bank's general theoretical framework out of Turkish context, the Bank employs the idea of participation on a broader basis for all citizens within general context of state-society relations under 'good governance' concept. Without engaging in any detailed account of it, mentioning briefly its one aspect that is in relation to our main concern will be helpful. In its theoretical/discursive framework on good governance, it identifies three particular groups as the agencies of participation: Free entrepreneurs, all

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[433] World Bank, *Turkey: Greater Prosperity with Social Justice,* p. 7.

[434] John Innes, interview by the author, 8 November 2004.

[435] Ibid., p. 86.

citizens who benefit from publicly provided social services and more particularly, the poor.[436] All of them are qualified by the Bank as stakeholders in public policies, while in the particular context of public services (including also social policies), their stake holding status is further specified as being consumers of public services. This transformation of the citizens conceptually into consumers who have a stake in public services[437] is the integral element of the Bank's participation discourse. On this conceptual ground, the Bank argues that consumers of these services must be included in their provision to have an influence on them. This is presented as being realizable in two ways. They are participation in financing of these services through paying for them and/or undertaking completely or taking part in provision of the services.[438]Within this general framework the Bank defines, the poor who cannot be expected to pay for these services or joining as shareholders in provision of them, is supposed to undertake this participatory role by means of their only asset, that is their labour.

Against this theoretical background, the Bank articulates its participation discourse in the context of poverty reduction in Turkey through indicating the need to include the targeting population of the social policies into the policy practices. In this direction, it designs the ongoing social assistance programs in Turkey as social fund type initiatives. As we have mentioned previously, social funds rest on the idea that 'allowing the poor people and communities to become actively involved in their own development.'[439]In this respect, they are assistance programs providing finance to the small projects that are identified by the poor themselves and developed for utilizing and enhancing their own human capital in income generating small-scale activities, employability trainings and building local scale community infrastructure. So what the Bank means by participation of the poor over the decisions that affect their lives is

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436 Ayşe Tatar Peker, "Dünya Bankası: 'Büyüme' Söyleminden 'İyi Yönetim" Söylemine," *Toplum ve Bilim*, 69, 1996, p. 48-49.

437 Ibid., p.48.

438 Ibid., p. 49.

439 World Bank, "Social Funds," <http://wbln0018.worldbank.org/HDNet/HDdocs.nsf/socialfunds/4BD316505BD3662E85256BB50065A9C5?OpenDocument>.

translated into concrete policy context as their participation in building their own assets (human power and small scale community services) that 'enable them to engage efficiently in the market.' Thereby, the poor are to take the responsibility in providing solution to their poverty. So as the poor involve in efforts to be *self-sufficient*, the welfare responsibilities of the state is reduced/transformed to a greater extent into a limited and less costing sort of social protection.

In this sense, participation of the poor contributes to those structural reforms that restructure state functions according to a fiscal discipline. It makes such a contribution through applying the principle of cost efficiency in public services into the particular context of social assistance services benefited only by the poor. Further, it helps implementation of this fiscal discipline in public services by providing cheaper labour of the poor in provision of community infrastructure services benefited by all sectors of society. In consequence, as the Bank advocates 'increased participation of disadvantaged groups in decision-making about communities' development'[440], what it means by this participation does not have any political content. Rather it is conceptualized on the basis of an economic rationality. It is done so, firstly through limiting the involvement of the poor at the local level decision-making and execution mechanisms to the economic activities of small-scale self-employment and workfare. Thus, it excludes any engagement in political nature that may possible be associated with the idea of the poor's participation. Secondly, these activities defining the limits of the poor's participation are governed by the *disciplinary logic of efficiency* stemming from their very economic nature. To speak more specific terms, in case of income generation, what the poor try to do is engaging in market through small-scale business, which requires them to act according to basic imperatives of the market that are efficiency and competition. In case of community infrastructure, we see it this time at the center of the public expenditure management which aims at cost efficiency in public services. Thus, the poor put forward as participant subjects are inherently conceived as *economic agents* that act within a set of market mechanisms. So, it appears that in Turkey's context the Bank conceptualizes the poor's participation at local level in an apolitical manner, rather

[440] World Bank, *FY 04-06 CAS*, Annex B9, p. 6.

on the basis of an intrinsic neo-classical economic rationality. We see the manifestations of this situation in the Bank's poverty alleviation agenda on Turkey such that in the CAS documents while it calls for the participation of Turkish NGOs, it specifies the content of participation as engagement in income generation and community social service provision[441].

Another aspect of the Bank's conceptualization of the poor's participation emerges in the context of its proposition for enhanced engagement of civil society organizations in poverty alleviation activities. As it is stated a few paragraphs before, although in its policy documents for Turkey the Bank refers to the ideas of the poor's participation and NGOs' engagement in poverty reduction practices as if they are identical, this does not mean that the NGOs the Bank indicates in this context are exclusively the self-organizations of the poor at community level. They include non-profit and profit motivated (private) organizations as well. When a closer look at the practice of poverty reduction in Turkey is taken, it emerges that the Bank and the SYDTF focus on these professional intermediary type NGOs rather than community self-organizations of the poor. These NGOs are expected to realize income generation and workfare sub-projects through a professional kind relation of consultancy /expertise with the poor at local communities. This character of the Turkey's context manifests itself clearly in the Bank-initiated new Local Initiatives sub-component, which is 'Community Development'. The Bank developed this new component in response to the de facto situation that despite sub-projects under the Local Initiatives Program are intended to be demand driven, in practice they are led by the public agencies rather than by active participation of the poor and NGOs. Therefore, a review and analysis of this component in terms of its implications for conceptualization of participation by the Bank's poverty agenda in Turkey will be illuminative.

[441] World Bank, *FY 04-06 CAS*, Annex B9, p. 6.

5.4.1 The Community Development Sub-Component of the Local Initiatives Program

The Community Development sub-component (CD) was added to the LI program in the in the second half of 2004. As the PCU-SSF and the IBRD Turkey Country Office states, it is introduced in order to eliminate the lack of participatory processes, i.e. involvement of beneficiaries (the poor) in sub-projects.[442] Therefore, in the presentation document on the CD prepared by the PCU, the constitutive objective of this program is declared as realizing active participation of the poor people who are the direct beneficiaries of sub-projects in all processes from design to evaluation phases.[443] In this line, it is pointed out that the fundamental feature differentiating the CD from the other sub-components in the LI is the importance and endeavor it devotes to the local level participatory approach in design and implementation of projects.[444] The targeting population of the CD program is defined as the same with that of the other components of the LI. They are those urban or rural social groups who are not protected by any social security sub-system, have difficulties in accessing to and benefiting from public services and do not have a regular kind income (36% of the total population).[445] These people are called in the participation discourse of the CD program as beneficiaries, participants or producers in an interchangeable way. Considering the eligibility criterion for application with a sub-project to the program, the PCU declares that application at individual level will not be admitted. Rather, it is stated that the responsibilities of project design and implementation are expected to be undertaken *before all else* by 'the *private* or *voluntary* development establishments which have adequate *experience* in

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[442] Ali Kapucu, interview by the author, 11 November 2004; John Innes, interview by the author, Ankara, 8 November 2004.

[443] T.C. Başbakanlık Sosyal Yardımlaşma ve Dayanışmayı Teşvik Fonu SRAP Proje Koordinasyon Birimi*, Toplum Kalkınması Bileşeni, Çok Bileşenli Kapsamlı Projeler,* (T.C. Başbakanlık Sosyal Yardımlaşma ve Dayanışmayı Teşvik Fonu, Ankara: 2004), p. 1.

[444] Ibid.

[445] Ibid., p. 2.

similar issues and have organizational units at *both local and national level*.'[446]These are exemplified such legal organizations as foundations, associations, cooperatives, unions, limited liability or joint stock companies, etc.[447] Following them, public institutions and establishments among which the Social Solidarity Foundations have a priority, are indicated as the other eligible applicants. They can apply either individually or in cooperation. Further, those public agencies which get a consultancy service from private development organizations can also apply to the CD program, too. Hence, only 'civil' agency which can undertake the direct responsibility of project design and execution is identified as professional NGOs rather than self-organizations of the poor. Along this line, it is stated that in assessing applications it is considered as evaluation criteria that whether applying agency has an proper capacities of personnel and finance and adequate experience in addition to whether it is free from any legal constrictions and have met certain legal responsibilities (taxes, SSK, etc.).[448]The personnel capacity of the agency is further demanded as consisting of a particular 'project team' that would manage and direct all the services that the economic activity carried out in the project requires such as 'training, capacity development, monitoring and evaluation, reposting etc.'[449] In this context, the full-time project staff are crucial figures within the project as being managers/directors who are required to have sufficient knowledge and at least three years of experience. The relation between them and the poor people who work in the project stands as crucial at this point. It is described as such that 'the full-time staff is to have a continuous and intensive relationship with the beneficiaries.'[450]

So where the core theme of the CD's discourse, which is active participation of the poor, is put into practice is procedural requirements that are identified to be applied in an eligible sub-project. In this context, two stages are particularly brought to the fore.

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[446] Ibid. p. 3.

[447] Ibid.

[448] Ibid., p.5.

[449] Ibid., p.4

[450] Ibid.

Firstly, for the stage of design it is stipulated that projects must be developed according to the 'participatory project design approach'. This approach is explicated as 'subjects and priorities of the work that the project suggest must be in line with the local community's demands and expectations.'[451] This is described as being realizable through conducting a preliminary field research and analysis which will illuminate the related social, economic, cultural aspects of the people who will take part in economic or workfare activities of the project.[452] Such research by means of 'participatory and quick evaluation techniques'[453] is expected to provide certain insights to the designer in putting the needs and expectations of project beneficiaries in an order of importance and priority. So then, what is actually meant by active participation of the poor in project design is a rather 'an in-depth stake holder consultation'[454] at best.

The other stage that the idea of participation of the poor is incorporated by the Bank and the SSF is project implementation. It is declared that eligible projects must adopt 'an approach that will bring participation to the fore throughout implementation process.'[455] This is explicated in more concrete terms as in the course of implementation, applying training programs to the beneficiaries/worker that would improve their skills and knowledge for handling project work as well as providing technical support to and directing them in project implementation.[456]

As in the other sub-components of the LI, in the CD, too, the trustee committees of vakifs stands as the key authorities who selects the projects to be financially supported and monitors and evaluates them in the subsequent stages.[457] Those integrated projects encompassing several residential areas can apply both to vakifs and the SRMP-

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[451] Ibid., p.3.

[452] Ibid.

[453] Ibid., p. 4.

[454] John Innes, interview by the author, Ankara, 8 November 2004.

[455] SYDTF SRAP Proje Koordinasyon Birimi, *Toplum Kalkınması Bileşeni, Çok Bileşenli Kapsamlı Projeler,* p. 4.

[456] Ibid.

[457] Ibid., p. 2.

PCU at the SSF. Those applying directly to PCU are evaluated in the Execution Committee at the PCU. Thus, the previously mentioned weakness of trustee committees in the sense of participation of the targeting population (poor people in the community) is a part of the practice of the CD program, too; though it is differentiated from other components on the basis of the importance it gives to the poor people's participation in discursive terms.

Besides these implications of the CD for how the Bank conceptualizes its most emphasized idea, that is participation, there is also another pointed that needs to be underlined about the CD. It was also added to the SRMP for bringing certain changes in the structure of the sub-projects which are expected to contribute to its raison d'etre, namely to engage NGOs and the poor in social assistance practices. As we see above, the subjects of the sub-projects are the same with the rest of the LI. More clearly, in rural areas, sub-projects are to be on production of vegetable and animal or manufacturing or trade-marketing of these products; while in urban areas, they are supposed to base on small-scale manufacture and service production. However, as being different form previously applied 'income generation sub-projects' sub-component of the LI program, the CD sub-projects are modeled to be designable in a form of 'one sector-integrated sub-project' to coordinate several related income generation activities in one sector which are carried out in different localities within a larger region. They are also possibly designed as including different sector activities in one single residential area. By this way, the scale of the projects is enlarged, yet their socio-spatial unit is still 'local communities'. More importantly, relying on this model of 'integrated sub-projects', income generation activities are tried to be complemented by workfare activities of employability training and temporary community employment. Along this line, the SSF envisages the CD to realize such ideal projects in rural areas which are implemented in a village group or micro watershed and has a three pronged body: On the one hand, initiating income generating activities, on the other hand supporting these activities with employability trainings as well as temporary employment sub-projects meeting these activities' labour skill needs and local scale infrastructure needs respectively. For instance, rehabilitation of feeding grounds or other environmental elements, building bridges, irrigation canals, getting water and electricity, etc. For urban areas, such ideal projects will be those which give short-term employability trainings for certain technical and social skills/knowledge and then, engaging in small scale production, trade and/or marketing of goods and services, which would utilize these skills for those income generation. The demands of such small economic activities for community infrastructure are to be met within these integrated projects.

In consequence, as the scale of projects is enlarged so much, the financial requirements of them, too. Hence, in the CD the upper limit of financial support for sub-project is identified as U.S.$ 500.000. It is a very big amount in comparison to other benefits in the LI and the grants in the CCT programs.[458] This innovation is expected to create an incentive for NGOs to involve in social assistance programs. This is especially underlined when accounting for the reasons why the other LI programs could not rely primarily on NGOs in the practice. The PCU interprets it as a result of the low levels of financial support supplied to the sub-projects within these programs.[459] It is argued that these amounts have not been enough to afford for the personnel and other technical equipment requirements of NGOs that are needed for a sustainable sub-project. This high level of financial support allows NGOs to include these costs into the project budget and the PCU thinks that it as a serious trigger for a possible rise in NGOs engagement.

Yet, such low levels of NGOs participation in the Bank promoted social assistance programs is considered by the Bank as a result of rather more structural reasons. The Bank accounts it on the basis of two fundamental arguments. Firstly, according to the Bank this is a reflection of the systemic features of the state's particular structure in Turkey. It is argued that Turkey has a top-down state structure which causes every activity in the public sphere to tend to be from a centre-outward approach. So, it is asserted, this reduces the sort of activities that rely on an opposite approach such Bank

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[458] Naturally, it will raise the budget of the whole SRMP seriously. Although exact figures are not given, the IBRD Country Office states that it may rise up from 630.000 to one and half million U.S.$ in total. (John Innes, interview by the author, 8 November 2004).

[459] Ali Kapucu, the interview by the author, Ankara, 11 November 2004.

promoted NGO engagement in social policies into unrealizable to a crucial extent. In Bank's words:

> Turkey is a country with some of the least well developed systems of involving ordinary citizens in policy-making and implementation. It is not a very participatory system…such a centralized top-down state which is inheritance of the structure of the Republic as it was created. In many ways it changed a lot, but in some ways still have the basic structure, even now.[460]

Secondly, as in relation of the first argument, the Bank assumes that the political culture in Turkey has been developed as not so participatory in character under the shadow of such state structure. It can be derived from the Bank's following evaluation that:

> Participatory decision-making and community driven development are relatively new concepts among Turkish non-governmental organizations, perhaps due to the traditional paternalistic nature of Turkish society.[461]

As taking in its background these evaluations on the state-society relations in Turkey, the Bank evaluates current state of situation in a rather cautious way. It argues that recently willingness on the part of the governments has emerged for increasing civic engagement in development issues (including poverty alleviation). It makes this argument in reference to the beginning of structural reforms in 1999.[462] Yet, the Bank assesses it not so satisfactory that the full potential of an active civic engagement has not been utilized yet. At this point, it evaluates this lack as a problem stemming from the prevailing regulatory system on the issue. In this direction, it recommends to the government to simplify the functioning of the current regulatory system that is assessed as too complex and also calls it to introduce a proper legal framework which would facilitate NGOs engagement.

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[460] John Innes, interview by the author, Ankara, 8 November 2004.

[461] World Bank, *Turkey: Greater Prosperity with Social Justice,* p. 85.

[462] Ibid.

As we explain previously, the Bank conceptualizes 'increased participation of disadvantaged groups in decision-making about community's development', on the basis of an economic content. It is seen in the Bank-applied poverty reduction agenda in Turkey that this way of conceptualization always, overtly or tacitly, excludes politics both as an idea and as a practice. This exclusion has its roots in a particular conceptualization of politics which appears in the Bank's written or oral statements in Turkey's context rather implicitly. Politics is assumed by the Bank as having a pejorative content in the sense that it is the realm of conflict of the predatory self-interest. In this sense, it is conceived as something that needs to be kept outside the economic context which is indicated as the Bank's realm of action. Another crucial point is that in line with the Bank's increasing acknowledgement of the importance of extra-economic regulatory structures and institutions for the economy, it also frequently uses the term of socio-economic rather than economic for the location of its activities. So, in the Bank's terminology employed in Turkish context an analytical structure is implicitly referred in which social sphere is acknowledged positively on the ground of its contributions to the efficiency of the economic sphere. At this point, the politics is assumed as being in controversy to such positively acknowledged social sphere as well. It is admitted sometimes the Bank's so-called socio-economic activities have relations with and implications for political sphere as well. Yet, this admission is not seen a barrier in the way of such negation of politics and thus, does not go beyond standing as a paradoxical statement. As taking these tacit assumptions in its background, the Banks promotes the poor's and NGOs' engagement in poverty reduction insofar it does not consist of any political quality at all. We see its clearest statements in the IBRD official's explanation of what the Bank sets as a general eligibility criterion for the NGOs that would take part in poverty reduction:

> When you look at the grants we have provided to the NGOs, you see that we require a three-year experience on the issue. Yet, there is not still a very strictly defined set of eligibility criteria. But of course since the Bank is an economic institution, it stays away from being political as far as possible. Therefore, if you ask what we are looking at in the projects that are evaluated by this office [the IBRD Turkey Office], I look at

> whether that project is political in some way. What I mean, whether the people will derive benefits [in political sense] by means of the project; whether they will do politics; whether they will drive it to other sides [in the sense of manipulating]. This is the most important thing for us. We are not interested in politics at all. But of course when we say 'socio-economic', there are certain aspects within it that affect policies. Yet, for instance if Human Rights Association [the IHD in Turkey] come and apply with a project, it does not have any chance [to be approved]. If it is not directed towards development, if the project does not have any direct contribution to the economy, if it does discrimination, it does not have any chance at all, no matter how a well-known establishment it is. There would be no difference even if the applicant is the Amnesty International. What it [the eligible NGO] does has to overlap completely with what we do. [463]

5.4.2 Concluding Remarks

There are certain points rising out of the review undertaken above, which need to be reflected on critically. They all revolve around the question of what are the political implications of the way the Bank conceptualizes participation of the poor and NGOs. Firstly, as we see, the Bank reasons the idea of participation of the poor and NGO in social policies on the basis of the argument that it contributes to the effective implementation of structural adjustment and making emerging changes sustainable. Defining the raison d'etre of participation in terms of such instrumentalist rationality, the ends that the participatory practices try to maximize are kept away from the boundaries of these practices. Thus, what is expected from the poor and vulnerable is participating

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[463] Tunya Celasin, interview by the author, 8 November 2004. "Genelde mesela sivil toplum kuruluşlarıyla ilgili olarak bizim yaptığımız hibelere baktığımızda koşul olarak üç yıllık bir iş tecrübesi arıyoruz. Ama çok kalın borderları olan bir durum yok. Ama tabii ki, Banka ekonomik bir kuruluş olduğu için mümkün mertebe politik olmaktan uzak, dolayasıyla bu ofis tarafından değerlendirilen projelerde ilk neye bakıyorsunuz diye soracak olursanız, ben bakıyorum o proje politika kokuyor mu. Yani onun sonucundan insanlar bi şekilde prim yapacak mı, politika yapacak mı. Onu başka birşeye çekmeye çaılşacak mı. Bizim için en önemlisi o. Politikayla uzaktan yakından ilgilenmiyoruz**.** Ama tabii ki sosyo-ekonomik derken, içinde politikaları etkileyen yönleri de var. Ama mesela İnsan Hakları Derneği gelip de bize proje başvurusu sunarsa hiçbir şansı yok. Kalkınmaya yönelik olmadığı takdirde, projenin birebir ekonomiye etkisi olmadığı takdirde, kalkınmayı desteklemediği, ayırımcılık yaptığı takdirde istediği kadar tanınmış bir kuruluş olsun, hiç şansı yok. Amnesty International gelsin, hiç farketmiyor. Yaptığı işin bizim yaptığımız işle birebir örtüşmesi gerekiyor."

in design and implementation of the most effective means towards an exogenously set development strategy.

This limitation of the scope of participation to the means rather than ends is furthered through ascribing it an apolitical content. As it is discussed above, the Bank does so through assuming politics as a set of activities that has conflictual and predatory nature which is hence identified as detrimental to the socio-economic realm. Negating politics in this way depoliticizes the Bank-proposed agendas on development through ascribing an apolitical nature to them. In this context, participation in poverty reduction is represented in an apolitical character as well. This means arguing both the activities that civic engagement is to realize as well as the ends that they aimed at are non-political. Such a depoliticized conceptualization causes naturalization of the content and ends of participation agenda. It does so through presenting them as a necessity which is identified by a technocratic reasoning that is, in contrary to any political reasoning, able to decide for the good of all society. Thereby, participation of the poor and NGOs are set apart from the decision making processes that determine policy ends. These processes are left to technocratic cadres as it is seen in the Bank's calls for establishment of independent institutions in macro economic management. These institutions are insulated from the elected politicians who are conceived as vulnerable to populist tendencies. In consequence, conceptualizing participation in apolitical terms contributes to instrumentalist rationality on which it already relies on. Only through politics participation has the possibility to question neutrality claims of the pre-set development ends and has the power to decide on them.

Another point needs to be reflected on is the Bank's proposition for enhanced engagement of civil society organizations and the poor in social policy practices. We have seen manifestation of the idea of the poor's participation in the Bank promoted Local Initiatives program. As we have pointed out, this proposition is translated into practice as their participation in building *their own assets* which are their human capital and community level infrastructure which they would harness to enter in market for escaping poverty. By this way, they are to provide solution to their poverty on their own effort rather than the state's takes an active responsibility in this solution. It only provides short-termed financial support that is to be used by the poor in searching the way out of poverty. In this sense, the poor's taking responsibility in poverty alleviation provides the state with a cost-effective social policy means supporting its adherence to fiscal discipline. It does so through utilizing cheap labour of these people in provision and maintenance of community infrastructure. In consequence, while the Bank acknowledges the social responsibility of the state and calls it for realizing an active social agenda, it shifts the financial burden of that agenda to a crucial extent to the poor through adding their non-financial economic inputs (their labour) into it. So, the welfare responsibilities of the state is reduced/transformed to a greater extent into a limited and cost-effective of social protection. In a similar way, through engaging in efforts to include NGOs in social policy practices as we see in the example of Community Development Program, what is tried to do is countrcating out administrative responsibilities of the acknowledged set of social policies by the state to NGOs. So that what the Bank envisages a social policy/poverty reduction framework of which content is determined at macro-level as supporting the macro-economic framwork articulated on the basis of efficiency requirements of market. Its implementation is to much extent administratively sub-contracted to NGOs and further, it is articulated at a cost-sharing, thus economically efficient basis by inputting its targeting population's human capital in social services provision.

CHAPTER 6

CONCLUSIONS

As the detailed and critical examination conducted in this study indicates, throughout the 1990s onwards the World Bank's country operation agenda has always been, and still is centered on and around the theme of initiating a second generation reforms process which would advance and consolidate the neo-liberal transformation that has already started in economic structure (mainly in trade and finance) in the 1980s through expanding to and encompassing of other social, legal and institutional structures and processes. In its reports and policy proposals, the Bank summarizes the backbone of the envisaged overall social transformation as a radical redefinition of state-society-economy relations. In this context, more specifically we see that whole Bank agendas set out over the course of 1990s and first half of 2000s which mainly rises upon this theme of restructuring particularly focus on the state's role and relation to the overall social context it locates in as their main axis. Articulated in its narrowest sense as reform of public expenditure management towards fiscal discipline, the Bank has always identified public sector reforms as the most priority number one theme of its agenda.

This emphasis on the state has its root in the Bank's main proposition that envisaged social transformation is in its essence a matter of redefining the way how state interacts with economy and society. In this line, more specifically the organizing principle around which suggested redefinition of state-society-economy would be articulated is identified by the Bank as state's undertaking a role of complementing free market. In so doing, the state would enable competitively functioning of free market of which sphere of activity is in the process of expansion to embed whole non-economic/non-commodified social context into itself. This expansion with its mainsprings in efficiency/accumulation requirements of market is reasoned through the premise that truly competitive market is the main driving force of economic growth and social development. In this sense, it is not wrong to characterize the envisaged form of society in the Bank's reform agenda is the one organized around the competitive free market as its driving force and central axis of social interaction.

As accepting the state as the key actor in setting the conducive social environment for transformation of the market into the central axis of social life as such, we see that in its country agenda more specifically the Bank identifies two main channels through which the state's such complementary/enabling role before the market is to be realized: Firstly, through the channel of state-economy relations in which state is attributed with a role of creating the legal and institutional regulatory frameworks that ensure competitive functioning of the market. All structural adjustment reforms proposals mentioned in the third and fourth chapters of the study are set forth in the context of this channel. Secondly, through the channel of state-society relations, state is expected to underpin politically and socially this, in Bank's words, "enabling investment environment." Accepting the ongoing structural adjustment process as part and parcel of such an investment environment, this underpinning function is further specified in the short-run as directed towards underpinning the reform process politically and socially. This second channel is the very location where social policy, which is, by definition, a particular aspect of state-society relations, is pointed out by the Bank as a primary means at the disposal of the 'enabling state'. In this sense, it is one of the core ideas of this thesis that social policy is assumed in the Bank's country agenda as a channel through which state is to put a contribution, by the mediation of state-society relations, to embed non-economic social relations into the expansionary tendencies of the market, i.e. in setting up and maintaining the market-centered society. And poverty alleviation theme the Bank incorporates into its policy proposals constitutes the particular form that the social policy takes when it is conceptualized in terms of such a particular function to underpin expansion process of the market. The main features of this particular conceptualization and *operationalization* of social policy are embodied by the Bank's social policy agenda in Turkey which is crystallized in the current SRMP.

Identifying its basic tenets as such, as we stated above, since the early 1990s the second generation reform process (consolidation of neo-liberal transformation of the society at large) constitutes the focal point of the World Bank's country-level agenda. The detailed examination conducted in the third chapter on from its initial emergence to date the forms and contents of the concern with poverty alleviation in the Bank's agenda before the SRMP shows that poverty alleviation and social policy has been a part of this agenda centered on structural reforms from its very beginning. The particularly crucial point in this respect is that in parallel to the process the Bank's country operations intensified towards the objective of improving the social context for a prospective second generation reform program and along this line, the Bank's proposed reform agenda became more refined, poverty alleviation has become an increasingly prominent and integral component of the agenda in question. This character of the Bank's poverty alleviation agenda in Turkey, namely its being an integral part of the broader agenda on advancing and consolidating neo-liberal transformation in society, provides an illustrative example indicating the need to think in relational terms about the World Bank's embracement of poverty alleviation and social policy in the 1990s again and its shifting development approach under the label of Post-Washington Consensus which underline the need to take into consideration institutional and social foundations to make the market more efficient. In this respect, Jayasuriya's evaluation of post-Washington Consensus is very meaningful that he defines it as a political project that seeks to regulate the social in a way that is compatible with the market.[464] The call of the Bank in Turkey for an active social policy to underpin politically and socially restructured state-market-society relations according to the needs of efficient markets (which is assumed as the main actor/axis in social and economic development) gives a good example of this policy approach. Thereby, what the Bank implies is to utilize social policy an instrument in Turkey to regulate the social sphere in such a way that is compatible with the tendency of the market to expand its sphere activity which appears, as Şenses and Öniş

[464] Kanishka Jayasuriya, "Economic Constitutionalism, Liberalism, New Welfare Governance," Asia Research Center Working Papers, 121, (2005), p. 18.

point out[465], in current period in the form of the extension of neoliberal reforms in the spheres of agriculture, public social services (as it is exemplified in this thesis in regard to the domains of education, health, social security) and labour market.

Apart from the current agenda, a thorough examination of the social policy concerns and propositions raised by the Bank in the 1990s as contextualizing them within the framework of the Bank's broader policy agenda and country level operations of the times concerned, the main contention of this study is that the Bank has *always* adopted an instrumentalist approach to the theme of fighting poverty, in parallel to the fact that this theme has always been an integral component of second generation reforms process. Then, considering the exact forms of this instrumental approach, it is diagnosed in this thesis that it did so through *operationalizing* its social policy/poverty alleviation agendas as both a mechanism of political crisis management and a *discursive means* aimed at consensus building/legitimation. When the structural adjustment reforms were not in implementation, the Bank uses the theme of poverty alleviation as a discursive means to establish in the public opinion the relevance of its overall policy proposals for structural reforms to the ultimate aim of poverty alleviation. In this sense, along with other tools (analytical sector works, advisory and technical services at administrative and institutional levels), embracement of social policy concerns was attributed with function to create consensus and legitimacy for second generation reform process, in addition to the particular function to lay the conceptual bases of the proposed reform process in social policy.[466]

Second way of instrumental adoption of poverty alleviation agenda emerges when the proposed reforms are in implementation. In such contexts, the Bank conceives social policy articulated in terms of poverty alleviation measures as a means of mitigating socially adverse outcomes of the reform process to prevent them to turn into political pressures jeopardizing the transformation process. Thereby, social policy is

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[465] Fikret Şenses and Ziya Öniş, "Rethinking the Emerging Post-Washington Consensus," *Development and Change*, 36, 2, (2005), p. 284.

[466] This was the case in the period between 1997 and 1999 under the FY 08-00 CAS when the Bank declared it decided to gear up its activities to improve political economic context for a reform process by means of an operational agenda that shifted the weight to the theme of poverty alleviation.

operationalized as a *mechanism of political crisis management* in the reform process to contain resistance to economic austerity of the reform process. In Turkey, this is the case when social policy was the case when social policy was incorporated as a theme into the content of the FY 94-96 CAS, FY 01-03 CAS as well as of the current FY 04-06 CAS. In this sense, the Bank's social policy agenda in Turkey presents a supporting case to the increasingly acknowledged contention in the critical literature on the Bank-proposed social programs in other developing country contexts (the Bank accounts their number in its Fight Against Poverty Report as near to fifty most of which are especially in Latin America and Sub-Saharan Africa) that these have a role as mechanisms of political crisis management.[467]

Scrutinizing of the process since the social policy's first integration into Bank's country agenda to date shows that this way of *operationalization* of poverty alleviation agenda has reached a consolidated form in the context that the Bank's operations gathered momentum with the launch of the second generation reform process in 1999. Previously proposed policy sets were not comprehensive in terms of both diversity of social policy instruments being proposed and the target population to be covered, and more importantly the integrity among these instruments was not well-articulated. Yet, the sets of poverty alleviation policies proposed first in the context of FY 01-03 CAS and then in the FY04-06 CAS as a support to the ongoing reform process since 1999 have a much more matured form. This maturation process can even be detected as being still in existence in the short-time period between the FY 01-03 CAS and the FY 04-06 CAS. In this sense, the final social policy agenda which constitutes the focal point of this study is decisively comprehensive in its vision as entailing country-scaled interventions covering all those sections of population identified as the poor and vulnerable. Further, it brings together under its scope all policy instruments proposed throughout the 1990s at different instances, yet does this also in a more integrated form through employing a clearly articulated division of labour among them in lines with the advocated social

[467] Kanishka Jayasuriya, "'Workfare for the Global Poor': Anti-politics and the New Governance." Heloise Weber, Heloise Weber, "Imposition of a Global Development Architecture: The Example of Micro-Credit," CSGR Working Paper, 77/01, 2001, <http://www2.warwick.ac.uk/fac/soc/csgr/research/workingpapers/2001/wp7701.pdf> (26 April 2005). To exemplify, when social policy was for the first time was included in Bank agenda in the context of the

policy approach (differentiating target population according to their human capital capacities, and tailoring different social policy instruments accordingly).

When the particular content of this consolidated social policy agenda currently implemented in Turkey is examined in detail, in line with the fact that social protection system constitutes the main direct mechanism of social policy, the Bank's proposal for a new active social agenda in Turkey takes at its focus the existing social protection system. In this context through the mediation of the SRMP and supplementing it with its reform proposal in social security system what the World Bank suggests is an overall reform in social protection system. It is one of the core ideas of this thesis that in essence Bank–proposed changes in social protection system implies a paradigmatic shift rather than reform through radically redefining the focal point and main policy objective of the system. The change in the focal point from the waged labour to those sections of the society categorized by the Bank as the poor is the critical moment in this process. It is asserted in this study that defining the poor as those sections of the population who do not/cannot enter into formal sector or economic relations in general, and thereby conceptualizing the poverty as a phenomenon external to formal sector and economic context respectively, the tendency of deprivation created by market relations and more specifically by waged labour/capital relations is negated in the Bank-proposed social policy model in Turkey. Relying on this redefinition of the focal point of social protection and social policy as such, it can be well argued that in the model in question redistribution responsibility of the state is exclusively claimed only for the 'poor', and the right of social groups participating in active labour force for redistribution through social protection or other welfare provisions sustained by social policy is renounced. In this sense, the Bank-proposed social policy approach is indeed a crucial departure from the idea of welfare provision as a social citizenship right which constitutes one of the defining principles of traditional social policy as a legacy of welfare state period. Against this background, it particularly seen that the Bank negates redistribution function of social security system in Turkey and in the Bank-proposed restructuring of the social protection system, it is transformed, if not eliminated at all, into a residual component of the social policy. It is argued in this thesis that taking these featured in its backdrop, in the Bank's current social policy agenda the main content of public responsibility for social protection is redefined outside of market relations.

It is one of the conclusions of this study is that in parallel to social security system's loosing its central position in social protection, in the Bank-proposed social policy model an effectively functioning social assistance system of which target group is the 'poor' and destitute is adopted as the primary mechanism of public action for social policy. There is point to crucial note here. In its discourse negating welfare function of social security system, the Bank constantly counterpoises it to social assistance system which is indicated as the only proper mechanism for a progressive redistribution, i.e. state transfers system in Turkey. In the same context, the Bank calls the political authorities to restructure social assistance system in Turkey in institutional, administrative and financial terms which thereby would function as an effective channel of redistribution. And in this regard, the SSF is indicated by the Bank as the appropriate institution for such a redistribution system.

However, argued redistributive character of the proposed system for Turkey's social policy regime is not valid at all. First of all, it is one of the main diagnoses of this study that in the Bank's social policy proposals redistribution is totally rejected on both moral basis through the argument that it creates welfare dependency and on financial basis through the argument that state's fiscal capabilities is (debt burden) and should be (macro-economic stability)limited. Along rejecting redistribution as such, primary relations of distribution (market distribution of income) is not even taken into account at all, as it is seen in the Bank's account on the profile of poverty in Turkey where it particularly naturalizes the market-determined income inequality as simply reflecting the way how market rewards different worker characteristics.

Secondly, proclaimed redistributive character of the Bank-proposed social assistance system is problematic in regard to the institutional focal point the Bank identified as appropriate for this system. In this respect, there is a very fair and crucial critique by Yalman et al. directed at choosing the SSF as the institutional framework/channel for such redistribution. According to this critique, the SSF cannot realize such a role due to its very general objective of establishment, which is to meet “immediate and urgent” needs of those individuals who are not covered by official social security system rather than providing continuous or regular support to them. This means the SSF is founded on a charity conception and is not an institution that can be considered as part of a modern welfare regime, in the sense that it does not see provision of welfare as a social right.[468]

Centralizing social assistance to social policy as such, according to the main argument of the thesis, the Bank’s particular definition of objective of the social assistance system is of critical importance at this point. It defines the primary goal of an effectively functioning social assistance system in Turkey as *empowerment of the poor* which is clarified further as *helping them manage the risks market delivers* or in Bank’s words, *help them to take the advantage of opportunities* market offers. As taking social assistance system as its main mechanism, then it can be well argued that this is also identified as the overall objective of social policy. It is one of the core ideas of this thesis that this means a radical shift from the prevailing social policy understanding in Turkey: From protection against the risks market delivers to an effective management of the risks market creates. In this context, social assistance system is identified as a mechanism which delivers social risk management services to the poor.

This is the point where one of the main contentions of this study rises: The World Bank’s social policy agenda in Turkey actually reflects a dual conceptualization of risk upon which the SRMP has actually been built on. Firstly it refers to those risks that the reform process creates on the basis of socially negative outcomes (deprivation) it caused. They appear in the Bank’s relevant accounts most time as ‘social risks’. These adverse outcomes are identified as having a potential to transform into political risks that would threaten the reform process. In this sense, they are attributed with a pejorative meaning. Secondly, the conception of ‘risk’ in the Bank-employed terminology refers to the risk of deprivation that is created by the routine functioning of the competitive market society where economic activity is the main form of social interaction. This type of risk is not attributed by the Bank with a pejorative meaning at all. And it is taken as a concern for public action through social policy only before those individuals who fail to

[468] Galip Yalman et al. *An Evaluation of Poverty Alleviation Programmes in the Southeast Anatolia Region*, p. 13.

manage these risks on their own, and/or through their family or community. The particular form of this public responsibility is also of critical importance; it is to help these individuals be active, responsible agents who manage the risks on their own through market, i.e. higher risk higher return activities.

The Bank builds the SRMP upon this dual conceptualization of risk. It is argued in this thesis that well beyond being an urgent response to the 2001 financial crisis, primary motive behind the SRMP can be read as initiation of a transformation process in the social assistance system in Turkey. This transformation process is directed at restructuring it as a risk management mechanism which would constitute the main substance of social policy. Then, it is the core thesis of this study is that the Bank's current poverty alleviation activities in Turkey which are carried out by the SRMP are aimed at transformation of social policy from a r*edistribution* to *risk management mechanism* in particular reference to these two risk conceptualizations the Bank adopts. Considering the particular social policy means proposed by the Bank in this context through the SRMP, each of them is drawn up to put a contribution to this risk management function. In this respect, safety-net (CCT-conditional poverty relief) identified specifically for the absolute poor who are not able to participate in market anyhow is attributed with a 'social risk' management function especially in times of economic crises. As we said, this refers to management of the socially most severe outcomes (that is accepted in Bank accounts most time as the extreme poverty) of reform process as well as of envisaged market-centered society without letting them to turn into political risks threatening the orderly implementation of reforms and orderly functioning of the envisaged society. This is the way of *operationalization* of social policy as a mechanism of political crisis management that we mentioned above. In this sense, it is argued in this thesis that the SRMP provides a crystallized form of such appropriation of the social policy as political crisis management mechanism. Its CCT component as well as those activities it contains in terms of developing the capacity of state institutions in domain of social assistance (especially of the SSF) are the particular channels of it in this regard, since both of them aim at establishment a regularly functioning, systematic and modular safety net that can be especially scaled up in times of economic crisis. In this context, the particular point made by Çulha Zabcı is of critical importance. Arguing that the SRMP is a project that takes at its focus provision of a safety-net that would function towards social risk management, it is mainly a political project in its content.[469]

Another point to note is that there is an emerging tendency in the currently flourishing literature on the Bank's poverty reduction activities in Turkey that the safety net and hence, political crisis management function of the SRMP is identified as the only content of the project in particular and the Bank's social policy agenda in general. This is misleading in the sense that as it reflects in the content of the SRMP, the Bank's agenda in question comprises other social policy measures which are geared towards a further goal than political crisis management, although these two are always in close relation to each other. They are those social assistance programs (temporary community employment, training schemes, IGPs and cost-effective social services in the SRMP) which are specifically defined as 'productivity enhancing measures' that are geared to integrate the poor into market where they would try to move themselves out of poverty on their own. As we see in their application under the SRMP these programs imply a very limited and residual welfare responsibility that the state takes before people through leaving lasting solutions to poverty to market, and as an individual/private responsibility rather than a public one. But it is another core thesis of this study is that they should not be thought of as passive social policy measures. On contrary, they are active in the sense that they are geared towards establishing market hegemony in the distribution of welfare. In other words, they impose integration of individuals into market as the only way for maintenance and reproduction of physical and social existence. In this sense, they induce a form of social conduct that mobilizes the poor into market, through a market dependency. It is of critical importance for the current expansionary tendencies of the market in Turkey towards rearticulating political, social, and institutional structures to its hegemony on the basis of the current requirement of accumulation.

In the particular context of this way of appropriation of social policy as a market dependency creating mechanism in Turkey, those measures investing in employability of

[469] Filiz Çulha Zabcı, "Sosyal Riski Azaltma Projesi: Yolsulluğu Azaltmak mı, Zengini Yoksuldan Korumak mı?," p. 21.

the poor through protecting and/or upgrading their human capital, and those measures which provide self-employment of the poor through micro-credit are the two main channels through which the poor are directed to market. There is a significant point to make here. Both its general country documents, reports and the SRMP, we see that in the context of such productivity enhancing social policy measures the Bank clearly puts a much greater emphasis on those particular measures protecting/investing in human capital capacities of the poor (workfare activities). However, it has emerged in the investigation of this study is that in practice, the Bank applied social policy activities are clearly biased towards income generating projects. This is a crucial gap in the sense that it can be well argued to reflect a contradiction between the social policy and other policies the Bank proposes. The Bank proposed economic policies (development policy in its general sense) do not lead to an employment increasing the pattern of growth in Turkey, poverty and unemployment are currently in the trend of increase. More to note, it is projected that the radical restructuring in the state's agricultural policy in the context of he second generation reforms would create a crucial amount of redundancy in rural areas in short to medium term which is hard to be absorbed especially by current rates of growth in production and service sectors. All these phenomena are quite challenging for the social policy measures the Bank offers which focus on directing these people into market activities in flexible terms. They are also challenging for the political crisis management measure, namely safety-net. All these means aim at attachment of these people into the system towards the requirements of capital accumulation and/or of politics (ideologically/legitimacy). Yet, within the context of the Bank-proposed structural transformation (capital accumulation) which incite these adverse conditions, this would be the primary contradiction of the Bank proposed social policy: To attach the people to the system economically and ideologically while the system constantly operates to exclude them. It is a very challenging and contradictory task and reflects the main point of vulnerability of the social policy approach at focus.

And this is the point also presents quite important two question for future studies. First of all, the Bank's social policy, as differentiating the target population of social assistance as those individuals who are work-able and able-bodied and those who are not, very much echoes the liberal tradition in social policy (one example is the New Poor Law in the UK of the 19th century) which *instrumentalizes* social policy as a tool in labour market formation and maintaining social discipline. In Bank's social policy set, while work-able poor is expected to be attached to labour market in flexible terms through workfare type social policies which can be associated with an effort to constitute a reserve army of labour, the Bank allocates safety net to the non-workable and not able-bodied who would be managed in this way and in this sense, can be associated as the absolute surplus population of whom inclusion into market is not needed. At this point, what the Bank's human capital centered social policy agenda means in regard to the current conditions of labour market and production in Turkey stands as an interesting subject of study.

Secondly, in the social policy model the Bank proposes for Turkey under its poverty alleviation program, what is undertaken by the state is not a welfare responsibility before the poor. In contrast, through this model distribution of welfare is completely left to the market hegemony. What is undertaken by social policy is rather a social discipline/social conduct responsibility. It does so both through the safety net (political crisis management) and productivity enhancing programs (inclusion in market relations in flexible terms through micro-credit and workfare activities). The highly critical question emerges at this point which goes beyond the scope of this study is that whether these social policy mechanisms focusing on inclusion of the poor into market in flexible terms is a part of expansion strategy of the market (expanded reproduction of capitalism) or whether it would be more appropriate to evaluate these social policy measures as a coping strategy directed at the social problems (poverty) system creates, i.e. whether they are part of a still continuing search for a solution to prevent poverty to jeopardize the system's survival.

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