

H. E. KARAMAN

POLICY TRANSFER IN PRIVATIZATION:  
THE CASE OF TURKISH  
TELECOMMUNICATIONS SECTOR

HEDİYE ESRA KARAMAN

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THE CASE OF TURKISH  
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Prof. Dr. Yaşar Kondakçı  
Director

I certify that this thesis satisfies all the requirements as a thesis for the degree of Master of Science

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Prof. Dr. Ayşe Ayata  
Head of Department

This is to certify that we have read this thesis and that in our opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of Science

---

Assoc. Prof. Dr. Mustafa Kemal Bayırbağ  
Supervisor

**Examining Committee Members**

Assist. Prof. Dr. Asuman Göksel (METU, ADM) \_\_\_\_\_

Assoc. Prof. Dr. M. Kemal Bayırbağ (METU, ADM) \_\_\_\_\_

Assoc. Prof. Dr. Elif Erişen (Hacettepe Uni., KAY) \_\_\_\_\_

**I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.**

Name, Last name : Hediye Esra Karaman

Signature :

## **ABSTRACT**

### **POLICY TRANSFER IN PRIVATIZATION: THE CASE OF TURKISH TELECOMMUNICATIONS SECTOR**

Karaman, Hediye Esra

M.S., Department of Political Sciences and Public Administration

Supervisor: Assoc. Prof. Dr. Mustafa Kemal Bayırbağ

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In Turkey, privatization policy has been transferred as a result of the influences of global forces and international actors. This thesis analyzes the process of policy transfer in privatization of Turk Telecom in a historical context. The aim is to analyze the national structural factors that facilitate or constrain policy transfer in privatization of telecommunications sector in Turkey and to examine the factors that policy transfer leads to success or failure in privatization of Turk Telecom.

**Keywords:** Policy Transfer, Privatization, SOE, Regulation, Institutions

## ÖZ

### ÖZELLEŐTİRMEDE POLİTİKA TRANSFERİ: TÜRK TELEKOMÜNİKASYON SEKTÖRÜ

Karaman, Hediye Esra

Yüksek Lisans, Siyaset Bilimi ve Kamu Yönetimi

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Türkiye'de özelleştirme politikası, küresel güçlerin ve uluslararası aktörlerin etkilerinin bir sonucu olarak transfer edilmiştir. Bu tez, Türk Telekom'un özelleştirilmesinde politika aktarımı sürecini tarihsel bir bağlamda analiz etmektedir. Tezin amacı, Türkiye'de telekomünikasyon sektörünün özelleştirilmesinde politika transferini kolaylaştıran veya kısıtlayan ulusal yapısal faktörleri analiz etmek ve politika transferinin Türk Telekom'un özelleştirilmesinde başarıya veya başarısızlığa yol açan faktörleri incelemektir.

**Anahtar Kelimeler:** Politika Transferi, Özelleştirme, KİT, Regülasyon, Kurumlar

To My Sons

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## LIST OF ABBREVIATIONS

AKP	Justice and Development Party
ANAP	Motherland Party
BIST	Borsa Istanbul
BTA	Basic Telecommunications Agreement
CA	Competition Authority
CATV	Community Access Television
DSP	Democratic Left Party
DYP	True Path Party
EC	European Community
EU	European Union
EVDS	Electronic Data Delivery System
G-7	Group of Seven
GATS	General Agreement on Trade in Services
GNP	Gross National Product
HBP	High Planning Board
HDA	Housing Development Administration
IGO	International Governing Organizations
IMF	International Monetary Fund
ITU	International Telecommunications Union
LYY	Levent Yapilandirma Yonetimi A.S.
MHP	Nationalist Action Party
Morgan Bank	Morgan Guaranty Trust Co
MT	Ministry of Transportation
NGO	Nongovernmental Organization
OECD	Organization for Economic Co-operation and Development
PA	Privatization Administration
PHC	Privatization High Council
PMP	Privatization Master Plan
PPA	Public Privatization Administration

PPF	Public Participation Fund
PTT	Directorate-General for Post, Telegraph and Telephone
SAL	Structural Agreement Loans
SEE	State Economic Establishment
SHP	Social Democratic Populist Party
SOE	State-Owned Enterprise
SPO	State Planning Organization
TA	Telecommunication Authority
TCMB	Turkish Central Bank
TUSİAD	Turkish Industrialists and Businessmen's Association
UK	United Kingdom
UN	United Nations
USA	United States of America
VAS	Value-Added Telecommunications Services
WB	World Bank
WTO	World Trade Organization

## CHAPTER 1

### INTRODUCTION

The concept “policy transfer” helps us to identify the relationship between the global influences and the direction of policy change in a given country. In general, the literature on policy transfer is dominated by two main theoretical perspectives; “political” and “policy learning”. Political perspective focuses on the role of policy transfer in the political process and the policies or ideas are imported “as a speedy fix to ease political stress or address the political crisis” (Mossberger and Wolman, 2003). In other words, policy transfer is perceived as a “political tool” (Stone, 2000). Policy learning means that countries adopts or transfer new policies voluntarily, learning from other countries experiences.

Privatization can be explained as a policy transfer processes, learning from other countries’ experiences. For example, Brune and Garrett (2000) focus on international diffusion, Meseguer (2004, 2009) pay attention to learning from experiences while analyzing policy transfer of privatization. It is possible to say that learning experiences could be valid when policy is transferred from developed country to another. But if the country is developing, learning experiences could be limited. Due to social, cultural or economic constraints, all effective or best practices may not be transferred or fully implemented in the developing country. In addition, since learning has a meaning of voluntary action, it could not explain the coercive side of policy transfer.

In Turkey, rather than learning from other countries experiences, privatization policy has been transferred as a result of the influences of global forces and international actors such as the IMF, the OECD, the WB and etc. For instance, the privatization of telecommunication policy has been transferred from international and supranational organizations.



In the case of telecommunications sector, establishing an accurate regulatory framework to control monopolistic power and develop a competitive environment are the main elements for policy transfer in privatization. Since the 1990s, in the Turkish telecommunications sector there has been undergoing attempts at transformation such as service liberalization, regulatory framework reform and privatization of public operator, Turk Telecom. Because of that reason, Turkish Telecommunications sector is a suitable case for policy transfer, which might show the importance of well-formed legal infrastructure and institutional settings for privatization policy.

This thesis's aim is to examine the transfer of privatization policy in the case of telecommunications sector in Turkey, and to analyze the factors that facilitate or constrain that policy transfer. By doing so, Dolowitz and Marsh's (2000) heuristic model is used. In this context, why the policy transfer of privatization in telecommunications sector is needed, who are the actors involved in policy transfer process, how policy transfer is formed and the significance and the role of legal and institutional arrangements for effective regulation in the outcome of policy transfer are key questions addressed in the thesis.

During the 1990s, there were many unsuccessful attempts for privatization of Turk Telecom (the state-owned telecommunication company of Turkey) through the legal amendments. Eventually, Turk Telecom was privatized in 2005. Therefore, analyzing the factors that facilitated the transfer in privatization of telecommunications policy in 2005 is essential for the thesis.

Turkey, in the 1990s, was characterized by a fragmented political scene and weak coalition governments. The coalition partners had ideological differences over privatization and the attempts for Turk Telecom privatization faced obstacles coming from their disagreements. After the financial crisis of 2001, the political and economic structure of the country started to change. First, the influence of international actors such as the IMF, the EU and WB on Turkey increased. They imposed privatization of Turk Telecom as a condition for providing loans and financial supports. Second, after the AKP's single party government came to power

in 2002, the reforms for privatization of Turk Telecom gained impetus. Finally, it was privatized in 2005.

In the thesis, how the international and political actors manipulated this particular process of policy transfer will be analyzed. In addition, the evidences that will be obtained in the thesis through the examining the process of privatization of Turk Telecom will be essential to examine whether the legal and institutional structure have an effect on the outcome of policy transfer.

In this context, the main argument of the thesis is that the result of policy transfer in privatization of telecommunications sector could be limited if the legal infrastructure is not well-formed, even though there are global pressures and political determination for policy change.

In the framework of Dolowitz and Marsh (2000), the transfer leads to policy success if the transfer is complete, policy is appropriate and informed. However, there is no extra emphasis in the model on the importance of setting legal agreements and institutions in the outcome of policy transfer. The main contribution of this thesis is that the presence of a favorable legal, regulatory and institutional framework is one of the most important factors for transfer in the privatization of telecommunications policy otherwise the policy outcome is limited.

## **1.2 Literature Review**

The policy transfer analysis literature can be divided into two groups (Evans, 2006); one group deals with policy learning processes and not use directly “policy transfer” label such as policy convergence (Bennett, 1991), lesson drawing (Rose, 1991) policy diffusion (Schmitt, 2011), policy learning (Common, 1998). The other group uses the concept directly by policy scientists (Wolman, 1992; Evans and Davies, 1999; Dolowitz and Marsh, 2000; Stone, 2000).

Dolowitz and Marsh (1996) focus on answering the questions of how, when, and why a policy is transferred. They develop a framework and address some questions to analyze the policy transfer process, which will be explained in detail in the following chapter. Evans (2009), Page (2000), Stone (2001) use Dolowitz and

Marsh's heuristic model in their studies as well.

Bulmer and Padgett (2005) focus on policy transfer in the EU from the institutionalist approach. In the study, it is supported that stronger forms of policy transfer occur in more highly institutionalized governance regimes. Also, they conclude that transfer outcomes are heavily dependent on institutional variables.

However, McCann and Ward (2012) have a constructivist institutionalist view which tends to minimize the importance of structures and institutions favor the role of agencies and ideas. In this context, not only the institutions but also the economic and political structure and actors who are involved in the policy transfer process in privatization of Turkish telecommunications sector will be analyzed in the thesis.

Evans and Davies (1999), Stone (2001), Benson and Jordan (2011) focus on the role of international organizations, globalization and Europeanization in cross-national policy transfers. Mossberg and Wolman (Mossberger and Wolman, 2003) examine 17 case study of cross-national policy transfer in literature and they provide information and guidelines to policy makers on how they improve their ability to predict the effect of a policy before it is put in place.

In this context, in Turkey, privatization policy in the mid-1980s was formulated by the IMF, the WB and the EU and the policy makers could not estimate the outcome of policy since the political and economic structure was unpredictable. Therefore, it could be said that in developing countries whose economic and political structure are influenced by the external factors or actors, it could be difficult to accurately estimate or predict the policy outcome.

In the literature, there are few sources that explain the relationship between the process of policy transfer and its outcome such as failure or success. The general assumption is that when policy transfer occurs, the policy success has been transferred as well. Dolowitz and Marsh (2003) define the factors which are related to successful or unsuccessful transfer. According to them, *uninformed, incomplete and inappropriate* transfers are important reasons for policy failure. Dolowitz<sup>(2003)</sup> states that the transfer of Child Support Agency from the USA to the UK is an example of policy failure due to uninformed, incomplete and inappropriate transfer.

Fawcett and Marsh (2012) analyze a successful policy transfer example, the Gateway Review process (Gateway) between 2001 and 2010 and attempt to address the question of “what factors affect the success, or otherwise, of policy transfer?”. Australia, New Zealand and Netherland have recently transferred the policy of Gateway UK and they conclude that it is an example of successful policy transfer since it is informed, complete and appropriate. Marsh and McConnell (2010) advance a simple distinction between three dimensions of success: process success; programmatic success; and political success. They also point to a number of complexity factors that affect assessment of policy success.

In the thesis, it is supported that if the legal and institutional structure are not well-formed, the need for developing institutions is neglected, the country’s policies are heavily shaped by external forces or countries, the policy transfer outcome could be limited.

Since the 1980s, a growing number of countries have adopted the privatization policy, beginning in the United Kingdom but spreading widely over the years. The reasons of that trend vary from simple efficiency concerns to more complicated political rationales<sup>1</sup>. Meseguer (2009) argues that international forces better explain why so many countries adopted privatization. Stone (2000) explores how think tanks promote the spread of policy ideas about privatization.

Schmitt (2011) examines the process of privatization of telecommunication sector in 18 OECD countries between 1980 and 2017 and he concludes that spatial interdependencies is important for privatization policy and governments do not implement privatization policy independently from each other.

Hauermann and his colleagues (2004) examine the process of policy transfer of reforms in the telecommunication sector within the EU countries (The Netherlands and Austria) and outside (Switzerland). In the Netherlands and in Switzerland, the policy transfer can be explained by domestic economic and administrative actors and by legal experts. In contrast, in Austria policy transfer was caused by external

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<sup>1</sup> In addition, Paudel (2009) studies the privatization experience of Nepal from the policy transfer approach. He states that in the mid-1980s privatization policy was mainly due to the insisting by the international agencies, but it was not successful.

pressures. Therefore, they concluded that the EU impact on policy transfer was different in different countries.

In Turkey's EU accession process, the Council of the EU published four Accession Partnership Documents. In all documents, in general, the EU gives directions to Turkey to liberalize its telecommunications sector and to strengthen the regulatory reforms in line with the EU *acquis*. In other words, the EU has direct influence on Turkish telecommunications privatization policy.

There is a limited number of works on policy transfer in Turkey, which do not touch upon the telecommunications sector and/or privatization. Eskiyeerli (2013) analyzes foreign trade related policy transfer from Japan and Italy to Turkey. She concludes that policy transfer is not an easy method of policy making and the underlying conditions are serious for the policy transfer success or failure. Meydanlı (2013) studies the influence of the EU financial assistance on the policy making process of Ministry of National Education is limited due to the inert structure of the Ministry, the attitude of the actors and resistance for change. In addition, Sezgin (2000) examines policy transfer of Turkey privatization policy and states that privatization policy is a case of voluntary and coercive policy transfers, especially if policy targets are transferred.

This thesis aims to contribute to the literature of policy transfer by examining the privatization in telecommunications sector. Moreover, it aims to enrich the literature on policy transfer looking at the question of successful transfer in developing countries. To be successful in policy transfer, not only the goals and policies but also legal and institutional framework in which policies will be effectively implemented has to be adopted in a developing country.

### **1.3 Research Questions and Methods**

In the thesis, as already noted, the heuristic model developed by Dolowitz and Marsh (2000) is used in empirical investigation. This framework is useful to analyze the policy transfer process in telecommunication privatization programs in Turkey.

This thesis, then, intends to find the answers to the following questions:

- How could political, economic and legal structure of country be defined during the 1980s -1990s and the post-1990s?
- What are the peculiar characteristics and developments of telecommunications sector in Turkey during these periods?
- What are the reasons of transferring policy from abroad?
- Who are the actors involved in the transfer of telecommunications privatization policy?
- What are the constraints in policy transfer process? How were the constraints overcome?
- How does privatization in the telecommunications sector occur? What are the main components of privatization? What are the procedures and processes?
- What is the outcome of transfer in the privatization of telecommunications policy?

The methodological instrument used in this study is documentary research. Therefore; from the 1980s to 2005 in Turkey, the political and economic conditions, the relations with international actors, the legal and institutional structure, regulatory environment that might influence the policy transfer of telecommunication privatization are investigated in the thesis. The scholarly works, articles from academic journals, government papers and publications, research reports of semi-governmental and international organizations are the main empirical sources.

#### **1.4 Outline of the Study**

Since the late 1990s, policy transfer has been an important research method in public policy and political science, specifically in comparative policy analysis. Therefore, second chapter will present theoretical information on the privatization and policy transfer but mostly focus on policy transfer literature and related concepts such as lesson drawing, policy diffusion and etc. Within this scope, Dolowitz and Marsh's framework on policy transfer will be analyzed and key theoretical terms of concepts such as the reasons of transfer, the actors involved in policy transfer, transfer methods, degree of transfer and lessons are drawn will be mentioned. Moreover, this chapter will concentrate on constraints of policy transfer and define the factors for policy success.

Third chapter will examine the telecommunications sector in the world and particularly in Turkey. Since, telecommunications sector has its own peculiarities such as the need for regulation framework; it is needed to be well understood. Therefore, the historical background and the developments and liberalization attempts in the telecommunications sector in Turkey will be discussed. In the chapter, in addition, Turk Telecom's role in the Turkish telecommunications sector as a natural monopoly will be portrayed. Finally, privatization of Turk Telecom and legal and institutional framework for privatization will be analyzed under the two periods; the 1980s-1990s and the post 1990s.

In the fourth chapter, policy transfer in privatization of Turk telecom will be examined from the lens of Dolowitz and Marsh's (2000) framework. There were two attempts for privatization of Turk Telecom, resulted in failure, how the goal was achieved in the third attempt is a really interesting question that will be addressed in the chapter. Therefore, the reasons for transferring privatization policy, the actors involved in privatization policy transfer, the constraints for privatization the influence of legal and institutional structure on the transfer and the outcome of policy transfer are key factors examined in the chapter.

Finally, the conclusion chapter will provide a summary of the significant theoretical and empirical findings and provide the factors that affect outcome of telecommunication privatization policy transfer in Turkey. In addition, it will offer possible areas for future research and policy conclusions.

## CHAPTER 2

### PRIVATIZATION AND POLICY TRANSFER

As Chapter 1 underlined, the general aim of the thesis is to examine the process of policy transfer in privatization. To attain this aim, in this chapter, the concepts of policy transfer and privatization will be explained within a theoretical study. It is essential because these two concepts are the cornerstone of this thesis which discusses the policy transfer in privatization of Turkish telecommunications policy.

The chapter starts with explaining the concept of privatization, its goals, methods and forms. Then, the policy transfer literature and the related concepts such as lesson drawing, policy diffusion and convergence will be mentioned. Since in the thesis, policy transfer concept is used as a theoretical framework, it is aimed to better understand key elements of policy transfer process; such as the reasons of transfer, the actors involved in, the limits of policy transfer and the linkage between transfer and policy failure or success. In doing so, it will be set the connections to privatization and examined the existence of these concepts in the transfer of privatization policy. Therefore, it will be try to have theoretical background in analyzing policy transfer in privatization of Turkish telecommunications sector.

#### **2.1 Privatization**

Public goods and services have two main characteristics; non-rivalry and non-excludability (Wolff and Haubrich, 2006), and it means that they are free in charge for consumers. In most countries, the private sector does not have sufficient funds to generate the optimum level for public goods and services that are collectively consumed by people simultaneously. Because that reason, the state have been responsible for producing public goods and services such as national defense, police and fire service, street lighting, public sanitation etc.



In developing countries, states have an essential role in the production of private goods and services due to the urge of control economy, the absence of private entrepreneurship, the failure of the private sector to have substantial production resources. Unfortunately, developing countries' experiences have indicated that there would be adverse outcomes of state intervention into production such as economic inefficiency, inability to innovate, ineffectiveness in the provision of goods and services, political interference, rapidly expansion of bureaucracy and reduction of productivity in all process (Paul, 1985). With the rise of neoliberal ideas in 1980s, public enterprises were no longer seen as effective instruments for production and many countries have started to implement the structuring programs to reduce the size and scope of the public sector and strengthen the market. A key element of such a strategy is the privatization of public enterprises.

The comprehensive privatization introduced in Britain in the late 1970s, and after this, it has been transferred across the globe and became an "established policy" (Meseguer, 2009) in developed and developing countries.

### **2.1.1 Definition**

The words "privatize" and "privatization" appeared for the first time in 1948 in the earliest version of Webster's Ninth New Collegiate Dictionary (Hemming and Mansoor, 1988). In 1974, privatization was implemented in Chile under General Pinochet's military administration and applied in Britain under Thatcher's policies after the 1980s. Later, after the fall of the Soviet Block, socialist economies have created private ownership and free market structures through the implementation of mass privatization (Ertuna, 1998).

In its narrowest sense, privatization is the whole or partial sale of state-owned companies to private shareholders. This perspective focuses on changing ownership. From the broader view, privatization means not only ownership but also a change in the role, responsibilities, priorities, and authority of the state.

In developed countries, the failures of public reforms which have been attached to public ownership and selling a public asset with the short-term financial gain encourage privatization program. In developing countries, the motivation is much

more financial. Privatization is often used as a tool to decrease budget deficits caused by state enterprise inefficiencies (Kikeri and Nellis, 2013). Besides, many global players are engaged in the process of privatization in developing countries, including the WB, the IMF and other international organizations. Macdonald and Taylor (2004) argues that the IMF conditionality is linked both with higher privatization revenues and with more privatization transaction.

The neo-liberal approaches tends to undervalue privatization negative impact on the society as a whole. Instead, they concentrate on the efficiency of the privatized enterprises and the increased competition in markets. For instance, Yarrow (2006) claims that the main objective of privatization should be to increase the economic efficiency and competition and regulation are more important determinants of economic performance than ownership.

Starr (1988) explains privatization in a political context. According to him, “privatization is a fuzzy concept that evokes sharp political reactions. It covers a great range of ideas and policies, varying from the eminently reasonable to the wildly impractical.” Indeed, privatization is a political process influenced by different social struggles at global, domestic and local level.

Harvey (2006) views privatization as a significant component of the neo-liberal project that aims to redistribute the wealth “from vulnerable to richer countries,” which is termed as “accumulation by dispossession”. While privatization appears as a tool for enhancing competition, in practice it has resulted to “extraordinary monopolization, centralization and internalization of corporate and financial power.” (Harvey, 2006; Angin, 2010).

### **2.1.2 Goals, Forms and Methods of Privatization**

Privatization’s main object is to remove the state from all economic area. Other potential goals of privatization program contain improving efficiency, raising budget revenues, reducing government borrowing and inference in the economy, enhancing management techniques and the competitiveness of enterprises, developing the capital market and improving the distribution income.

Privatization has many methods which depend on the government goals to achieve. Vickers and Yarrow (2012) classify the privatization program in terms of the relative importance given to three forms of privatization: First is the privatization of competitive firms. It means that the SOEs which operate in competitive product markets without significant market failures are transferred to the private sector. The idea is criticized that there might be some conditions that the state should intervene in the market to deal with market failures. In other meaning, privatization of the profitable SOEs just for the sake of reducing the role of state could damage to economic development (Angin, 2010).

Second is the privatization of monopolies. SOEs which have significant market power such as network utilities in telecommunications or electricity are transferred to the private sector. In that form, state often keeps some rights of control due to prevent the abuse of the monopoly power by a private sector. It is possible to say that without building the essential institutional infrastructure the privatization of SOEs which have monopolistic power become private monopolies and start to exploit the users (Stiglitz, 2002)

Last form is the contracting out of publicly financed services to the private sector earlier carried out by public sector. Contracting out occurs when the government gives a production contract to private companies or other non-governmental organizations after a competitive bidding process to generate products or services for which the government is responsible.

Privatization methods are basically, sale, contracting out, franchising, deregulation, leasing, joint venture, voucher, build-operate-transfer (bot) system and voluntary organizations (non-profit organization). Since the most widely used technique of privatization in Turkey is selling, the thesis only discusses sale techniques.

Asset sale, share issue, public offering, block sales are some important sale methods.

Asset sale method occurs when the government partly or completely sells ownership of SOEs to private sector. Generally, if a country has more equity income and/or the SOEs are profitable, governments prefer sells equity shares through the capital

market (Netter and Megginson, 2001; Chulajata, 2006) and it means that share issue method is used.

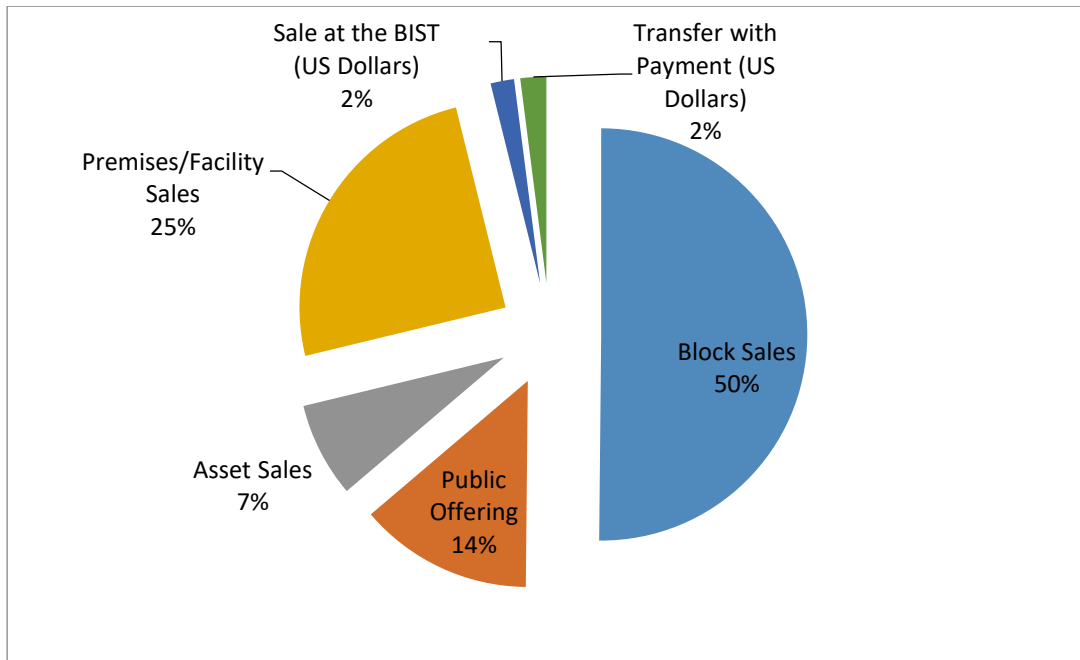
A public offering is the transfer of shares of the SOEs through domestic or international public offerings on the stock market. Public offering privatization method is frequently used for the privatization of large scale SOEs, such as telecommunication and electricity. In this method, the implementation procedures are (Kagitcioglu, 2012):

- 1- Approval from Capital Market Board
- 2- Selection of securities firms,
- 3- Preparation of information memoranda
- 4- Application to BIST for registration
- 5- Issuing offering circulars, prospectuses, announcements
- 6- Public offering transactions
- 7- Trading at BIST.

Block sales and public offerings are often asserted to have to be regarded together, as Only block sales achieves efficiency gains from being a private company resulting shift in control, while public offerings reach large investors (Karataş and Ercan, 2008). Block sale implementations procedures are (Kagitcioglu, 2012)

- 1- Forming valuation and tender commissions
- 2- Preparation of information memoranda
- 3- Sale announcements
- 4- Negotiations
- 5- Approval of tender results
- 6- Closing the deal and contract

In Turkey, generally three form of sale method are used: “block sales”, “public offers for floatation”, and “direct sales of assets and premises of the SOEs and their subsidiaries” (Karatas, 2009). From 1986 to 2018, the total privatization revenues from block sales, asset sales, public offerings were \$35.2 billion, \$5.2 billion, \$9.5 billion and respectively and the privatization implementations between 1986-2018 are presented in below figure.



**Figure 1 Privatization Implementations (1986-2018)**

(Source: TCMB, EVDS.)

## 2.2 Policy Transfer

Policy transfer has been used as an instrument to develop public policies since 1945. Bennet and Howlett (1992) simply describe as the general increase in knowledge about policies. That knowledge can contain the current problem, lessons from the past or the experience of others and not only should be acquired through information interchange but also be utilized in the policy transfer process (Wolman, 2009). Dolowitz and Marsh (2000) defines policy transfer as “knowledge about policies, administrative arrangements, institutions and ideas in one political setting (past or present) is used in development of policies, administrative arrangements, institutions and ideas in another political setting”.

In the last two decades, interest in the policy transfer has increased for a number of reasons. First, national countries have enhanced feeling of interdependence and permeability. The policy reactions of nations in the face of global financial crises or other worldwide effects, such as climate change, become global and localized through transfer, execution and reporting. The other reason is that the developing

countries have begun to adopt policies, institutions or legislation of developed countries for generating economic growth and development. Another reason is that international donor agencies such as the IMF and WB have imposed the policies to build functioning market economies in developing or less developed countries. Finally, supranational organizations such as the European Union have introduced the same policy frameworks, laws, regulations and standards among member states and candidates for membership.

Dolowitz and Marsh (2000) use policy transfer as both a dependent and an independent variable. In other words, “they want to define not only the causes and impacts on the process of transfer but also how processes of policy transfer lead to particular policy outcomes” (Evans, 2009). Bennett (1991) emphasizes on the transfer of policy goals and content, instruments or administrative techniques and exercises policy transfer as an independent variable. He uses the process of policy transfer to explain why a particular policy was adopted. In contrast, for Rose (1993) policy transfer is a dependent variable and uses policy transfer to explain why transfer occurs.

This thesis addresses the questions of why policy transfer occurs, where it is transferred, who is involved in the transfer process and whether that transfer is successful in the telecommunications sector privatization. Therefore, policy transfer is used as a dependent variable, a process that needs to be understood, and independent variable, a relationship between policy transfer and policy outcomes.

### **2.2.1 Related Concepts**

In the literature, there are different forms for the spreading of policies such as lesson-drawing (one country’s voluntary attempt to learn from the experience of others), policy diffusion (the process whereby policy choices in one unit are influenced by policy choices in other units), policy convergence (the development of similar policies across countries over time), and policy transfer (using the knowledge of policies or programs that exist in place elsewhere) (Cairney, 2012).

Before examining the policy transfer in detail, as the main theoretical concept in the thesis, it is useful to identify the meanings and theoretical assumptions of other

familiar concepts in the literature; namely, lesson drawing, diffusion and convergence. In addition, the below section compares and contrasts the concept of policy transfer with these terms and to address the question of why in the thesis a term of “policy transfer” is preferred instead of others.

### **2.2.1.1 Lesson Drawing**

Rose (1991) uses “lesson drawing” term to define the overall transfer process and it depends on the voluntary action of the actors involved in the policy making process. It is based on the assumption that actors select policy as a “rational response to a perceived process” (Dolowitz and Marsh, 2000).

Rose (2005) describes ten particular steps of lesson drawing process to determine whether or to what extent nonindigenous programmes should be applied at domestic country:

- 1- Learn the key concepts: what a program is, and what a lesson is and is not.
- 2- Catch the attention of policymakers.
- 3- Scan alternatives and decide where to look for lessons.
- 4- Learn by going abroad.
- 5- Abstract from what you observe a generalized model of how a foreign program works.
- 6- Turn the model into a lesson fitting your own national context.
- 7- Decide whether the lesson should be adopted.
- 8- Decide whether the lesson can be applied.
- 9- Simplify the means and ends of a lesson to increase its chances of success.
- 10- Evaluate a lesson’s outcome prospectively and, if it is adopted, as it evolves over time.

Rose (1993) argues that lesson-drawing has both empirical and normative factors. Empirically, policymakers have desire to learn lessons from successful countries or their own past experiences and then analyze what it would require to take that success home and normatively, they seek lessons that are consistent and compatible with their values (Evans, 2010; Cairney, 2012). In addition to positive lessons being drawn from other countries’ experiences, negative lessons also may be obtained (Evans, 2010).

If the assumption is that governments are rational learners, privatization could be explained by lesson drawing concept. Governments observe the policy outcomes in privatizing and non-privatizing countries and decide to transfer policy as results. But

in reality, the actors may have inadequate or inaccurate information or their perceptions mislead in decision making process. Therefore, they act with bounded rationality (Dolowitz and Marsh, 2000). In addition, lesson drawing does not focus on the links between the policy transfer and its outcome, success or failure, while policy transfer does.

Since one of the primary arguments in the thesis is that international forces imposed privatization, particularly in the telecommunications sector, in Turkey rather than learning from past or other countries' experiences, lesson drawing concept is not useful to explain the thesis argument. Besides, the thesis aims to make inferences about policy transfer and its outcomes; therefore, the concept of lesson drawing is not used as theoretical concept in the thesis.

#### **2.2.1.2 Policy Diffusion**

Rogers (1983) defines diffusion as “the process by which an innovation is communicated through certain channels over time among members of social system”. From the policy diffusion perspective, innovation means a “new idea, practice or object that will be adopted”, communication channel means “transmitting of information across units of government” (Wolman 2009). Diffusion thus represents a number of significant characteristics, involving innovation, communication, and dynamic procedures in particular social situations (Chulajata, 2006).

Diffusion has general perspective and is studied in many fields including economics, sociology, education, business and technology and is applied to a great many cases with more complex models and quantitative research methods. The literature on diffusion suggests that political change happens through osmosis, which is contagious rather than selected (Stone 2012). Policy diffusion studies tend to focus on finding patterns over time and making generalization about diffusion conditions.

Policy diffusion mainly differs from political transfer in the context of sociological emphasis. Policy transfer studies are a more peculiar form of policy diffusion and it concentrates on the arrangements of ideas and resources between particular agents and organizations. Policy transfer literature assumes that importing policy enhances



effectiveness and efficiency, while diffusion literature does not have such presumption. In addition, according to policy transfer's major assumption, the process of change is political in the sense that policy learning is filtered by political institutions and policy change occurs between voluntary to coercive actions (Levi-Faur and Vigoda-Gadot, 2004). But, policy diffusion assumes that process of change occurs in social network and the mechanisms of policy change are isomorphism, culture, international norms, and best practices. Another difference is that policy transfer studies comprehensively focus on policy goals, content, instruments, outcome, and styles, but policy diffusion is more selective and concentrates on policy goals and content. Also, political transfer studies tend to examine limited cases than policy diffusion in their qualitative researches and give more emphasis on agency or actors rather than structural explanations. (Levi-Faur and Vigoda-Gadot, 2004; Marsh and Sharman, 2009; Newmark, 2010).

Since policy diffusion concept mainly focuses on how and why particular policies are adopted in the countries, it could not be helpful to explain relations between specific political actors and international organizations that are responsible for promoting privatization in Turkey. Further, as the policy change in the telecommunications sector privatization in Turkey, could be characterized as negotiated and coercive form rather than osmosis, it is preferred to use policy transfer as a theoretical concept in the thesis.

### **2.2.1.3 Policy Convergence**

Political convergence can be defined in terms of policy similarities across countries over time, which may be resulted by globalization or industrialization. (Bennett, 1991; Knill, 2005). Policy convergence embodies the assumption that macroeconomic elements or structural factors drive countries for policy change and ultimately lead to convergence. Put another way, convergence may occur involuntary and different countries may have similar developments without any direct link between them.

Transfer and diffusion studies suggest processes which under certain conditions might result in policy convergence and policy convergence tends to describe why adaptive change might occur and give special emphasis on policy outcomes rather

than process or content. Also, whereas the policy transfer has intentional and action oriented nature, convergence studies do not focus on the role of policy actors. In other words, policy convergence literature implies that transfer is outcome of structural forces rather than agencies.

It could be said that policy transfer is a contributing element in convergence, but it does not mean that transfer necessarily causes convergence since transfer can end up with combining foreign and local models and the domestic uniqueness stays alive and well (Evans, 2010)

Although policy convergence concept may be help to understand the structural pressures that lead to policy change, for the aim of this thesis it is essential to consider the actual decisions and political actors involved in privatization policy formulation as well as structural dimensions. Since policy convergence is too imprecise to define the processes of formulation of privatization policy in Turkey, in particular telecommunications sector, it is not preferred to use in the thesis as a theoretical perspective.

This thesis aims to identify, the macro and micro, structural and agential aspects of policy change in telecommunications privatization policy in Turkey. By comparing and contrasting standard approaches to policy transfer, diffusion, and convergence, policy transfer is used as a theoretical perspective since it has more explanatory elements for the aim of this thesis.

### **2.2.2 Policy Transfer Framework**

The impacts of globalization, communication technology, liberalization of trade and investment and the development of non-state institutions such as the IMF, WB and EU facilitate to spread of privatization policy across the world.

In general, the policy transfer process involves 7 stages: *recognition, search, contact, mobilization, emergence of grounds, implementation and evaluation*. First, policy makers, bureaucrats or politicians research and determine the problem, the problem issues and objectives for the solutions. Second, the choices for solutions are searched for, considered, assessed and a final and most appropriate policy is decided

to transfer. Third, a communication network is channeled between the agencies of transferring country and importing country. Then, the countries begin to be interaction via visits, meetings and document studies. After, the environment needed for transfer (e.g. new legislation, institutions, decisions) is established and transferred policy is implemented and finally after a time, the main aims and outcomes are evaluated (Azatyan, no date; Evans and Davies, 1999).

There are few studies in the literature that directly describe how transfers take place and the framework for the policy transfer. Wolman (1992) lays out three critical issues to be dealt with when considering the transfer of a policy from one country to another.

- Are the problems to which the policy is to be addressed in the recipient country similar to those to which it was addressed in the originating country? If not, are the problems to which the policy is to be applied in the recipient country nonetheless susceptible to the policy?
- To what extent was the policy “successful” in the originating country?
- Are there any aspects of a policy’s setting in the originating country that are critical to its success there, but that are not present, or are present in a different form, in the recipient country?

In addition, Mossberger and Wolman (2003) suggest some instructions to policymakers on how to engage in policy transfer such as (i) awareness of information about policies that are in effect elsewhere, (ii) accurate evaluation of information such as recognizing of problem and goals similarities, success or failure of policy in elsewhere (iii) application of evaluated information about on policy goals, policy environment and performance.

Dolowitz and Marsh (2000) figure out a multi- level and multi-disciplinary a framework, presented as following table, for analyzing and understanding the process of policy transfer. In the framework, they addressed a number of questions, namely:

Why do actors engage in policy transfer? Who are the key the actors involved in the policy transfer process? What is transferred? From the

where are the lessons drawn? What are the different degrees of transfer? What restricts or facilitates the policy transfer process? How is the process of policy transfer related to policy success or failure?

Their framework is practical and well established to analyze dimensions of policy transfer. But, in the telecommunications sector, the transfer of the institutional structure is essential, as describes in following chapter. Therefore, in those questions the reasons, the actors involved in the policy transfer and the linkages between institutional arrangements and transfer outcomes are focused in the analysis of policy transfer process of telecommunications sector privatization.

**Table 1 Policy Transfer Framework**

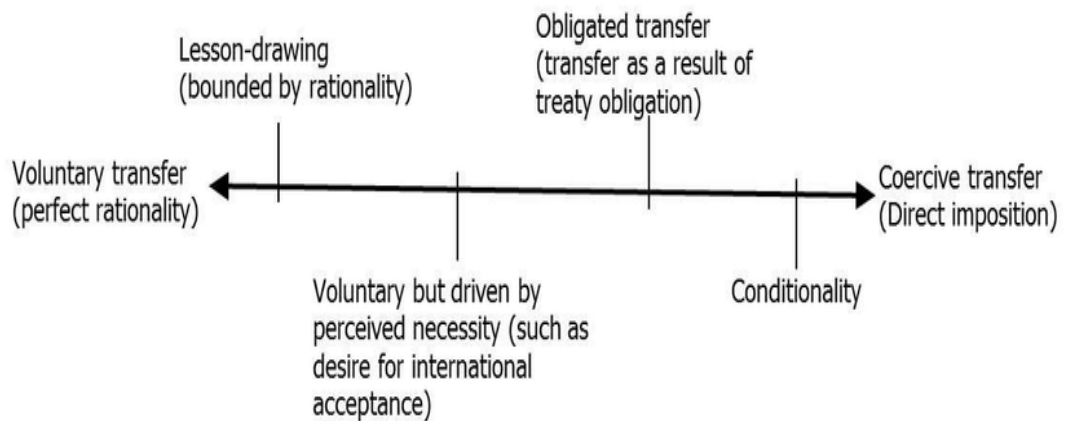
<b>A Policy Transfer Framework</b>											
<b>Why transfers</b>			<b>Who is involved in transfer</b>	<b>What is transferred?</b>	<b>From Where?</b>			<b>Degrees of Transfer</b>	<b>Constraint on transfer</b>	<b>How to demonstrate policy transfer</b>	<b>How transfer leads to policy failure</b>
<b>Voluntary</b>	<b>Negotiated</b>	<b>Coercive</b>			<b>Past</b>	<b>Within a Nation</b>	<b>Cross National</b>				
Lesson Drawing (Perfect Rationality)	Lesson Drawing (Bounded Rationality)	Direct imposition Political Parties/ Pressure Groups Policy Entrepreneurs/ Experts	Elected Officials	Policies	Internal	State Governments	International organizations	Copying	Policy complexity	Media	Uniformed Transfer
			Bureaucrats	-Goals	Global	City Governmens	Regional State Local governments	Emulation	Past policies	Reports	Incomplete Transfer
			Civil Servants	-Content		Local Authorities	Past Relations	Mixtures	Structural institutional	Conferences	Inappropriate Transfer
			Institutions	-Instruments				Inspiration	Feasibility	Meetings	
			Ideologies	Programs					Ideology	Visits	
			Attitudes/ Cultural values	Negative lessons					Cultural proximity	Statements	
			Think Tanks						Technology		
			Transnational Corporations						Economic Bureaucratic Language		
			Supranational Instutions								
			Obligations								

(Source: Dolowitz and Marsh, 2000)

### 2.2.2.1 Why Do Actors Engage In Policy Transfer?

The countries that share similar policy circumstances, geography and ideology are more likely to learn lessons from others (Rose, 1991). In addition, Evans states (2009) that the scope and intensity of policy transfer activity has increased because of the following sources of policy change: global, international and/or transnational forces; state-centered forces; the role of policy transfer networks in mediating policy change; and micro-level processes of policy-oriented learning.

It can be said that the main issue in policy transfer literature is why countries transfer policy to one another. Dolowitz and Marsh (2000) suggest that policy transfer lies along a continuum that extends from voluntary transfer to coercive transfer. Although the continuum presented in below figure is criticized by James and Lodge (2004) as a simple distinction between voluntary and coercive transfer processes, in the thesis it is used as a guiding to understand the reasons behind the policy transfer.



**Figure 2 Policy Transfer Continuum**

(Source: Dolowitz and Marsh, 2000)

At the left side of the figure, voluntary transfer is associated with lesson drawing and in all three cases there is no external pressure to change of policy. It takes place

consciously and results in policy action. In other words, rational policy makers dissatisfy with their policies and aim to investigate the policies that are in effect in elsewhere and they decide to adapt foreign policy for their benefits (Dolowitz and Marsh, 2000). Countries who are discontent with current policies as a result of poor performance or aim to legitimize the policy goal that have been already reached or introduce new policy agenda decide to transfer intentionally (Evans, 2010). Dolowitz and Marsh (2000) defines that in perfect rationality, it is assumed that the actors in policy transfer process are perfectly rational. But in real life, they have limited or incomplete information or they are influenced by their perceptions and act with the bounded rationality.

Cairney (2012) states that the difference between perfect and bounded rationality can be explained by the concept of perceived necessity. When a nation is forced to behave rapidly, its decision-making method is limited and around the bounded rationality. The emergence of a problem or dissatisfaction with the status quo will drive actors to engage in search for new policies. In contrast, when a country feels less pressure to transfer, it could be towards to perfect rationality of continuum.

At the other end of continuum, direct coercive transfer, a country adopts a particular policy “against its will and the will of its people” (Evans, 2006) with the force of another organization, country or supranational body. In the periods of formal imperialism direct imposition by another country was seen but not it is uncommon.

Conditionality means that developing countries, in particular, are forced to adopt new policies in order to secure grants, loans or other forms of inward investment. For example, the political economy of most developing countries throughout the 1980s and 1990s has been characterized by the implementation of structural adjustment policies in return for investment from the International Monetary Fund or the World Bank.

Although “obligated transfer” appears to be more coercive than conditionality, it is more to the left of continuum, because the original decision on being subject to agreements is often voluntary (Cairney, 2012). For instance, supranational organizations, such as the EU, force member states to adopt or comply with its

policies but since the states are voluntary joined the EU and it could not be considered as coercive policy transfer but obligated transfer.

Many cases of transfer involve both voluntary and coercive elements and it could be defined as negotiated or indirect coercive transfer. The essential point is that there are still coercive factors for policy change but the demand for change comes from the importer country. Policy makers implement policy changes because they are afraid to fall behind the international area and neighboring nations (Paudel, 2009) or the global economic integration, financial pressures, mutual interdependency between states, the appearance of international consensus and externalities (for instance, the countries adopt the same behavior and expect others to follow and countries react to the decisions made in rival countries) initiate negotiated or indirect coercive policy transfer (Dolowitz and Marsh, 1996; Cairney, 2012).

To sum up, as showed Table 1, voluntary, coercive, and negotiated transfer forms provide a helpful structure for understanding why and how actors engage in policy transfer. In voluntary transfer, domestic actors demand change of policy without any external pressure. On the other hand, coercive transfer involves force from an external country or international institution to adopt a policy in importer country. Negotiated transfer is combination of voluntary and negotiated form.

Although this conceptualization is used in the thesis as a theoretical framework, the distinction of the forms of transfer is not a simple way because policy transfer is not a discrete process from domestic country's historical, cultural, social and political order. While deciding the name of transfer form, the structural factors that shape and constrain the actions and decisions of actors should be considered.

In general, policy transfer of privatization could be defined as negotiated form which has coercive and voluntary elements. After the 1980s, developing countries demand to adopt privatization policies from the developed countries, especially the UK and USA, due to their successful practices. On the other hand, in the same era, with the claim of international financial organizations to build the efficient economic structure in the world, the external pressures on the developing countries for



liberalizing the trade and privatizing the inefficient public enterprises has increased and policy transfer of privatization is started to be seen as a coercive form as well.

#### **2.2.2.2 Who Is Involved In Transfer?**

In order to explain policy transfer process it is essential to recognize the actors and their role in the transfer process and the nature of the transfer intended by actors (Evans, 2010).

The official actors involved in policy transfer process are primarily bureaucrats, politicians, state agencies but in broader perspective they could be non-state actors such as pressure groups, policy entrepreneurs and experts, think tanks, international governing organizations, NGOs, consultants etc. (Rose, 1991; Dolowitz and Marsh, 2000; Stone, 2001).

Non-state actors can be considered as policy entrepreneurs (Dolowitz and Marsh, 1996) and they are possibly engaged in the indirect coercive transfer of ideas and policies. Think-tanks are non-profit and intellectually autonomous organizations. They examine the policies and practices of other nations to contribute to public debate and policy development. They contribute to transfer ideas with a rational desire or ideological concerns via policy proposals and justifications, personnel and expertise by their networks in political parties, bureaucracy, media, NGOs and international organizations. In addition, they involve support of ideas and provide technical advice and assistance for policy discussion and exchange (Stone, 2000).

International governing organizations (IGOs e.g. OECD, G-7, IMF and the UN) play an important role in the policy transfer process around the world. Countries are influenced by IGOs not only directly through their loan conditions but also indirectly via their policy and reports. In addition, international NGOs have growing impact on global public policy through their capability to spread ideas and information on an international level. IGOs and NGO are actors of both voluntary and coercive transfer.

In privatization, the main external actors involved in policy transfer process are generally international financial and governing organization. In particularly, in the periods of financial crises, globalization and Europeanization, the role of those

organizations on developing countries has increased in the policy transfer process of privatization. In addition, the internal actors such as bureaucrats, politicians, state agencies voluntarily demand the policy transfer of privatization during the periods of the financial crisis, political conflicts or technological developments and etc.

### **2.2.2.3 What, From Where and How much Is Transferred?**

The countries transfer policy goals, structure and content, policy instruments or administrative techniques, institutions, ideologies or justifications, attitudes and ideas and negative lessons (Dolowitz, 1997). Dolowitz (2003) has focused on “hard” transfer of policy instruments, institutions and programmes between governments and Stone (2012) argues that ideas, ideologies and concepts are “soft” transfer. It could be said that the focus of researches on transfer has recently started to shift from hard to soft transfer (Benson and Jordan, 2011).

Policy transfer actors can draw lessons from other political systems or units within their own nation or from other countries or global actors (Dolowitz and Marsh, 2000). At the international level, national governments have usually transferred policy and ideas through epistemic communities, NGOs, think tanks, advocacy coalitions and intergovernmental bodies such as the OECD (Stone, 2000).

Rose (2005) classifies seven degrees of transfer as photocopying, copying, adaptation, hybrid, synthesis, disciplined inspiration and selective imitation. Dolowitz and Marsh (2000) categorize four degrees as copying, emulation, mixtures (hybridization and synthesis) and inspiration. Copying implies taking a policy without altering it. For instance the UK tax credit system which is copied directly from American earned income tax credit system. Emulation means accepting the policy as a best standard to follow. Mixtures mean combining similar factors of programmes with the same objective and inspiration means inspiring an idea to policy change (Evans 2004)

Europeanization is related to hard coercive transfer that ends up with emulation or copying. Besides, globalization and internationalization is linked to softer forms of transfer which results in degree forms of mixtures (combination) and inspiration (Benson and Jordan 2011)

Degree or type of transfer differs from one transfer case to another and also depends on the circumstances of policy transfer, the actors involved in transfer and the stage in which transfers occur within the policy making process. For instance, politicians may prefer copying or emulation degree of transfer in order to provide hasty remedies while officials or bureaucrats rely upon mixtures. In the same way, emulation might be essential at the agenda setting stage, while at the policy formulation or implementation stage of the policy-making process, copying or mixtures might be more appropriate (Dolowitz and Marsh 2000).

In the context of the thesis, policy transfer of privatization not only involves transfer of policy goals or content but also policy instruments and institutions. Institutions mean economic institutions, regulations, legislatures and executives and in privatization policy, regulation and institutions are the most significant factors for providing the competition and effectiveness in the market. Without transferring them, the policy transfer is limited as it will be focused on the next chapter in telecommunications sector of Turkey.

#### **2.2.2.4 What Factors Constrain Policy Transfer?**

In practice, the constrain factors of policy transfer involves; transferred policy or program complexity, institutional and structural weaknesses; the absence of ideological coherence between importing countries, inadequate technological, economic, bureaucratic and political resources of home country to implement transferred policies (Rose, 1993; Dolowitz and Marsh, 1996; Benson and Jordan, 2011).

Benson (2009) classifies transfer constraints as demand side, programmatic, contextual, and application constraints. *Demand side constraint* is related with the willingness or demand for policy transfer. In direct coercive transfer, it could not be possible to talk about demand or desire. In the period of financial crises and government changes, policy failures, loss of resistance against transfer may be observed and when there is a potential resistance, the transferability of policy constraints. *A programmatic constraint* is about policy uniqueness and complexity. When a policy is unique, transfer can occur certainly under the conditions of its

original environment has been provided. A complex policy means that it “*has multiple goals, a vague empirical focus, multiple ‘causes’ for a desired outcome, high perception of side effects or externalities, unfamiliarity and unpredictability*” ((Rose, 1993) in Benson (2009)) and a complex policy is difficult to transfer. *Contextual constraint* is related with path dependency, institutional structures, political context and ideological or cultural incompatibilities (Benson and Jordan, 2011). Path dependency means that past policies can be restrictive for transfer with regard to object and aim of transfer (Dolowitz and Marsh, 1996). If the existing institutional structures are restrictive, transfer can be limited. In addition, transfer is constrained when issues are politically controversial and politicization is apparent. Also, transfer is constrained in an environment with ideological inconsistency and cultural differences. Lastly, *application constraint* exists if new institutional structures are needed, the anticipated scale of change is large and programmatic adjustments are needed (Benson and Jordan, 2011).

In addition, there could be implementation obstacles in the process of policy transfer such as lack of integration within and among implementing organizations, indefinite decision rules in the operation of implementing agencies, insufficient technical support, ineffective monitoring and evaluation systems (Evans, 2004).

In the context of privatization, institutional, political, economic and social structures shape the policy transfer. In Turkey, privatization was initiated by the external forces and it could be said that the demand for policy transfer has been low while there has been relatively high resistance to transfer. In addition, the legal and institutional structures, will be explained in the next chapter, are the main constraints for the privatization, in particular telecommunications sector, policy transfer.

#### **2.2.2.5 How Is The Process Of Policy Transfer Related To Policy Success Or Failure?**

The policy transfer literature is concerned with how transfer relates to policy outcomes and what factors influence the success, or failure, of policy transfer.

In order to address the question of what circumstances policy transfer is likely to result in a “successful” or “unsuccessful”, Dolowitz and Marsh (2000) focus on to the

extent which policy transfer accomplishes the goals already determined or not in the process. According to them, policy failure occurs when the transfer is uninformed and/or incomplete and/or inappropriate. *Uninformed transfer* occurs when a policy is transferred with lack of knowledge about the policy/institution and how it works in the originating country. *Incomplete transfer* occurs when some elements of policy are transferred without essential factors that made policy succeed in the original country. Finally, if the economic, social, political and ideological contexts are very different from borrowing country, policy transfer causes dissimilarities and it is called as *inappropriate transfer* (Dolowitz and Marsh, 2012; Fawcett and Marsh, 2012).

Marsh and McConnell (2010) aim to discuss and assess the policy success. They develop some indicators and evidence to evaluate success in relation to each of the categories; process success; programmatic success; and political success. *Process success* occurs when policy was produced through due processes of constitutional and quasi-constitutional procedures and the legislation was passed with no or few changes. *Programmatic or policy success* occurs when a policy was implemented in accordance with the goals set when approved; attained the proposed outcomes; used resources efficiently, was beneficial for a certain group or interest related with issues such as territory, race, religion and gender. *Political success* occurs when a policy was politically popular; assisted government's reputation and its electoral prospects.

In order to evaluate policy transfer success, Fawcett and Marsh (2012) combine Marsh and McConnell's (2010) heuristic approach and Dolowitz and Marsh's framework and address the following questions.

- To what extent, and in what ways, has the transfer process been successful?
- To what extent has the transfer achieved its policy objectives?
- The extent to which such success has resulted from the fact that the transfer was informed, complete and appropriate?

But, it should not be forgotten that the sector was privatized after two unsuccessful attempts and many legal amendments. Whether the transfer should be still considered as a policy success is a significant point in discussing policy success.

In the thesis, both the heuristic models developed by Marsh and McConnell and Dolowitz and Marsh will be used to examine the outcome of the policy transfer in the privatization of the Turkish telecommunications sector. As explained above, it is argued that privatization in Turkish telecommunication sector might be limited in policy success.

### **2.3 Conclusion**

This chapter has provided some theoretical information about privatization and policy transfer.

The reasons of transfer, the actors involved in the process, the object and the degree of transfer, the constraints and the outcome of policy transfer are the key elements of Dolowitz and Marsh's (2000) policy transfer framework. In that regard, privatization policy has been examined through the framework in this chapter.

In privatization, policy transfer has generally in negotiated forms, the international financial organizations and supranational institutions are the main external actors in transfer process. The privatization policy, goals and instruments are generally transferred in importer country by copying without changing or accepting as a best standard to follow. Besides, the constraints of privatization policy transfer could be stated as transferred policy or program complexity, institutional and structural weaknesses and low demand for policy change.

In the Dolowitz and Marsh's framework, policy transfer is defined as successful when the policy is transferred with full knowledge of the policy, when policy does not create dissimilarities in importer country and when all the key elements of the policy are transferred. If the policy success is defined as the transferred policy is implemented in accordance with the objectives set before (Marsh and McConnell 2010), the policy transfer is successful.

In order to analyze Dolowitz and Marsh's policy transfer framework in privatization of Turkish telecommunications and to examine the factors that have impact on policy transfer outcome, it is necessary to better understand the international and domestic

actors, the historical, legal and structural developments in telecommunications sector which will be explored in the next chapter.

## CHAPTER 3

### THE CONTEXT: PRIVATIZATION OF TURKISH TELECOMMUNICATIONS SECTOR

In the previous chapter, privatization and policy transfer theoretical background has tried to be established.

Until the 1980s, almost all over the world telecommunications service was provided by public enterprises as a natural monopoly. After the 1990s, with the liberalization movements, the privatization and in connection with this regulatory policies have gained importance in telecommunication sector.

In Turkey, telecommunication sector have been developed many reforms and changes after the 1980s as well. This chapter first will mention the historical background and liberalization reforms in the telecommunications sector until 2005. Then, after providing the general information about Turk Telecom, implementations for Turk Telecom privatization, legal and institutional framework of privatization will be examined within two historical periods; the 1980s-1990s and the post-1990s.

In this chapter, it is aimed to consider the political and economic conditions, implementations and legal and institutional structure that shaped the privatization policy of Turkish telecommunications sector.

#### **3.1 Telecommunications Sector in the World**

Telecommunications is the transmission of symbol, voice, writing, picture, data, image and signs between different points through fiber, cable, wireless, optic, electric, magnetic, electromagnetic, electrochemical, electro mechanic or any other systems.



In most developing countries, state has owned and operated telecommunications facilities and utilities. Since the telecommunications sector has been considered as a natural monopoly due to a large scale of capital investments and huge fixed cost caused the entry barriers; state should supply that universal service to all citizens with acceptable pricing. Furthermore, especially in times of crisis, telecommunications were considered not only as of the main element of national and economic security but also as a source of revenue and employment (Wolcott and Çağiltay, 2001).

Since the 1980s, around the world, the telecommunications sector has been experiencing striking transformations. There were three main reasons for that transformation. First, the poor performance of telecom SOEs during the financial crises in the 1980s and 1990s and the incapacity of them to meet the growing demand caused pressure for reforms. Liberalization was seen as a remedy for economic recovery. Second, by the 1980s, international organizations such as the WB, IMF promoted the liberalization of such services as part of a solution to economic crisis and concentrated on sectoral reforms, including privatization as a condition for loans and aids. Finally, after the Thatcher's government in the UK, there was a general trend towards privatization around the world (Wallsten, 2000).

In this context, the stages of reforms applied to in the telecommunications sector in many developing countries could be classified as follows.

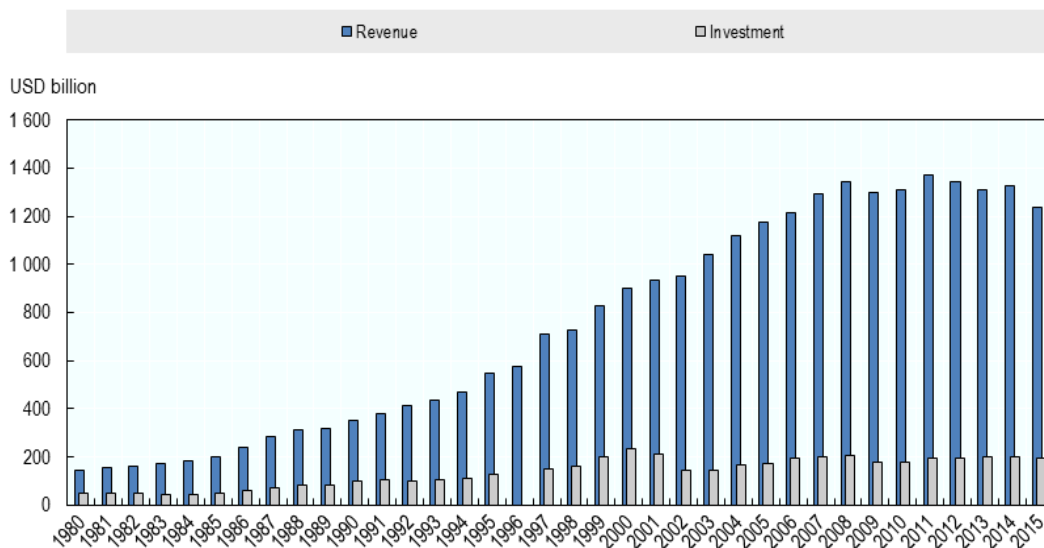
- Separation of postal and telecommunication facilities: these activities were initially provided jointly in many countries due to the scale of economies. Technological distinctions were realized in time and it was argued that these services could be divided and supplied by distinct organizations.
- Liberalization of telecommunications equipment: nearly all nations in the world have liberalized the market for telecommunications devices and equipment, and the evaluation and approval of these devices has been given by distinct organizations rather than by the main provider.
- Regulation and privatization of telecommunication sector: In the phase of decentralization and privatization of public monopolies, the tasks of policy

setting and market regulation separated from those monopolies and were carried out by the independent regulatory organizations.

In the telecommunications sector, there are two main services; basic telecommunications and value added services. Basic telecommunications are simply transmission of voice or data sender to receiver. These services are analog/digital cellular/mobile telephone services, mobile data services, satellite-based mobile services, fixed satellite services, and etc. Value-added telecommunications services (VAS) are telecommunications for which providers “add value” to the data of the customer by improving its type or content or by supplying for its storage and recovery. Online data processing, online data base storage and retrieval, electronic data interchange, email and voice mail examples of value added services (WTO, 2019). VASs do not have a monopoly structure and are the most appropriate service to introduce competition in the telecommunications industry.

In the world, between 1990 and 1998, 90 developing countries have privatized their telecommunications sectors, and in 1997, 42 countries signed Basic Telecommunications Agreement (BTA) with World Trade Organization (WTO) and made commitments to have reforms in the sector (Aybar, Guney and Suel, 2005).

In terms of revenue and investment, 1980-2015 periods the trends in the telecommunications sector in OECD countries are shown below.



**Figure 3 The Trends in the Telecommunication Sector in OECD Countries**

(Source: OECD, “Telecommunications database”, OECD Telecommunications and Internet Statistics (database), <http://dx.doi.org/10.1787/data-00170-en> (accessed July 2017).

### 3.2 Regulation and Competition in Telecommunications

As it was mentioned before, due to a large scale of capital investments and huge fixed cost caused the entry barriers, the telecommunications sector is considered as a natural monopoly and it is believed that competition would increase the investment costs and service rates. Therefore, one firm generally public enterprise, as a natural monopoly, should provide the telecommunications service. Indeed, the technological developments in telecommunications sector have started to decrease the investment and other costs when the market is opened for other companies. The competition between the companies enables to have new improvements in the market through efficient and effective service production.

Since the late 1980s, governments which have budget constraints pay attention to private ownership for investment. In this context, reform and liberalization in telecommunications sector was accelerated by the WTO, BTO. As mentioned before, in the 1990s, many countries made serious reforms such as privatization and liberalization of their telecommunication sector.

Privatization in the telecommunications sector can increase efficiency<sup>2</sup> and provide better resource allocation. The important issue is that efficiency could be acquired only if the country's regulatory policies and market structure allow fair competition (Aybar, Guney and Suel, 2005). Indeed, the privatization process could face with market failures when imperfect competition exists in the market. The states have regulatory frameworks to overcome imperfect competition and protect the public interest. Otherwise, it creates serious market power problems and has ambiguous welfare consequences. Besides, when developing regulatory policies, the institutional and legal environment of a country must be taken into account.

### **3.3 Telecommunications Sector in Turkey**

Telecommunications sector reforms have significant impacts on economic growth, national competitiveness and performance of network utilities. For instance, reforms for reducing communication costs have positively influence economic growth and enable to expand market with better pricing between buyers and suppliers. In addition, this stimulates the quantity of exchange of data and operations in the nation and improves the competitive strength of the state in the global sector.

As mentioned before, privatization policy cannot be excluded from regulations and competitive issues in implementing the telecommunications industry reform. Therefore, it could be useful to identify telecommunications reforms in Turkey from a historical view before examining telecommunications privatization strategy.

#### **3.3.1 Historical Background (1840-1990)**

In the last half of the 18<sup>th</sup> century, the communication between the central Ottoman Empire and provinces was supplied by "Posta Tatarları" (post carriers) and after the edict of Tanzimat, the first post office was launched as "Postahane-i Amire" (Department of Post-Office) on 23 October 1840 in order to satisfy the postal requirements of the Ottoman Empire and foreigners (Bezaz, 2006; Taner, 2006; PTT, 2019).

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<sup>2</sup> When public ownership is transferred to private companies, it is expected to lead more effective monitoring and transparency in the operations.

Telegraph invented in 1843 and after the 11<sup>th</sup> year of its invention, telegraph service also began in our country in 1855 and with the establishment of telegraph line between Edirne and Bulgaria city of Şumnu, the Directorate of Telegraph was set up to provide this service.

The Department of Post-Office and the Directorate of Telegraph were brought together in 1871 under the title of Ministry of Post and Telegraph.

In 1891, the first single telephone line was installed between in Soğuk Çeşme and Yeni Camii and the first central telephone manual was established in Istanbul in 1909. After, the Ministry of Post and Telegraph provided telephone service as well and in 1913 it was named the given the name of the Directorate-General for Post, Telegraph and Telephone (PTT).

In the early years of our Republic, PTT, subsidiary to the Ministry of Internal Affairs, completed its legal structure by Law no: 406 dated 21.02.1924 in accordance with the strategic meaning and importance of telecommunications services. By the law, it was authorized to carry out all telecommunication services as on the behalf of the State.

In 1933, it became an annexed budgetary administration to the Ministry of Public Works and Settlement and in 1939 it was linked to the Minister of Transport.

In 1954, PTT had been formed as SOEs and by Decree Law No. in 1984 it became the State Economic Establishment (SEE) (PTT, 2019).

However, telecommunications infrastructure development was progressing slowly until 1980. After 1980, the new government of Turgut Ozal attached great importance to the expansion of telecommunications services and the infrastructure investments and reforms started to increase. These public investments were seen as a necessity for the development of the private sector (Yılmaz, 2000). Therefore, a master plan for telecommunication was implemented by the government in following topics ( Akbalik,1998 as cited Wolcott and Çağiltay 2001).

- New technology and services should be implemented as soon as possible
- The telephone network should be transformed to a digital system from an analog system.
  - To accelerate telecommunications services, the local telecommunications industry should be driven towards a competitive setting.
- In order to achieve fast economic development, Turkey should expand the telecommunications network as soon as possible.

After the implementation of master plan, between 1982 and 1986, the total telephone exchange capacity increased by 83%, the amount of telephone subscribers increased by 80% and the amount of telephone villages increased by 162% (Wolcott and Çağiltay, 2001). While the share of telecommunications sector investment in GNP between 1982-1982 was 0.37%, it increased 1% in 1987. Investments in telecommunications infrastructure were made without additional burden on the government budget, except for 1983 and 1984 (Yılmaz, 2000). PTT's own sources encountered a substantial quantity of investment expenses. The average share of investment financed by PTT's equities was 81 percent between 1982 and 1993.

The Turkish telecommunications industry entered a rapid growth process as a consequence of that investment movement. The number of main telephone lines in was 1.83 million in 1983, and it increased to 12.2 million in 1993. The annually growth rate was almost 11%, and considering the economic situation of that period, it was essential improvement (Yılmaz, 2000).

In the late of 1980s and the early 1990s, developments were produced as part of the opening of Turkish economy, but they did not imply that the sector were liberalized or privatized. The liberalization of telecommunication services began at the 1990s with the influence of the international and national actors, and this issue will be examined in the flowing sections.

### **3.3.2 Reforms and Developments (1994-2005)**

As it was mentioned before, the telecommunications services in Turkey was carried out by PTT which was established by Law No. 406 of 1924. Even though substantial changes have been made so far, this law is still in force. The first significant change

was due to the government's privatization concerns (Bagdadioglu and Cetinkaya, 2010).

In 1994, by the Law No. 4000 PTT was restructured and divided into two as the Directorate General of Postal Administration to provide postal and telegraph services and Turk Telecom to provide telecommunications services as a joint stock company whose shares belonged to the state. In addition, value-added services were liberalized and the Ministry of Transportation (MF) started to issue licenses to private companies (Atiyas, 2005).

In this context, the liberalization reforms in telecommunications sector can be outlined as follows (Gültekin, 2010):

- Telecommunications equipment market was liberalized in the 1980s.
- In 1994, mobile services were provided by two competing firms, Turkcell and Telsim, which had revenue share agreements with Turk Telecom. In 1998, the two operators issued licenses to operate GSM services.
- Value-added services were liberalized in 1994.
- Turk Telecom's legal monopoly over fixed line telephone service was ended in 2004.
- In 2005, 55% of Turk Telecom has been privatized and the privatization process concluded.

Atiyas (2005) argues that liberalization and the development of competition was interrupted by efforts for Turk Telecom privatization. The government delayed the liberalization steps and only focused on the revenues that were to be generated through privatization. In particular, there were significant delays in issuing new licenses, signing interconnection agreements and developing the necessary infrastructure for effective regulation and competitive market.

In Turkey, general competition policy is ruled by the Law No.4054 of 1994 the Protection of Competition and the Competition Authority was established in 1997. The law prohibits restraints of competition through agreement, concerted practices

and decisions of association of undertakings; abuse of dominant power and mergers to achieve a dominant position in any industry (Ardiyok and Oğuz, 2010).

The benchmark law on telecommunications liberalization and regulatory reform<sup>3</sup> was amending Law No. 4502, adopted in January 2000. Until 2000, telecommunications services (outside radio/TV broadcasting content) were conducted by the Ministry of Transportation. A significant step towards a more competitive market structure was taken with Law No. 4502 by establishing the Telecommunication Authority<sup>4</sup> (TA) which is organized as an independent regulatory agency and began functioning in August 2000. Later in May 2001, the licensing authority was also transferred from the MT to the TA.

At this juncture, it is important to mention here the three institutions currently responsible for regulating the Turkish telecommunications sector (Gültekin, 2010).

- The MT is responsible to develop the telecommunications policy and define the context of the provisions of universal service.
- The TA is responsible to regulate tariffs, access, interconnections, and service quality; to issue concession agreements, licenses and general authorization, to solve the disagreements, to develop performing standards of telecommunications system and equipment.
- The CA is responsible for implementing the Competition Law and approving mergers and acquisitions and grant exemptions. In addition, it carries out investigations in the telecommunications sector.

The CA and TA must collaborate with regard to Law 4502 in Competition Law. In 2002, the cooperation protocol was signed between the authorities to develop a better environment for competitive market through defining the role and positions of each authority (Altınkaynak, 2010).

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<sup>3</sup> Turkey's overall regulatory environment is shaped by the EU (Burnham, 2007).

<sup>4</sup> Authority's name was altered by Law no.5809 in 2008 as “Information and Communication Technologies Authority”. However, it is preferred to use the name of “Telecommunication Authority” in the thesis.



## **3.4 Turk Telecom**

### **3.4.1 Overview**

Turk Telecom was established on 25.04.1995 and it provides mobile, broadband, data, TV products, fixed voice and integrated telecommunication and technology services in Turkey.

As of 31 December 2018, Turk Telecom has 14.4 million fixed access lines, 10.9 million broadband, 3.6 million TV and 21.5 million mobile subscribers. In addition, the Group Companies has 33,417 employees to provide services in all 81 cities of Turkey (Telecom, 2019).

Turk Telecom directly owns of mobile operator, retail internet services, satellite TV, Web TV, Mobile TV, Smart TV, services provider, convergence technologies company, IT solution provider, online education software, call center company, project development and corporate venture capital company, electric supply and sales company, wholesale data and capacity service provider (Telecom, 2019).

As of January 17, 2019, the capital amount of Turk Telecom is 3,5 billion TL and, 55% of its shares belongs to LYY, 25% belongs to Republic of Turkey Ministry of Treasury and Finance and 5% belongs to Turkish Wealth Fund. The remaining 15% is publicly traded and Turkish Wealth Fund has 1.68% share in free float. Besides, the Republic of Turkey Ministry of Treasury and Finance owns a “golden share” (Class C share) to protect Turkey’s national interests relating to national security and the economy. In addition, Turk Telecom shares are listed in BIST since May 2008. The shareholder structure is presented as below table.

**Table 2 Shareholder Structure of Turk Telecom**

Group	Shareholder Name	Share (%)	Number of Share	Paid-in Capital Amount (TL)
A	LYY (Levent Yapılandırma Yönetimi A.Ş.)	55%	192,500,000,000	1,925,000,000
B	Republic of Turkey Ministry of Treasury and Finance	25%	87,501,188,497.5	875,011,884.975
B	Turkish Wealth Fund	5%	17,498,811,501.5	174,988,115.015
C	Republic of Turkey Ministry of Treasury and Finance	0%	1	0.01
D	Turkish Wealth Fund	1.68%	5,881,188,500	58,811,885
D	Free Float	13.32%	46,618,811,500	466,188,115
	Total	100%	350,000,000,000	3,500,000,000

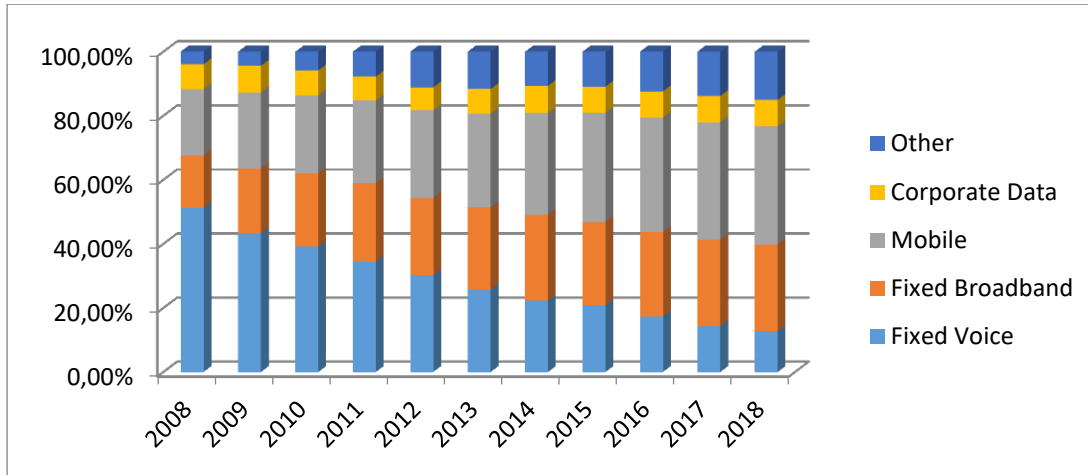
(Source: <http://www.ttyatirimciiliskileri.com.tr/en-us/announcements-disclosures/pages/regulatory-disclosures.aspx?id=438> access date: 10.07.2019)

### 3.4.2 Activities and Revenues

Turk Telecom operates in the fields of telecommunication and technology and it offers mobile, internet, phone and TV products and services. Its operations can be examined in four primary headings based on the share of these activities in the total revenue.

- Fixed broadband
- Mobile
- Fixed Voice
- Corporate Data
- Other (TV, international sales, interconnection and other revenue)

Between 2008-2018, the share of the consolidated revenues is presented below figure.



**Figure 4 The Shares of Turk Telecom's Consolidated Revenues (2008-2018)**

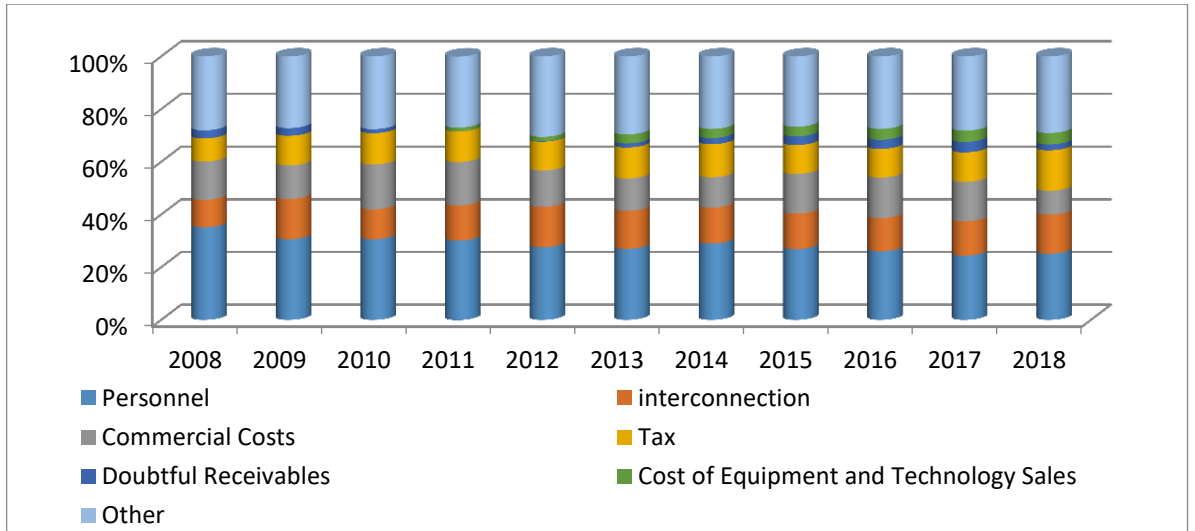
(Source: <http://www.ttyatirimciiliskileri.com.tr/FaaliyetRaporlariEN/2018-Annual-Report.pdf> access date: 15.07.2019)

### 3.4.3 Expenditures

In Turk Telecom, as a company operating in the service sector, personnel expenditures constitute an essential part of its total operating expenses. Besides, other important expenditure items are presented below.

- Interconnection
- Tax
- Doubtful Receivables
- Cost of Equipment and Technology Sales
- Commercial Costs
- Other (Network and technology, maintenance and operations, and others)

Between 2008-2018, the share of expenditure items in total operation expenditures is presented below figure.



**Figure 5 The Shares of Turk Telecom’s Expenditures (2008-2018)**

(Source: <http://www.ttyatirimciiliskileri.com.tr/FaaliyetRaporlariEN/2018-Annual-Report.pdf> access date: 15.07.2019)

### 3.5 Turk Telecom Privatization

The privatization of Turk Telecom was put on the economic policy agenda in the 1980s. However, it took a long time to privatize and has been a process under discussion. After two previous unsuccessful attempts to privatize, the third attempt in 2005 resulted in the sale of 55 percent of its share to foreign investors.

Before analyzing in the process of telecommunications privatization policy transfer, it is necessary to identify historical, social background and institutional settings with interest in the privatization of Turk Telecom.

#### 3.5.1. The 1980s-1990s

After a Military Regime, under the leadership of Prime Minister Turgut Özal the Motherland Party (ANAP) came to power. The winds of economic neo-liberalism in the 1980s, most visibly in Thatcher’s England and Reagan’s United States, influenced ANAP, a conservative right-of-center party and supported structural adjustment programs in order to control economic crisis.

In January 1980, Turkey began a comprehensive structural reform program whose components contained the “Washington Consensus,” the usual policy package which is called: liberalization of commodity trade, economic deregulation, and fiscal and monetary restrictions (Yeldan, 2005) under the sponsorships of the WB and the IMF.

Between 1980 and 1984, Turkey received five structural agreement loans (SAL) from WB. The Bank had a significant control over the pattern of public-sector reform in the 1980-1990 periods. In cooperation between the WB and the IMF, the program was designed for short-term stabilization with a medium-term structural change. (Öniş, 1991).

The Özal government asked Morgan Guaranty Trust Co (The Morgan Bank) to prepare an official report assessing the economy in 1984. The Project was financed by the WB. The Morgan Bank with the four Turkish and foreign firms performed the project under the Control of Coordination Committee which was founded within the State Planning Organization (SPO) (Aktan, 1993).

The Bank identified 14 potential objectives that were formatted into a questionnaire. The Questionnaire was distributed to 16 high-level government officials who were responsible for economic affairs and asked to rank the objectives in order of importance (Keller, Dogan and Eroglu, 1994). The objectives and priorities of the Turkish privatization program were to shift the decision-making processes of from the public to the private sector, to promote competition, increase efficiency and output of SOEs, to allow a wider shareholding distribution, to reduce the financial burden of the SOEs on the budget, to raise revenues (Tecer, 1992; Yeldan, 2005; Palmer, 2010).

The Privatization Master Plan (PMP) of the Morgan Bank (The Morgan Bank, 1986 in (Aktan, 1993)) concludes that

there are no serious impediments to the commencement of a privatization program. We have identified some public economic enterprises, which can be sold with the minimum of restructuring and we believe that the government should appoint financial advisors with a view towards selling some of public economic enterprises within the next two years. Necessary reorganizations at some public economic enterprises could be commenced

immediately to enable these companies also to be sold within a reasonable timeframe... We believe that the process should start immediately.

The Morgan Bank researched 32 SOEs in cooperation with other firms considering two criteria: Economic Viability and Investment Requirements. Economic viability implies the sustainability of SOEs in a competitive market without support, import protection or price controls. The latter shows the financial structure of SOEs and the need for technology renewal (Aktan, 1993). The Plan<sup>5</sup> also stated that “Turkish legal system allowed privatization and there were just needed to be made some arrangements in personnel regime and the special audit requirement areas” (Ertuna, 1998).

Therefore, since 1985, SOEs reforms and privatization have been the main instruments to achieve a structural transformation towards liberalization. Within the context of Turkey, preliminary objectives of privatization strategies were to improve the effectiveness of SOEs through private sector sales and to develop a market economy.

The first legal institutional framework for privatization was enacted with Law No. 2983 of 1984 and Decree Law No. 233 of 1984 and Law No. 3291 of 1986. It was attempted to set up executive bodies to take privatization decisions and to fulfill those decisions.

With Law No. 2983, the government was authorized to ensure the revenues by issuing revenue sharing certificates and the Board of the Mass Housing and Public Participation Administration was found to execute decisions taken by Public Participation High Council<sup>6</sup> (Ertuna, 1998). The goal was to set up an institution to finance mass housing and privatize it. Ercan and Öniş (2001) argue that main aim was to create an institution which was autonomous from the classical bureaucratic

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<sup>5</sup> The Plan was submitted in May 1986 (Tecer, 1992). But, the government believed that the Plan was not arranged in line with the political and technical nature of the country since it was made by the foreigners. Therefore, the plan was not implemented. (Kjellstrom, 1990)

<sup>6</sup> Later called as High Planning Board.

institutions such as the Treasury and the Central Bank to govern the largest extra-budgetary fund.

The privatization was first mentioned in the Law No. 3291 of 1986 which was an amendment law due to the inadequacy of the previous legislations. Within the framework of the Law, Council of Ministers was authorized to make decisions on the transfer of SOEs to the PPA (Ertuna, 1998). Before the sale, the enterprise control is transferred to the PPA and to be subject to the commercial law anymore rather than the Decree law number 233. However, in the year 1990, the Mass Housing and Public Participation Fund was divided into two different administration, namely the Housing Development Administration, and the Public Participation Administration (Tecer, 1992; Angin, 2010).

According to decision of High Planning Board (HPB) in 1986, the target groups of share sales were employees, local small- scale investors, Turkish workers abroad and investors at the Istanbul Stock Exchange in small lots. While foreigners were not excluded, they were not a target group (Kjellstrom, 1990).

Until 1988, small state shares were sold to the private sector through block sale privatization method. In 1988, 40% shares of Teletas, a profitable telephone and equipment manufacturer enterprise in telecommunication sector, were sold to public in Turkish Stock Exchange. 22% shares of Teletas were sold to the public and 18 % shares were kept as “a golden share” in Public Participation Fund (Keller, Dogan and Eroglu, 1994). Tecer (1992) argues that this sales technique was definitely consistent with the objective to develop capital markets and expand ownership of shareholdings.

In that point, it is important to consider the British Telecom privatization case in the UK. The telecommunications provider, British Telecom, as a state monopoly was privatized in three phase (1984, 1991 and 1993) with the public offering sale method. The influence of British case in the privatization of Teletas is absolutely seen.

Unfortunately, short time after the sales of Teletas, PTT, the major customer of Teletas products, announced a significant decline in its investment program and because of the reason that the Teletas shares had lost half of their value within a few

months. As a result, this sale was not a success and similar privatization attempts were postponed for an indefinite period of time (Kjellstrom, 1990).

After the privatization experience Teletas, privatization method changed as block sales. USAŞ and Çitosan's 5 cement plants were sold directly to foreign investors without first being offered to the employees and the Turkish people, which was not consistent with legislations and the original objectives of privatization. Although, the ANAP government tried to justify the block sales to foreign investors on the grounds that they attracted foreign investment, which would bring in "technology and managerial expertise" (Patton and Sullivan, 1992) , The Council of State cancelled these sales and ordered the government to offer the shares to employees and Turkish people first (Ficici, 1998).

By the early 1990s the government recognized the fact that it needed a comprehensive legal base to accelerate privatization implementation and to meet the objectives set for privatization by Morgan Guaranty Bank's Privatization Master Plan (Palmer, 2010).

In that era, the need for legal and institutional framework for privatization of Turk Telecom was tried to be set up by the decree laws. In 1993, with Decree Law No. 509 the government was allowed to sell up to 49 percent of Turk Telecom's shares. This decree-law was cancelled by the Constitutional Court because the authorizing law no 3911 gave wide powers to the government to issue decree-law and the transfer of lawmaking could not be transferred from parliament to executive (Atiyas, 2009).

When analyzing privatization implementation in 1990-1993, it could be understood that the total revenue gained SOEs privatization by selling shares in the Turkish Stock Exchange was 330 million \$ while by block offer was 400 million \$. This showed that the privatization priority was given to generate the budget revenue in contrary to the objectives of promoting widespread share ownership, increasing competition and accelerating capital market development.



### **3.5.2 The Post 1990s**

For Turk Telecom, 1994 was a critical year. It was the financial crisis of 1994 and all sectors, including telecommunications, were affected. The crisis highlighted the importance of an economic and political structure to improve the telecommunications industry.

Turk Telecom resources were used during the crisis years to cover the state's budget deficit, and for that reason, Turk Telecom was no longer able to create the needed investment with its funds (Yılmaz, 2000). It was agreed in time that the important investment in the sector could not be made without providing the necessary competitive market and environment. A modern management approach, in line with the requirements of the era, resulted in the idea of privatization to eliminate the legal and administrative constraints facing Turk Telecom and to create competitive working conditions. In addition, government attempted to resolve the financial crisis with privatization revenues rather than tax revenues. In this context, privatization of Turk Telecom was the main components of policy reform agenda.

Besides, the currency crisis of 1994 led the government to adopt a stabilization program on April 5<sup>th</sup>, 1994 as a result of the IMF stand-by agreement, which put a great emphasis on the privatization of the SOEs. One of key articles of the agreement was the strict monitoring of SOEs investments and privatization of them. Since Turk Telecom was predicted to be privatized soon, its investment programs and expenditures were reduced in budget (Yılmaz, 2000).

In addition, the Customs Union Agreement with the EU in 1995 created further impetus towards regulatory reforms (Angin, 2010) for privatization in particularly telecommunications sector.

In 1994, the Privatization Law number 4046 was enacted and PHC, the Privatization Administration (PA) and "Privatization Fund" were legislated.

The PHC<sup>7</sup> was the ultimate decision making body for privatization in Turkey and responsible for determining the privatization technique and timing, and allowing the final selling permission. It was composed of the Prime Minister, the State Minister, the Minister in Charge of Privatization, the Minister of Finance, and the Minister of Industry and Commerce.

SOEs have been grouped as suitable for privatization in the privatization portfolio by the PHC. The main criterion is the profitability of enterprises, which attracts domestic and international investors (Palmer, 2010).

The PA is the executive body for the privatization process. The major responsibilities are to implement the PHC's decisions, give advice the PHC on matters relating to the transfer of SOEs to or from the privatization portfolio, and to restructure of SOEs in order to prepare them for privatization.

Reforming the state's regulatory capacity was emphasized after the crises 1994 and 2001. In the context of privatization of Turk Telecom, regulatory bodies the TA and The CA were established.

The Competition Board was to secure the whole competitive process. Especially when natural monopolies are decided to privatize, it is essential to remove potential abuse of public and decline the quality of services after privatization. The private investor or buyer of SOEs has to inform the Competition Board that the transfer does not lead to a monopoly (Palmer, 2010).

The efforts for privatization of Turk Telecom can be summarized in chronological order in below (Angın, 2010; Atiyas and Dogan, 2010; Kalaycı, 2018).

- Law No. 4000 of 1994: Turk Telecom separated from the PTT and established on in 1995. In this law, the critical article, which authorized the Ministry of Transport to determine the rules and procedures to sell 49 percent of Turk Telecom's shares, was cancelled by the Constitutional Court since Ministry as an executive was granted with the authority of legislation and such procedures had to be specified in law.

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<sup>7</sup> All councils are abolished with the presidential memorandum on 02.08.2018

- Law No. 4107 of 1995: It was enabled the privatization of up to 49 percent of Turk Telecom. The Constitutional Court also cancelled the critical articles due to giving too discretion to the Privatization High Council in determining the valuation and sale conditions of Turk Telecom.
- Law No. 4161 of 1996: The Value Assessment Committee which involves the representatives of the Treasury, the MT, and the Capital Markets Board was established.
- In 1998: The Cabinet took the decision of selling 20 percent of Turk Telecom's shares via block sale to a strategic investor (or a partnership) that owns a telecommunications infrastructure.
- In 2000: Tender for selling of the shares was made but since no investor participated in the tender and it was cancelled in September 2000.
- Law No. 4502 of 2000: It was foreseen the termination of Turk Telecom monopoly rights by 2003 and the TA was established to develop regulations in the sector.
- In 2000: The Cabinet issued another privatization decision on increasing the ratio of shares to be tendered to 33.5 percent and taking several measures to ensure some degree of control rights to the strategic partner. The tender was announced in December 2000.
- In 2001: This tender failed to have any investor interest as well, and was cancelled. The general consensus was that the modifications in the governance arrangements were not sufficient to ease investor worries about control and regulatory uncertainty.
- Law No. 4673 of 2001: It was ordered that 1 percent golden share would be retained by the Treasury, the employees would be entitled to a 5 percent share and the rest would be available for block sale or public offering.
- In September and October 2003: A market research study was conducted to design the most appropriate privatization strategy for Turk Telecom.
- In November 2003: After the market research completed, the Cabinet took decision no. 2003/6403 on selling at least 51 percent of the Turk Telecom through a block sale and the rest as public offerings.
- Law No. 4875 of 2003: The foreign direct investment law was acted to protect the rights of foreigner investors.

- Law No. 5189 of 2004: Foreign ownership limit was removed, the golden share was rearranged.
- In July 2004: The PA conducted an information process to inform potential investors about the legal, operational and financial status of the Turk Telecom. It provided the information on the sales process and received their views on the privatization process before the tender process.
- In October 2004: Council of Ministers Decision no. 2004/ 7931 issued and stipulated the block sale of 55 percent of Turk Telecom sales and that the tender process would start by the end of 2004.
- In December 2004: The tender process officially started with the announcements in national and foreign press organs. 13 national and international companies were prequalified.
- February to April 2005: Due diligence was conducted.
- June 2005: The last date for bidding and 4 bids were received for 55% shares of Turk Telecom.
- In July 2005: Oger Telecoms Venture Group (a consortium led by Saudi Oger and Telecom Italia) won the tender and the sale was concluded.

After the block sale of Turk Telecom, 15 percent of Turk Telecom was sold by public offering method in 2008 and a 3 percent share were entitled to the employees.

Although there were attempts for Turk Telecom privatization, the political, legal and social disagreements made the progress slower. The reasons of disagreements may be stated as follows. (Wolcott and Çağiltay, 2001; Aybar, Guney and Suel, 2005). First, Turk Telecom was one of the most important revenue resources for the country with its high tax payments<sup>8</sup>, which were used in meeting the budget deficits. Therefore, many politicians were unwilling to lose this tax resource through its privatization and they were opposed to privatization. Second, Turk Telecom was a massive employer for the economy and society. After privatization, it was feared to

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<sup>8</sup> In 2003, TurkTelecom was the first corporation taxpayer in Ankara (Source: <http://www.hurriyet.com.tr/ekonomi/telekom-ankarada-kurumlar-vergisi-rekortmeni-38600482j> accessed date, 08.07.2019)

have labor dismissal<sup>9</sup>. Therefore, public and politicians strongly objected to privatization. Third, since Turk Telecom has been a strategic enterprise for the country, the coalition governments were demanded to retain the public shares with regard to national security. If the potential buyer of Turk Telecom has less than or same the percentage of shares with the government, the management of Turk Telecom could be problematic. The purchaser would seek management control in exchange for his large capital investment for the company. Since the regulatory, legal and institutional frameworks were not realized in the country, the government needed to retain the majority of Turk Telecom shares and its monopoly position. The shares that offered for investors were below the %50 and the investors worried about the management issues, there were no interest for Turk Telecom. In addition, the foreigner rights were one of the main concerns for Turk Telecom privatization from the point of foreigners.

In 2002, following the government of the AKP, a powerful commitment was expressed to implement privatization program and the privatization of Turk Telecom entered a new phase. The government enhanced the regulation, altered the ownership structure and removed a number of restrictions (Gültekin, 2010). The main factors for Turk Telecom privatization could be that the decision on selling at least 51 percent of the Turk Telecom was taken, the 100% divestment of its shares except golden share was allowed, the law to attract the foreign investors and to protect the foreign investors' rights was enforced, and the foreign ownership limit was removed.

### **3.6 Conclusion**

In this chapter, the reforms and developments, economic and political structures and legal and institutional framework has been mentioned. All of them have impact on policy transfer process of privatization in telecommunications sector.

When considering telecommunications infrastructure developments, it could be said that it was progressing slowly until 1980. After 1980, ANAP government attached

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<sup>9</sup> In the amendment law 3291, the regulations on the care of the employees did not cover all staff of the privatized companies, which resulted in considerable inflexibility (Atiyas, 2009). In 1994, the the privatization law, enacted in 1994, brought some solutions to labor dismissal problems. For detailed information, (Ertuna, 1998).

great importance to the expansion of telecommunications services and infrastructure as part of the opening of Turkish economy.

In 1980s, the aims of privatization and SOEs reforms were to improve the effectiveness of SOEs and to develop a market economy. In that regard, reducing the burden of SOEs or collecting revenue from privatization were not major objectives. But this situation changed with the financial crisis 1994 and 2001. The financial crisis increased the dependency on foreign loan and aids and the international financial organizations have imposed privatization with the claim of providing market competition in telecommunications sector.

From the point of the legal and institutional framework, it was considered that there was a need to a comprehensive legal base to accelerate privatization implementation. By the early 1990s, it was attempted to make legal and institutional arrangements such as enacting of privatization law and establishing regulatory authorities. But, the privatization of Turk Telecom was actually finalized in 2005.

It could be absolutely seen that political and economic structure and legal and institutional framework had impact on the privatization of Turk Telecom. From the policy transfer viewpoint, the reasons of transfer, the actors involved in, the objects and the degree of transfer and the constraints for policy transfer in privatization of Turk Telecom will be discussed in the next chapter.

In that regard, evaluating success is critical in terms of privatization. In Turkey, privatization of Turk Telecom was realized after long-lasting and controversial process. Whether or not the privatization of Turk Telecom should be accepted as a policy success is a problematic area. In addition, in Turkey policy transfer in privatization has been in negotiated (indirect coercive transfer) form. Therefore, it might be seen dependency on external actors' decisions and some constraints on policy implementations. Whether they have effects on the success of policy transfer or not is another critical point. Those questions on policy outcome of privatization policy transfer in Turk Telecom will be tried to find out in the next chapter as well.

## CHAPTER 4

### THE CASE: POLICY TRANSFER IN TURK TELECOM PRIVATIZATION

In previous chapter, the reforms and developments, legal and institutional framework, economic and political structure in telecommunications sector until 2005 have been analyzed.

Since the decisions of political actors, structural factors such as economic crises, socio-political transformations, legal and institutional setting are closely linked to each other, it is important to understand how these factors shaped and constrained the policy transfer framework.

Therefore, this chapter will be the application of policy transfer framework of Dolowitz and Marsh mentioned in Chapter 2 to the Turk Telecom privatization. It is ultimately aimed to find out the constraints of policy transfer in privatization of Turk Telecom and whether the outcome of policy transfer was success or not. By doing so, it will be attempted to make contribution on policy transfer literature in terms of privatization.

The issues of Dolowitz and Marsh's (2000) policy transfer framework will now be addressed in the case of Turk Telecom privatization. The main elements of the framework are the reasons and the form of the policy transfer, the actors involved in the transfer process, the constraints of the transfer and the policy outcome of transfer.

#### **4.1 Why Did Actors Engage in Privatization Policy Transfer Privatization?**

After the 1980s, the neoliberal policies including privatization were started to be successfully implemented in the developed countries such as the UK and USA.

In addition, Turgut Özal was one of the most ardent supporters of neo-liberalism and inspired by the “There is no alternative” slogan of Margaret Thatcher. During the 1980s, Özal aim was to reduce the position of the state in the economy through neoliberal policies (Angın, 2010).

Therefore, privatization was a key element for Turkey to integrate to the world economy in the 1980s. The government supported structural adjustment programs in order to control economic crisis and desired for policy change in terms of SOEs structuring.

In this context, Turkey received five structural adjustment loans (SAL) from the WB and IMF. Although, there was conditionality for SAL to make public reform, the government recognized a need for reform, there was a domestically motivated desire to engage in a transfer process (Kjellstrom, 1990). The asking the Morgan Bank to prepare privatization plan was the example of desire for policy change.

Therefore, the 1980s-1990s periods, the transfer of Turkey’s privatization policy should be taken as a situation of negotiated (mixed) transfer subject to change in the political and economic conditions and the relative power of international actors.

When considering the post 1990s, it could be seen that the influences of financial crisis, the relations with international donor countries and supranational organizations gain importance in the privatization policy transfer process.

The IMF had an impact on the most recent acceleration of regulatory reform and the plan to privatize Turk Telecom. The economic and financial circumstances forced Turkey to embrace the policies of the IMF.

The “Staff Monitoring Program” of the IMF, which was initiated in 1998, gave a great emphasis on the privatization of Turk Telecom (Angın, 2010). Stand By Agreement in December 1999 with the IMF and the following stabilization program aimed at establishing macroeconomic stability focused on privatization.



From 1999 to 2005, Turkey received four financial supports from IMF, shown in the below table. In the policy field, the level of financial support made the IMF much stronger.

**Table 3 IMF Financial Supports**

IMF Financial Supports				
	Date of	Expiration	Amount Approved	Amount Drawn
Type	Arrangement	Date	(SDR Million)	(SDR Million)
Stand-By	May 11, 2005	May 10, 2008	6,662.04	4,413.60
Stand-By	Feb 04, 2002	Feb 03, 2005	12,821.20	11,914.00
Stand-By	Dec 22, 1999	Feb 04, 2002	15,038.40	11,738.96
of which SRF	Dec 21, 2000	Dec 20, 2001	5,784.00	5,784.00

(Source: <https://www.imf.org/external/np/fin/tad/exfin2.aspx?memberKey1=980&dateKey=2099-12-31>)

When we look at the Letters of Intent which describes the policies that Turkey intends to implement in connection with its application for financial support by the IMF, one of the main structural financial reforms presented to the IMF and IMF's preconditions for releasing its financial aid was to accelerate and complete the privatization of Turk Telecom.

Therefore, in the policy reform agenda, many policies that facilitate the privatization of Turk Telecom were introduced.

Besides, since its establishment in 1995, the liberalization of the telecommunications industry has been the WTO agenda. In 1997, 69 WTO member countries, including Turkey, signed an agreement on basic telecommunications services (Bronckers and Larouche, 2008). Turkey committed to liberalization of the basic telecommunications service market by 2006 under the GATS, which is the first multilateral agreement, provides legal regulations for all international trade and investment in the service sector.

The significant changes in the Turkish telecommunications sector are closely linked to the EU experience. Turkey became a member of Custom Union in 1996. Tariffs

were reduced to zero on industrial products in trade with the EU in 1999. After October 2005, the formal negotiations for full membership started. For being accepted into the EU, Turkey is required to comply with the EU acquis, almost 30 chapters dealing with economic conditions, policies and institutions. In this context, Turkey's telecommunications regulatory framework has been adopted the rules arranged in Chapter 19 of the EU acquis for candidate members (Burnham, 2007)

In Turkey's EU accession process, the Council of the EU published four (2001, 2003, 2006, 2008) Accession Partnership Document in which the principles, priorities and conditions involved in for accession. In all documents, in general, the EU gives directions Turkey to liberalize its telecommunications sector and to strengthen the regulatory reforms in line with the EU acquis. In addition, the EU Commission publishes the annual progress reports<sup>10</sup> which evaluate the progress achieved by the candidate countries with respect to the Copenhagen criteria since 1998.

In addition, in 2000, the Government of Turkey was engaged in a loan project called the Privatization Social Support Project with the WB in the amount of US\$ 250 million to support the achievement of the objectives of the government's privatization program by increasing the productivity of SOEs while reducing labor costs (that covers labor restructuring, labor redeployment, social management and project management), mitigate the negative social and economic impact of the privatization of SOEs, and monitor the social impact of privatization and the Turkish Economic Recovery Program.

The issues that explained above, Turkey was forced to adopt telecommunications privatization policies in order to secure grant and loans from the IMF and WB. In that context, the transfer has a conditionally characteristic. In addition, a desire to be a member state of the EU, Turkey has to adopt the EU acquis and it means that the policy transfer is in an obligated form as well. In summary, policy in privatization of telecommunications sector has a negotiated transfer form in the framework of Dolowitz and Marsh (2000)

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<sup>10</sup> These reports were called "Progress Report" until 2016, and have been called "Country Report" afterwards.

## 4.2 Who is Involved in Transfer?

In the 1980s-1990s, there were many external and domestic actors in the transfer of telecommunication privatization policy process.

The most influential actors were surely international organizations, the IMF and mostly the WB. In addition a foreign corporation; The Morgan Bank was involved in the policy transfer. The Bank's report were criticized because it was prepared by foreign experts without participation by the Turkish Nationals and therefore it did not reflect local realities, political and technical, in nature (Kjellstrom, 1990).

The domestic actors from economic bureaucracy which was a selected group of young, foreign-educated and liberally minded bureaucrats, often referred to as 'Özal's princes' (Agartan, 2017) are also seen as decisive actors that drove the privatization process.

TUSIAD has also been important actor in the privatization of SOEs. It has a privileged in agenda-setting and policy planning group and capacity to influence the political agenda. In its various reports, it supported liberal economic arguments in favor of privatization and its goal was to ensure that all segments of society support the need for SOEs to be privatized (Şahin, 2010).

As explained before, the crisis of 1994 and 2001 constituted a key turning point in the fortunes of Turkish privatization and had a significant effect on empowering external actors. In this context, the IMF, the WB, the EU and the WTO are the main external actors involved in policy transfer in the post-1990s.

It has been widely argued that the weak coalition governments of the 1990s did not have the willing to implement institutional and structural reforms (Ercan and Öniş, 2001; Atiyas, 2009). After the AKP's coming to power however, privatization of Turk Telecom has become a central issue and the policy transfer of privatization was finalized in the AKP government.

It is important to mention that after in 2001 crisis, the government brought Kemal Dervis from the World Bank as an economist and technocrat to coordinate the

adjustment process. He also played an important role to internalize the reform package implemented under the auspices of the IMF.

#### **4.3 What, From Where, How much and How is Transferred?**

In the 1980s, after the relationship with the WB and the Morgan Bank, it could be absolutely seen that the policies and goals were transferred in telecommunications privatization policy. But, institutions, which are the most essential part for policy transfer outcome, were neglected to transfer.

In 1984 Bosphorus Bridge and in 1985 Keban dam and hydroelectric power station was offered through offering revenue shares certificates. In that method, there was no transfer of public assets to the private sector but it was more like a different sort of public borrowing.

After the Morgan Bank Report, which stated that the decision making process should be transferred from the public to private sector to ensure a more effective play of market forces, the privatization method was changed and block sales privatization method was used in 1986-1988 periods. In addition, after British Telecom was privatized by public offering method, Teletas was privatized by the same method.

In other words, international organization's privatization policy in particular telecommunications sector was accepted as a best standard to follow. Especially copying method is generally used in the process of policy transfer in privatization of telecommunications policy.

In telecommunications privatization, the policies, goals and programs and instruments are transferred from international organizations in the policy making process. Differently from the 1980s-1990s periods, the institutions and regulatory framework are transferred in telecommunications sector in the post-1990s. For instance, the original regulatory framework provided for in Law No. 4502 was based on the 1998 regulatory framework in the EU. Although, there were some differences between the Turkish and the EU framework, it has been eliminated recently, by the adoption of the Electronic Communications Law in November 2008 (Atiyas and Dogan, 2010). In addition, the regulations on licensing regime, interconnection,

national roaming, numbering, and number portability harmonized with the EU acquis (OECD, 2002) In addition, the CA and TA the institutions which were transferred to accomplish the Turk Telecom privatization. Therefore, the government transferred the policy changes to keep up with the constantly changing globalized world's requirements.

Humphreys (2011) states that implementation reports of EC, telecommunications committees and the transnational network of independent regulators are all factors for policy transfer and learning. In addition, Bagdadioglu and Cetinkaya (Bagdadioglu and Cetinkaya, 2010) declares that the progress reports of EU are not only a means of the alignment process, but also as the attempts by the EU to transfer its experiences to candidate states. In addition, the forums, debates, reports and documents of the WB, the WTO, the IMF, the EU, ITU on privatization benefits promotes policy transfer.

In that sense, in Dolowitz and Marsh's framework, the degree of transfer could be under the title of emulation and mixtures.

#### **4.4 Constraints on Transfer**

In Turkey policy transfer in privatization has a coercive transfer form and it could be seen dependency on external actors' decisions or practices and some constraints on policy implementations. For instance, Teletas experience showed that privatization in Turkey was confronted with a severe implementation constraint since the capital market was not adequately developed to manage significant transfer operation (Öniş, 1991). As a consequence, government turned to block sale to attract the foreign investment. Moreover, the opposition parties not only left wing but also right expressed strong opposition to the sale of foreigners (Patton and Sullivan, 1992) and also various business groups had concerns for increased competition due to the involvement of foreign investors to the process (Angın, 2010). Therefore, the increasing popular opposition to privatization was as a severe restrain on the government's capacity to preserve the willing for privatization program (Öniş, 1991).

Besides, in 1991 elections True Path Party (DYP) and Social Democratic Populist Party (SHP) formed "fragmented party system" with consecutive coalition

governments and the privatization attempts faced obstacles coming from the ideological differences among the coalition partners (Angin, 2010).

In the 1980s-1990s, the need to develop institutional infrastructure and regulatory framework, which is essential for the effective functioning of a competitive market-oriented economy, was neglected.

In addition, PPF was established to manage the privatization process and directly responsible to the prime minister and the cabinet. Since it was independent of other bureaucratic institutions, such as the Treasury, the SPO, and the Central Bank, in governing privatization program traditional bureaucracy and the Parliament may have been bypassed. In other words, establishing PPF was resulted in serious intra-bureaucratic conflicts and weakening of the state apparatus (Öniş, 1991, 2004).

Until 2002, structural constraints such as financial crisis and weak government coalition governments were the main constraints for policy transfer in privatization of telecommunications sector. In addition, ultra-nationalist parties, the labor unions and the statist segments of Turkish bureaucracy were opponents of telecom privatization. For instance, the Democratic Left Party (DSP) and the Nationalist Action Party (MHP) resisted the privatization program and the sale of Turk Telecom in March 2000. Therefore, the commitments for implementing privatization, which was the key elements of IMF package, were failed. As Benson (2009) refers to that there was a demand constraint for transferring privatization policy in telecommunications sector.

The nonexistence of a favorable legal framework and institutional structure were a contextual constraint (Benson, 2009) and the privatization policy was tried to transfer without legal and institutional conditions provided.

When considering the policy transfer literature, institutional structures and political context were the main constraints in the privatization policy transfer. In addition, since privatization was a controversial issue for all segments of society from traditional bureaucracy to labor unions and business groups, policy transfer was constrained. Moreover, since the policy was unfamiliar for Turkey and the outcome was not predictable, the policy was difficult to transfer.

The constraint of policy complexity was tried to overcome through the decree laws until the mid-1990s. The Constitutional Court canceled the decree laws because the privatization procedure was unaccountable and non-transparent. The Court demanded that the privatization methods and the methodologies for asset evaluation be explicitly stated in law, and not left to the discretion of the executive (Atiyas, 2009). In addition, since Turk Telecom is a strategic company for state, there were worries about the foreign ownership of its assets. If the regulatory framework was not being introduced especially for foreign ownership, the privatization of strategic and natural monopoly could easily turn a private monopolistic behavior. Therefore, the Court concerns were accurate. Finally, by the end of 1990s, legal basis for privatization policy was introduced.

In summary, according to Benson (2009) those limits, explained above, are called as contextual and application constraints. In Dolowitz and Marsh's framework, structural institutional, past policies and policy complexity are constraint in the telecommunications privatization policy transfer until 2002.

#### **4.5 Policy Failure or Success**

As it was mentioned before, in the 1990s, in Turkey there were weak coalition governments in fragmented political system, the legal and institutional setting was not well-developed and the executive authority might not be strengthened. (Ercan and Öniş, 2001).

From the perspective of Dolowitz and Marsh's framework, the privatization policy was failure until 2002. The policy transfer was uniformed since it was tried to implement without its effect on capital market and economy. In addition, the institutional structure was not well developed and the need for developing institutions was neglected and therefore transfer was incomplete. Finally, since the social and political structure was not available for privatization, transfer was inappropriate.

After two unsuccessful attempts in privatization of Turk Telecom, it was finally privatized in 2005. In terms of policy success, the outcome will be evaluated soon, but now it is important to consider the factors that facilitate the transfer.

Firstly, the financial crisis 2001 increased international pressure for neoliberal institutionalization and forced to privatize the large scale profitable SOEs, including Turk Telecom. In addition, the need for financial revenue fostered the privatization and the opposition groups were undermined. Second, the inter-state conflicts preventing the systematic privatization policies were eliminated after single party, the AKP, government came to power. The AKP government claims that privatization does not have ideological factors but pragmatic issues; therefore, Turkey should assimilate to the global markets by transferring global norms and benefit from privatization policy. In this context, the AKP government gives commitments for privatization in its party and government programs (Öniş, 2011). Moreover, highly centralized and strong executive authority is essential for legitimization of privatization program.

Third, the presence of a favorable legal and institutional framework for effective regulation is the most important factor for accomplishing policy transfer in privatization. Although the Competition Law was enacted in 1994, “there were significant delays in issuing new licenses, signing interconnection agreements and developing the necessary infrastructure for effective regulation” (Atiyas, 2009). The legal arrangements for regulation and providing the competition adopted from the EU through pressures from international agencies and the desire for EU accession.

When evaluating the policy success, it is needed to answer the questions of Fawcett and Marsh (2012):

- To what extent, and in what ways, has the transfer process been successful?
- To what extent has the transfer achieved its policy objectives?
- The extent to which such success has resulted from the fact that the transfer was informed, complete and appropriate?

It could be said that as the primary objective was to transfer privatization telecommunications policy and to privatize Turk Telecom. Although privatization of Turk Telecom was a long lasting and controversial issue, this objective was achieved in 2005 after the legal and institutional frameworks were introduced with the



economic (financial crisis in 2001) and political (single party government in 2002) conditions were uniformed.

From the policy transfer concept in policy making literature, the transfer of privatization policy in telecommunication sector is completed, informed and appropriate at the end after the full commitment and efforts since the 1980s.

After the AKP government, not only a strong political commitment and desire for Turk Telecom privatization but also the power for altering the legal infrastructures was existed. Although that, since it was needed to realize a large numbers of change in the legal and institutional frameworks, it could be stated that the process success was limited.

#### **4.6 Conclusion**

In this chapter, Dolowitz and Marsh's (2000) policy transfer framework has been implemented in privatization of Turk Telecom.

In this regard, the policy transfer is in the negotiated form both in the 1980s-1990s and the post 1990s. The main difference is that the external pressures of international financial organizations for telecom privatization are powerful in the post 1990s due to financial crisis in 1994 and 2001. In addition, the relation with the EU for accession process is highly centered in the mid-1990 and the EU acquis for telecom privatization had to be adopted for desire to being accepted as a member. It means the policy transfer in privatization of Turk telecom is the negotiate transfer.

The external actors involved in the policy transfer in 1980s-1990s are the IMF, the WB and the Morgan Bank and domestic actors are Ozal government and weak coalitions, the economic bureaucracy called as Ozal's princes and especially TUSIAD. With the increasing dependency on financial support of international institutions the post 1990s, the IMF, the WB, the EU and the WTO are the main actors that involved in policy transfer. Besides, the single party (AKP) government is the most effective and powerful domestic actor for privatization. Kemal Dervis is also important actor for adopting the reform package implemented under the auspices of the IMF.

In policy transfer process, in the 1980s -1990s the privatization policies and goals are transferred from abroad. Differently from the 1980s-1990s periods, the institutions and regulatory framework are transferred in telecommunications sector in the post-1990s. The transferred institutions are especially the TA and the CA and the legislation for electronic communication and regulations on licensing regime, interconnection, national roaming, numbering, and number portability are adopted from the EU. In this regard, the copying and emulation (accepting to best practices to adopt) are the degree of policy transfer in privatization of Turk Telecom. Besides, the forums, debates, reports and documents of the WB, the WTO, the IMF and the EU are the tools for demonstrating policy transfer in privatization of Turk Telecom.

When looking at the constraints of policy transfer in privatization, the indirect coercive (negotiated) policy transfer could be a constraint during policy implementation if the institutional setting is not established. Besides, until 2002, Turkey has faced with various constraints; can be stated as *the structural constraints*; financial crisis and weak government coalition governments *demand constraints*; oppositions from ultra-nationalist parties, the labor unions and the statist segments of Turkish bureaucracy, *contextual constraint*; the nonexistence of a favorable legal framework and institutional structure.

If the policy success is defined as the transferred policy that achieves the purpose for which it was designed, it might be argued that the outcome of the transfer of the privatization of telecommunications policy might be considered as successful. The government goal in policy transfer was to increase the budget revenues and regulate the market. And privatization in this sector was achieved in 2005 and the revenues increased and the market has been regulated. Therefore, it might be defined that transfer was informed, complete and appropriate after the economic and political conditions were combined with the legal and institutional structure for effective regulation in telecommunication sector. But, it is important to mention that the outcome of policy transfer process was limited success due to a large numbers of changes in the legal and institutional infrastructure.

In summary, the conclusion part is presented on the framework table in above.

**Table 4 The Policy Transfer in Privatization: The Case of Turk Telecom**

<b>Policy Transfer in Privatization: The Case of Turk Telecom</b>								
<b>Negotiated</b>	<b>Who is involved in transfer</b>	<b>What is transferred?</b>	<b>From Where?</b>		<b>Degrees of Transfer</b>	<b>Constraint on transfer</b>	<b>How to demonstrate policy</b>	<b>How transfer leads to policy failure</b>
			<b>Within a Nation</b>	<b>Cross National</b>				
International pressures <b>(WTO, OECD)</b>  Conditionality -Loans <b>(IMF)</b>  Obligations <b>(EU)</b> -EU membership	Political Parties Bureaucrats Institutions Supranational Institutions	Policies -Goals -Content -Instruments	State Governments (Britain etc)	International organizations	Copying  Emulation	Policy complexity  Past policies  Structural institutional  Economic	Reports  Conferences  Meetings  Visits  Statements	Informed Transfer  Complete Transfer  Appropriate Transfer

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(Source: Adapted by the author.)

## CHAPTER 5

### CONCLUSION

The overall objective of this thesis was to enhance our knowledge about the process of policy transfer in privatization and the specific aim was to examine the domestic structural factors that ease or constraint policy transfer in privatization of telecommunications sector in Turkey, and to analyze the reasons that policy transfer leads to success or failure in privatization of Turk Telecom.

Liberalization of telecommunications sector is essential for not only economic growth but also national competitiveness. After the 1980s, with the increasing neoliberal trend in the world and the influence of international institutions, liberalization reforms in particular privatization has been started to be implemented in all over the world.

The focus of this thesis was the policy transfer from other countries or international institutions to promote privatization in telecommunications policy. This thesis argues that policy transfer could be successful when the legal and institutional setting of country has been well developed and economic and political conditions of the country have been available for that transfer.

#### **5.1 Theoretical Findings**

One of the theoretical findings of this thesis is that there are various concepts in the literature about policy learning; such as policy transfer, lesson drawing, policy diffusion and policy convergence. In this context, the concept of “lesson drawing” could not explain our case because of its coercive characteristic; the concept of “policy diffusion” does not have the meaning of political perspective in adopting privatization policy, and the concept of “policy convergence” does not focus on the

role of international or domestic actors in the process. Because of all those reasons, in the thesis the concept of “policy transfer” has been used to analyze the privatization policy of telecommunications sector.

Second, the reasons of transfer, the actors involved in the process, the object and the degree of transfer, the constraints and the outcome of policy transfer are the key elements of policy transfer Dolowitz and Marsh’s framework (2000). In order to analyze the policy transfer in privatization, understanding the process has been essential.

Third, the countries could voluntarily begin to learn from other countries’ experiences, yet those policies are mainly imposed. Especially developing countries have to adopt privatization policies from abroad with the increasing external pressures from international organizations on the condition of loans and aids. Policy continuum helps us to understand the reason behind such instances of policy transfer. It extends respectively voluntary transfer, lesson drawing, perceived necessity, obligation, conditionally and direct coercive transfer. This thesis indicates that in Turkey privatization in telecommunications policy has been both coercive and voluntary in form. In other words, it was a case of negotiated transfer. The financial crisis has increased the country’s dependence on foreign loans and aids, and privatization was imposed by global financial organizations claiming to provide market competition in the telecommunications industry.

Fourth, international financial organizations, the IMF, the WB and supranational institutions such as the EU have been the main external actors in transfer process. In addition, the domestic political parties, bureaucrats, civil servants, experts have been internal actors in the process. The privatization policy, goals and instruments are generally transferred in importer country by copying without changing or accepting as a best standard to follow.

Moreover, the constraints of privatization policy transfer could be stated as transferred policy or program complexity, institutional and structural weaknesses, application constraints, low demand for policy change. In Turkey, Turk Telecom was

attempted to privatize twice but they failed because of the constraints. In 2005, the constraints were abolished and it was privatized.

Finally, policy transfer success depends on achieving the goals that already determined or not in the process. When considering the policy outcome of transferring, it could lead to failure or success. Dolowitz and Marsh (2000) argue that if a policy transfer is occurred by full knowledge about policy, if it is completed; if it is appropriately implemented in the county, and the transfer results in policy success. Otherwise, it leads to failure.

In this regard, in privatization of Turk Telecom actualized in 2005 after a long-lasting and controversial process. In addition, it could be seen dependency on external actors' decisions due to negotiated transfer and there might be some constraints on policy implementations. Whether they have effects on the success of policy transfer is critical point that should be analyzed in the empirical case.

## **5.2 Empirical Findings**

The findings from the case study show that in Turkey, the policy transfer in privatization of Turk Telecom was not actualized at once, but took much longer. It was a process covering various international and domestic actors. Furthermore, the outcome of policy transfer was based on enabling of the economic and political conditions and establishing the legal and institutional arrangements for regulation.

The privatization of Turk Telecom started in 1993 with the Decree Law No.509 for its selling. Until 2000, government tried to realize the privatization through the decree laws because they were practical and easy tool. But, almost all of them were cancelled by the Constitutional Court because the privatization procedure was unaccountable and non-transparent. The Court demanded that the privatization methods and the methodologies for asset evaluation be explicitly stated in law, and not left to the discretion of the executive (Atiyas, 2009). From that point, it was clear that there was a need to a comprehensive legal base to accelerate privatization implementation.

In the empirical case, it has been understood that the legal and institutional framework for regulation and competition was closely linked to the EU experience. During Turkey's EU accession process, the EU gave directions to Turkey to liberalize its telecommunications sector and to strengthen the regulatory reforms in line with the EU acquis. In this regard, the original regulatory framework provided in Law No. 4502 was based on the 1998 regulatory framework in the EU. The Electronic Communications Law adopted from the EU and the regulations on licensing regime, interconnection, national roaming, numbering, and number portability harmonized with the EU acquis (OECD, 2002) In addition, the CA and the TA are the institutions which were transferred to accomplish the Turk Telecom privatization.

From the empirical case, the effect of financial crisis 1994 and 2001 on legal and institutional framework could be analyzed. In 1994, the Privatization Law No.4046 was enacted and the PHC, the PA and Privatization Fund were legislated and the CA was established to provide the competition in the market. Moreover, the benchmark law on telecommunications liberalization and regulatory reform was amending Law No. 4502, adopted in January 2000 and in the context of privatization of Turk Telecom, regulatory body the TA was established in 2000.

In this context, the empirical case showed that financial crisis played a critical role in the policy transfer in privatization even if the theoretical debate states it as a constraint.

Firstly, financial crisis explains the reason of policy transfer and shows the policy transfer form. After the financial crisis in 1994, since the needs for financial revenue increased, the government searched for foreign loans. Therefore, the IMF “Staff Monitoring Program” implemented in 1998. The program gave a great emphasis on the privatization of Turk Telecom. In addition, with Stand By Agreement in December 1999, Turkey received 4 four financial support from 1999-2005. Stabilization program aimed at establishing macroeconomic stability and focused on privatization. Therefore, after the crisis years, the privatization policy and regulatory reforms had to be adopted in Turkey due to conditionality of IMF agreements, which means it was a negotiate policy transfer.

Secondly, financial crisis also facilitated the external actors' involvement in policy transfer in Turk Telecom privatization. The IMF had an impact to privatize Turk Telecom. The economic and financial circumstances forced Turkey to embrace the policies of the IMF. Other international financial institutions, the WB and the WTO were the main actors in negotiated policy transfer.

Finally, as it was seen in empirical discussion, after the financial crisis the opposition groups for privatization were eliminated in more easily by the government.

When the effect of political structure on policy transfer in privatization of Turk Telecom is considered, it could be realized that the strong commitment by the government to privatization has facilitated the transfer. Since Turk Telecom has been a strategic enterprise for the country, national security was an important constraint for the privatization and the state sought to retain the majority shares of Turk Telecom. That's why the shares that would be privatized were below the 45 percent. The potential investors were worried about the managerial issues and the tenders were cancelled due to insufficient demand from the investors. After the AKP's coming to power, privatization of Turk Telecom has become a central issue and the government altered the legal and institutional framework. The Cabinet took decision on selling at least 51 percent of the Turk Telecom, to attract the foreign investors the foreign direct investment law was introduced, the foreign ownership limit was removed, the golden share was rearranged. In addition, for competitive market environment, the institutions were improved and the legal frameworks adopted from the international rules and regulations such as the EU acquis. Moreover, highly centralized and strong executive authority was essential for legitimization of privatization program. The AKP government conducted market research for the design of the most suitable privatization method and gave importance to provide information for potential investors about the Turk Telecom's the legal, operational and financial position. In addition, the inter-state conflicts preventing the systematic privatization policies were eliminated after single party.

When the method and the degree that the transfer is considered, it could be said that as the primary objective was to transfer privatization policy, and to privatize Turkish Telecom, this objective was achieved. Therefore, policy transfer in privatization of



Turk Telecom might be evaluated as policy success. In addition, the privatization in telecommunications policy might be accepted as a political success. It helped the government's reputation since it was one of the most important privatization efforts in terms of revenue generation in Turkey.

It is essential to point out that the privatization of Turk Telecom was a long-lasting process. A large number of alterations in the legal and institutional framework were realized to complete the privatization of Turk Telecom in spite of strong political commitments and the power on execution for making changes. Therefore, the process for the transfer of privatization of telecommunications policy would be considered as limited success.

### **5.3 Policy Conclusions**

The main argument of the thesis was that the transfer in privatization of telecommunications can be a policy success under the appropriate economic and political conditions of a country where the legal framework and institutional arrangements are well-formed.

The empirical discussion makes clear, the privatization of Turk Telecom actualized in 2005 after a long-lasting and controversial process. When the government made a commitment for the policy transfer of privatization in telecommunications policy, it needed to alter all the legal and institutional settings since the changes were not allowed by the prevailing legal structure. The government changed and adopted a large number of legal frameworks about the regulation and the ownership structure for finalizing the process of Turk Telecom privatization. The main policy conclusions in the transfer of privatization of telecommunications sector are that the policy transfer might be delimited by the legal infrastructure and it might depend on the condition of the presence of the political desire to manipulate the legal infrastructure.

The policy transfer case in the privatization of telecommunications policy also indicates that the external pressures and the number of external actors' increase, the opposition loses strength significance in the policy transfer process. Moreover, the EU has been a facilitator in this transfer process since the end of the 1990s.

In addition, for successful policy transfer process, institutional reforms are essential in the country. It could be stated that especially in the privatization of telecommunications sector, there is a need for a robust legal and institutional setting for harmonizing the work of regulatory authorities, competition authorities, and centralized execution.

#### **5.4 Further Areas for Future Researches**

In further research, instances of voluntary policy transfer in Turkey can be analyzed, especially in comparison to the cases of imposed transfer. In the cases of voluntary transfer, it might well be the case that, since there is no dependency on external forces, the institutional and legal framework can be arranged more accurately for the policy success. In addition, the policy transfer across, for instance, developing countries and Turkey can be examined. It could be helpful to analyze whether the constraints and the outcome of transfer for countries are different or not, when countries have similar political and economic structures.

Moreover, in Turkey the privatization of sugar factories has been a long-lasting and controversial issue as well. In future research, the analysis of policy transfer and privatization in other sectors such as sugar industry is important to understand whether the case of transfer of privatization in telecommunications policy has been an example for other sectors or not. Therefore, we can comprehend the policy transfer process as a multi-sectoral phenomenon.

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## APPENDICES

### A. TURKISH SUMMARY/ TÜRKÇE ÖZET

Gelişmekte olan ülkelerde, devletler özel girişimciliğin olmaması ve özel sektörün önemli üretim kaynaklarına sahip olmamalarından dolayı özel mal ve hizmetlerin üretiminde önemli rol oynamaktadır. Bununla birlikte, söz konusu ülkelerin tecrübeleri devlet müdahalesinin, ekonomide, mal ve hizmet sunumunda verimsizlik, politik müdahale, bürokrasinin hızlı bir şekilde genişlemesi gibi birçok olumsuz sonuçları olacağını göstermiştir.

1980'lerde neoliberal fikirlerin yükselişiyle birlikte kamu işletmeleri artık üretim için etkili bir araç olarak görülmemeye başlanmış ve birçok ülke kamu sektörünün boyutunu ve kapsamını azaltmak ve pazarı güçlendirmek için yapılanma programlarını uygulamaya başlamıştır. Böyle bir stratejinin kilit unsurlarından biri de kamu işletmelerinin özelleştirilmesidir.

1970'lerin sonlarında özellikle Britanya'da başlatılan özelleştirme uygulamaları, dünya genelinde transfer edilerek, gelişmiş ve gelişmekte olan ülkelerde “yerleşik bir politika olmuştur.

Gelişmiş ülkelerde, özelleştirme programlarındaki temel motivasyon kaynağı kamu mülkiyeti sonucunda oluşan ekonomik verimsizliğin ortadan kaldırılarak, kısa dönemde özelleştirme ile elde edilecek finansal kazanımdır. Gelişmekte olan ülkelerde ise, özelleştirme gelirleri bütçe açıklarını azaltmak için bir araç olarak kullanılmakta ve bunun için özelleştirme uygulamaları tercih edilmektedir. Ayrıca, Dünya Bankası, IMF ve diğer uluslararası kuruluşlar da dahil olmak üzere pek çok küresel oyuncu market piyasasının gelişmesi ve daha rekabet edilebilir koşulların sağlanması için özelleştirme uygulamalarını desteklediklerini dile getirmektedir.

Politika transferi, 1945'ten bu yana kamu politikalarını geliřtirmek için bir araç olarak kullanılmıřtır. Bennet ve Howlett (1992) politika transferini politikalar hakkındaki genel bilgi artışı olarak tanımlamaktadır. Bu bilgi mevcut sorunu, gemiřten gelen dersleri veya başkalarının deneyimlerini içerebilmekte, bilgi deęiřimi yoluyla elde edilerek, aynı zamanda politika transfer sürecinde de kullanılmaktadır. (Wolman, 2009). Dolowitz ve Marsh (2000) politika transferini bir siyasi ortamda bulunan politikaların, idari düzenlemelerin, kurumların ve fikirlerin başka bir siyasi ortamda geliřtirilmek için kullanılmasını ifade ettięini dile getirmektedir.

Son yirmi yılda, politika transferine olan ilgi birkaç nedenden dolayı artmıřtır. İlk olarak, ülkelerin krizler veya iklim deęiřiklięi gibi küresel olaylar karşısında verdięi tepkiler küreselleřiip yerelleřmekte ve bu durum ülkelerin karşılıklı baęımlılık ve geirgenlik hissini geliřtirmelerine yol açmaktadır. Dięer bir sebep ise, geliřmekte olan ülkelerin, ekonomik büyüme ve geliřme oluřturmak için geliřmiř ülkelerin politikalarını, kurumlarını veya mevzuatını kabul etmeye bařlamıř olmalarıdır. Ayrıca, IMF ve Dünya Bankası gibi uluslararası finansal kurumların, piyasa ekonomileri kurma politikalarının geliřmekte olan veya daha az geliřmiř ülkelere dayatılması bir dięer politika transfer sebebidir. Son olarak, Avrupa Birlięi gibi uluslar üstü kuruluşlar, üye ülkeler ve üyelik adayları arasında aynı politika çereveslerini, yasaları, düzenlemeleri ve standartların uygulanma zorunluluęunu getirmiřlerdir.

Politika transferi, küresel etkileri ve ülkeler arasındaki iliřkileri tespit etmekte fayda saęlamaktadır. Politikaları veya programları kabul ettikten sonra, politik, ekonomik, yasal ve sosyal süreçlerdeki deęiřiklik politika transfer süreci ile açıklanabilmektedir.

Ayrıca, özelleřtirmenin politika transfer süreçleriyle açıklanması mümkündür. Bu noktada, literatürde politika öęrenmeye iliřkin politika transferi, ibret alma, politika yayılımı ve politika yakınsaması gibi çeřitli kavramlar bulunduęunun ifade edilmesi gerekmektedir. İbret alma kavramı gönüllük esasına dayandıęından, politika yayılımı kavramı özelleřtirme politikasını benimseme konusunda politik bakıř açısına sahip olmadıęından ve politika yakınsaması kavramı transfer sürecinde uluslararası veya

yerel aktörlerin rolüne odaklanmadığından bu kavramlar yerine politika transferi bu tezde teorik kavram olarak kullanılmıştır.

Türkiye'de, özelleştirme politikaları diğer ülkelerin deneyimlerinden öğrenmek ya da ibret almak yerine, küresel baskılar ve IMF, OECD, WB ve benzeri gibi uluslararası aktörlerin etkilerinin sonucu olarak gelişmiştir. Bu tezde de Türk telekomünikasyon politikasının özelleştirilmesinde uluslararası ve uluslar üstü kuruluşların kredi sağlama veya yükümlülükler yoluyla politika transferine doğrudan etkisi olduğu savunulmaktadır.

Bu tezin genel amacı, özelleştirme politika transferi süreci hakkındaki bilgilerimizi arttırmak, Türkiye'de telekomünikasyon sektörünün özelleştirilmesinde politika transferini kolaylaştıran veya kısıtlayan yerel yapısal faktörleri incelemek ve Türk Telekom'un özelleştirilmesinde politika transferini başarıya ya da başarısızlığa götüren sebepleri analiz etmektir.

Bu bağlamda, tezin ana argümanı, telekomünikasyon sektörünün özelleştirilmesinde politika transferinin sonucunun, politika değişikliği için küresel baskılar ve politik kararlılık olsa da, yasal altyapı iyi oluşturulmamışsa sınırlı olabileceği yönündedir

Telekomünikasyon sektörünün serbestleşmesi sadece ekonomik büyüme için değil aynı zamanda ulusal rekabet gücü için de önemlidir. 1980'lerden sonra, dünyadaki neoliberal eğilimin artması ve uluslararası kurumların etkisiyle, özellikle özelleştirmelerde serbestleşme reformları tüm dünyada uygulanmaya başlanmıştır.

Bu tezde, telekomünikasyon politikasının özelleştirilmesindeki politika transferi sürecini anlamak ve analiz etmek için Dolowitz ve Marsh (2000)'ın geliştirdikleri teorik çerçeve kullanılmıştır. Bu çerçeveye göre, bir takım sorular ve unsurlar ile politika transfer süreci incelenmektedir. Bu kapsamda, politika transferinin nedenleri ve yöntemleri, sürece katılan aktörler, transfer edilen veya aktarılan öğeler, transfer sürecini kısıtlayan veya etkileyen faktörler ve transfer sürecinin sonucu başarılı olup olmaması gibi bir takım unsurlar üzerinden Türkiye'de telekomünikasyon özelleştirme politikasının transfer süreci analiz edilmeye çalışılmıştır.

Tezde ilk olarak, politika transferinin nedenleri ve yöntemi teorik olarak incelenmiş, Türk telekomünikasyon özelleştirme politikasının transfer süreci bu kapsamda değerlendirilmiştir.

Bu kapsamda, politika transferinin nedenlerini belirlemede Dolowitz ve Marsh (2000)'in geliştirdikleri politika transfer süreci fayda sağlamaktadır. Bu sürece göre, sürecin bir uç kısmında gönüllü transfer diğer uç kısmında ise doğrudan zorunlu transfer bulunmaktadır. Gönüllü transfer ibret veya ders alma ile ilişkilendirilir ve bu durumda politika değişikliği için dış baskı yoktur. Politika transferi bilinçli olarak ve istekli bir biçimde gerçekleşmektedir. Başka bir deyişle, bu uç noktada, rasyonel politika yapıcılar mevcut politikalarından memnun olmayıp, başka yerlerde geçerli olan politikaları araştırmayı hedeflemekte ve faydalı buldukları politikayı kendi ülkelerine uyarlamaya karar vermektedirler. Bu durumda, politika transfer sürecindeki aktörlerin tamamen rasyonel olduğunu varsayılmaktadır. Fakat gerçek hayatta, karar vericiler sınırlı veya eksik bilgiye sahip olabilmekte veya algılarından etkilenerek ve sınırlı rasyonellik ile hareket edebilmektedirler. Cairney (2012), kusursuz ve sınırlı rasyonellik arasındaki farkın algılanan gereksinim kavramı ile açıklanabileceğini belirtmektedir. Eğer politika yapıcı karar alma sürecinde hızlı davranma, diğer ülkelerin gerisinde kalmama vb. dürtüler ile politika aktarımına gönüllü olarak karar veriyorsa, transfer algılanan gereksinim kavramı ile ortaya çıkmaktadır.

Diğer yandan, yükümlü (obligated) transferde, her ne kadar transfer kararında zorlama unsuru bulunsa da orijinal kararın altında isteğe bağlı bir durum bulunmaktadır. Örneğin, AB gibi uluslar üstü kuruluşlar, üye devletleri birlik politikalarını benimsemelerine veya bunlara uymalarına zorlasalar da; devletler AB'ye gönüllü olarak katıldığından politika transferi zorunlu transfer olarak değerlendirilememektedir.

Şartlı politika transferi ise, özellikle gelişmekte olan ülkelerin, hibe, kredi veya diğer içsel yatırım biçimlerini güvence altına almak için yeni politikalar benimsemeleri zorunda bırakılmaları anlamına gelmektedir. Örneğin, 1980'lerde ve 1990'larda çoğu gelişmekte olan ülkenin politik ekonomisi, IMF veya Dünya Bankası'ndan yatırım karşılığında yapısal uyum politikalarının uygulanması ile karakterize edilmektedir.

Şartlı politika transfer ve yükümlü politika transferi, doğrudan zorlayıcı olmayan (müzakere edilmiş-karma) politika transferi kavramı altında bulunmaktadır.

Doğrudan zorlayıcı transfer ise, bir ülkenin başka bir ülke ya da uluslararası ya da uluslar üstü kuruluşun baskısıyla “halkın iradesine” karşı gelerek politika benimsetilmesi zorunda bırakılmasıdır. Bu transfer yöntemine, bir ülke tarafından başka bir ülkenin politikasına doğrudan politika empoze ettiği emperyalizm dönemlerinde rastlanmıştır, günümüzde nadir bulunmaktadır.

Türk telekomünikasyon politikalarının özelleştirilme transfer sürecinin nedenleri ve yöntemleri incelendiğinde, doğrudan olmayan (müzakere edilmiş) zorlayıcı politika transferinin söz konusu olduğu anlaşılmaktadır. Şöyle ki, 1980'lerden sonra, özelleştirmeyi içeren neoliberal politikalar, İngiltere ve ABD gibi gelişmiş ülkelerde başarıyla uygulanmaya başlanmış ve Turgut Özal hükümetinin neoliberal politikalarından ve Thatcher hükümetinin uygulamalarından etkilenmesiyle birlikte, devletin ekonomideki pozisyonunu azaltmak temel amaç haline gelmiştir. Bu kapsamda, KİT'lerin yeniden yapılandırılması ve özelleştirme, 1980'lerde Türkiye'nin dünya ekonomisine entegre olması için kilit bir unsurdur.

Bu bağlamda, 1980 ve 1990'larda Türkiye Dünya Bankası ve IMF'den beş yapısal uyum kredisi almıştır. Bu kredilerin kamu reformu yapma şartı olsa da, transfer sürecinde yer almak için yurt içinde motive edilmiş bir istek bulunmaktadır. Örneğin, 1986 yılında Morgan Bank'tan Türkiye için özelleştirme planının hazırlanması talep edilmiş olup, bu durum politika değişikliğine yönelik isteğe ilişkin bir örnek teşkil etmektedir. Bu nedenle, söz konusu dönemde Türkiye'nin özelleştirme politika transferi, politik ve ekonomik koşullarda ve uluslararası aktörlerin göreceli gücünde değişime tabi olarak müzakere edilmiş (karma) bir transfer durumu olarak alınmalıdır.

1990'ların sonlarına bakıldığında ise, politika transfer sürecinde finansal krizin etkilerinin, uluslararası donör ülkeler ve uluslar üstü kuruluşlarla ilişkilerin önem kazandığı görülmektedir. 1994 ve 2001 krizleri ile birlikte, ekonomik ve finansal koşullar, Türkiye'yi IMF'nin politikalarını benimsemeye zorlamış, 1999'dan 2005'e kadar IMF'den dört finansal destek alınmıştır. IMF tarafından finansal desteklerin



koşulu olarak özelleştirmenin uygulanması zorunlu kılınmıştır. Nitekim Türkiye'nin IMF tarafından mali destek başvurusu ile bağlantılı olarak uygulamak istediği politikaları tanımlayan Niyet Mektuplarına baktığımızda, IMF'e ve IMF'nin mali yardımını alabilmek için sunulan başlıca yapısal mali reformlardan birinin Türk Telekom'un özelleştirmesinin hızlandırılması ve tamamlamanın olduğu görülmektedir. Bu nedenle, politika reform gündeminde, Türk Telekom'un ve telekomünikasyon sektörünün özelleştirilmesini kolaylaştıran birçok politika getirilmiştir.

Ayrıca, Dünya Ticaret Örgütü'nün 1995 yılında kurulmasından bu yana, telekomünikasyon endüstrisinin serbestleşmesi örgütün gündeminde bulunmaktadır. Bu çerçevede, 1997 yılında Türkiye de dahil olmak üzere 69 DTÖ üyesi ülke temel telekomünikasyon hizmetlerinin serbestleştirilmesi konusunda bir anlaşma imzalamıştır. Türkiye tarafından, 2006 yılına kadar temel telekomünikasyon hizmet pazarının serbestleştirilmesinin sağlanması taahhüdünde bulunulmuştur.

Türk telekomünikasyon sektöründeki önemli değişiklikler, Avrupa Birliği deneyimiyle yakından ilgilidir. Ekim 2005'ten sonra başlatılan tam üyelik için resmi müzakereler kapsamında Türkiye'nin birliğe kabul edilmesi için, ekonomik şartlar, politikalar ve kurumlarla ilgili olmak üzere 30'a yakın bölümden oluşan AB müktesebatına uyması gerekmektedir. Bu bağlamda, Türkiye, telekomünikasyon sektörünün düzenleyici çerçevesini oluşturan AB müktesebatının 19. Bölümünde düzenlenen kuralları kabul etmiştir. Türkiye'nin AB üyelik sürecinde, AB Konseyi, katılım için ilke, öncelik ve koşulların yer aldığı dört (2001, 2003, 2006, 2008) Katılım Ortaklığı Belgesi yayınlamıştır. Tüm belgelerde, genel olarak AB, telekomünikasyon sektörünü serbestleştirmek ve AB müktesebatı ile uyumlu düzenleyici reformları güçlendirmek için Türkiye'ye talimatlar verilmektedir. Türkiye bu kapsamda, telekomünikasyon sektörünü düzenleyici yasal ve kurumsal altyapıyı sağlamak üzere politika transferinde bulunmaktadır.

Yukarıda açıklanan hususlar doğrultusunda, Türkiye, IMF ve Dünya Bankası'ndan hibe ve borç almak için telekomünikasyon özelleştirme politikalarını benimsemek zorunda kalmıştır. Bu bağlamda, transfer şartlı bir özelliğe sahiptir. Ayrıca, AB'ye üye olma arzusu olan Türkiye, AB müktesebatını benimsemek zorunda bırakılmıştır.

Bu kapsamda, telekomünikasyon politikasının özelleştirilmesinde politika transferinin müzakere edilmiş-karma politika transferi niteliğinde olduğu değerlendirilmektedir.

1980'ler ve 1990'larda, telekomünikasyon politikasının özelleştirilme sürecinin transferinde birçok dış ve yerli aktör vardı. En etkili dış aktörler uluslararası örgütler, IMF ve çoğunlukla Dünya Bankasıdır. Ayrıca bir yabancı şirket; Morgan Bank politika transferinde yer almıştır. Yurt içinde ise, transfer sürecince ANAP hükümeti temel rol oynamıştır. Ayrıca Özal'ın prensleri olarak adlandırılan önemli kamu kurumlarındaki üst düzey bürokratlar bu sürece katkı sağlamıştır. 1990'larda görevde bulunan koalisyon hükümetlerinin, milli görüşe sahip bürokratların ve işçi sendikalarının karşıt duruşlarıyla telekomünikasyon politikasının özelleştirilme transfer süreci duraklama yaşamıştır.

2000'lerde ise, transfer sürecince yer alan dış aktörlerin sayısı artarken (AB, Dünya Ticaret Örgütü, IMF, Dünya Bankası gibi) yurt içinde bu süreç AKP hükümeti tarafından yürütülmüştür.

Telekomünikasyon sektörünün özelleştirme politikasının transferinde politikalar, hedefler, programlar ve politika araçları politika oluşturma sürecinde uluslararası kuruluşlardan aktarılmaktadır. Özelleştirme politika transferi sadece politika amaçlarının veya içeriğinin transferini değil aynı zamanda politika araçlarını ve kurumlarını da içermektedir. Kurumlar, ekonomik kurumlar, yönetmelikler, yasama organları ve yöneticiler anlamına gelip ve özelleştirme politikasında, düzenleme ve kurumlar piyasadaki rekabet ve etkinliği sağlamada en önemli faktörlerdir. Bunları transfer etmeden, politika transferinin sınırlı olması söz konusudur.

1980'lerden 1990'lara ait dönemlerden farklı olarak, kurumlar ve mevzuat çerçevesi 1990'lı yılların sonunda AB telekomünikasyon sektöründe transfer edilmiştir. Örneğin, 4502 sayılı Kanun'da öngörülen orijinal düzenleyici çerçeve, AB'deki 1998 düzenleme çerçevesine dayanmaktaydı. Her ne kadar Türkiye ile AB arasında bazı farklılıklar olsa da, son olarak Kasım 2008'de Elektronik Haberleşme Kanunu'nun kabul edilmesiyle bu farklılıklar ortadan kaldırılmıştır (Atiyas ve Doğan, 2010). Ayrıca, lisans rejimi, ara bağlantı, ulusal dolaşım, numaralandırma ve numara

taşınabilirliği konusundaki düzenlemeler AB müktesebatıyla uyumlu hale getirilmiştir (OECD, 2002) Ayrıca, Telekomünikasyon Kurumu ile Rekabet Kurumu, AB'den transfer edilen kurumlar içerisinde yer almaktadır. Hükümet sürekli değişen küreselleşmiş dünyanın şartlarına uymak için politika değişikliklerini aktarmıştır.

Türkiye'de özelleştirme sürecindeki politika transferi zorlayıcı bir transfer biçimine sahiptir ve dış aktörlerin kararlarına veya uygulamalarına ve politika uygulamalarındaki bazı kısıtlamalara bağımlılık görülmektedir. Örneğin, 1986'daki Teletaş özelleştirme deneyimi, sermaye piyasasının yeterince gelişmemesi nedeniyle ciddi bir uygulama kısıtlamasıyla karşı karşıya kaldığını göstermiştir. (Öniş, 1991). Dahası, 1990'lar da muhalefet partilerinin sadece sol kanadı değil aynı zamanda sağ kanadı da özelleştirme yoluyla KİT'lerin yabancılara satışına güçlü bir muhalefet oluşturmuşlardır (Patton ve Sullivan, 1992). Ayrıca çeşitli iş gruplarının yabancı yatırımcıların sürece dahil olmalarından dolayı artan rekabet konusunda endişeleri olmuştur. Bu nedenle, özelleştirmeye yönelik artan muhalif muhalefet, hükümetin özelleştirme programına istekli olma kapasitesi önünde büyük bir engel teşkil etmiştir. (Öniş, 1991)

Bu bağlamda, 2002 yılına kadar, finansal kriz ve zayıf koalisyon hükümetleri gibi yapısal kısıtlamalar telekomünikasyon sektörünün özelleştirilmesinde politika transferinin ana kısıtlamalarıdır. Ayrıca, düzenleyici yasal çerçevenin ve kurumsal yapının olmaması bağlamsal bir kısıtlama olup (Benson, 2009) ve telekomünikasyon özelleştirme politikası, yasal ve kurumsal altyapı olmadan aktarılmaya çalışılmıştır. Özelleştirme, geleneksel bürokrasiden işçi sendikalarına ve işçi gruplarına kadar toplumun tüm kesimleri için tartışmalı bir konu olduğu için politika transferi kısıtlı kalmıştır.

Politika karmaşıklığının kısıtı 1990'ların ortasına kadar, Bakanlar Kurulu tarafından yürütülen hızlı ve pratik karar alma sürecine sahip olan kanun hükmünde kararnameler ile aşılmaya çalışılmıştır. Ancak, Anayasa Mahkemesi söz konusu kararnameleri özelleştirme prosedürünün hesap verilemez ve şeffaf olmaması nedenleriyle iptal etmiştir. Mahkeme, özelleştirme yöntemlerinin ve varlık değerlendirme yöntemlerinin açıkça yasada belirtilmesini ve yürütmenin takdirine bırakılmamasını talep etmiştir (Atiyas, 2009). Ayrıca, Türk Telekom'un devlet için

stratejik bir şirket olduğu için varlıklarının yabancı mülkiyetine satışı konusunda endişeler yaşanmıştır. Düzenleyici çerçevenin bulunmaması ve özellikle yabancı mülkiyeti kapsamaması durumunda, stratejik ve doğal tekelin özelleştirilmesi özel bir tekelci durumu yaratabilirdi. Bu nedenle, Mahkemenin endişeleri haklı bulunmaktadır. Özelleştirme politikasının yasal dayanağı 1990'ların sonunda getirilmiş, Özelleştirme Kanunu çıkarılmıştır.

Türk Telekom'un özelleştirilmesi için 2000 ve 2001 yıllarında satış ihalelerine çıkmış ancak talep olmaması nedenleriyle satış iptal edilmiştir. Türk Telekom özelleştirilme girişimlerinin başarısızlığının arka planında siyasi, yasal ve sosyal anlaşmazlıklar bulunmaktadır (Wolcott ve Çailtay, 2001; Aybar, Güney ve Süel, 2005). Birincisi, Türk Telekom, bütçe açıklarını karşılamada kullanılan yüksek vergi ödemeleriyle ülke için en önemli gelir kaynaklarından biriydi. Bu nedenle, birçok politikacı bu vergi kaynağını özelleştirme yoluyla kaybetmek istemiyordu ve özelleştirmeye karşıydılar. İkincisi, Türk Telekom ekonomi ve toplum için muazzam bir işverendi. Özelleştirmeden sonra, işgücünün işten çıkarılması korkusu vardı. Bu nedenle, halk ve politikacılar özelleştirmeye şiddetle karşı çıktılar. Üçüncüsü, Türk Telekom'un ülke için stratejik bir girişim olduğundan, hükümetler ulusal güvenlik konusunda kamu hisselerini elinde bulundurmak istemişlerdir. Nitekim Türk Telekom'un potansiyel alıcısının sahip olduğu hissenin devletin sahip olduğu hisse oranından daha az ya da aynı ise, şirket yönetiminde sorunlar yaşanma durumu olabilecektir. Potansiyel alıcılar, şirkete yaptığı büyük sermaye yatırımı karşılığında yönetim kontrolünü sahip olmak istemektedirler. Düzenleyici, yasal ve kurumsal çerçeveler ülkede tam olarak gerçekleştirilmediğinden, Türk Telekom hisselerinin çoğunluğunu ve tekel konumunu korumak için devletin hisselerin çoğunluğuna sahip olma ihtiyacı vardı. Bu yüzden, 2001 yılına kadar satış için yatırımcılara sunulan paylar % 50'nin altındaydı ve yatırımcılar şirketin yönetim konularındaki endişeleri nedeniyle, Türk Telekom'un satışına ilgi göstermemişlerdir. Ayrıca, yabancı yatırımcılarının satın alabilecekleri oran kanun ile sınırlandırılmış olduğundan ve yabancı yatırımcılarının haklarının korunmasına ilişkin bir düzenleyici yasal altyapı bulunmaması nedeniyle yabancı yatırımcıların talebi olmamıştır. Ülke koşullarına bakıldığında, yurt içinde hisselerin satın alımı için yüksek sermayeye sahip milli bir şirket ya da konsorsiyum varlığının bulunması zor olduğundan, yabancı

yatırımcıların talebinin önemli olduğu değerlendirilmiştir. Bu çerçevede, 2002 yılında AKP hükümetinin ardından özelleştirme programını uygulamak için güçlü bir bağlılık dile getirilmiş ve Türk Telekom'un özelleştirilmesinde yeni bir aşamaya girilmiştir. Hükümet yasal düzenlemeyi geliştirmiş, mülkiyet yapısını değiştirmiş ve bir dizi kısıtlamayı kaldırmıştır (Gültekin, 2010). Bu doğrultuda, en temel olarak, Türk Telekom'un en az yüzde 51'inin satılmasına, altın hisse hariç hisselerinin % 100'ünün elden çıkarılmasına, yabancı mülkiyet limitinin kaldırılarak yabancı yatırımcıları cezbetmeye ve yabancıların korunmasına ilişkin bir dizi kanun çıkarılarak, özelleştirmenin önündeki engeller aşılmaya çalışılmıştır. Nitekim, 2005 yılında gerçekleştirilen blok satış yöntemiyle şirketin %55 hissesi, Ojer Telekom tarafından satın alınmıştır. 2008 yılında ise %15'lik hisse halk arz yöntemiyle satılmıştır.

Telekomünikasyon özelleştirilme politika transferinin sonucunun değerlendirilmesinde, Dolowitz ve Marsh (2000) tarafından politika transferinin eksiksiz, uygun ve tamamlanmış olarak yerine getirilip getirilmediğine bakılmaktadır. Marsh ve McConnell (2010) ise politika başarısını tartışmayı ve değerlendirmek için bazı göstergeler geliştirmişlerdir. Süreç başarısı; programatik veya politika başarısı; ve politik başarı. Süreç başarısı, politikanın anayasal prosedürleri gereğince yapılması ve mevzuatın hiç veya az bir değişiklik yapılarak geçirilmesiyle ortaya çıkmaktadır. Programatik veya politika başarısı, bir politika onaylandığında belirlenen hedeflere uygun olarak uygulandığında gerçekleşmesidir. Diğer bir deyişle, kaynakların verimli kullanılması, belirli bir grup veya bölge, ırk, din ve cinsiyet gibi konularla ilgili çıkarlar için faydalı olması gibi politika transferi ile hedeflenen sonuçlara ulaşılmasıdır. Politik başarı, transfer sonrasında hükümetin politik olarak popüler olması durumunda gerçekleşmektedir.

Bu çerçeveden bakıldığında, daha önce de belirtildiği gibi, 1990'larda, Türkiye'de parçalanmış siyasi sistemde zayıf koalisyon hükümetlerinin bulunması nedeniyle, yasal ve kurumsal ortam iyi gelişmemiştir. Ayrıca, özelleştirme politika transferinin, sermaye piyasası ve ekonomiye etkisi olmadan uygulanmaya çalışılmasından dolayı eksikleri mevcut olmuş, kurumsal ve yasal altyapı sağlanmadan gerçekleşmeye çalışıldığından transfer tamamlanmamış, sosyal ve politik yapı özelleştirme için uygun olmadığından politika transferi uygun olarak gerçekleşmemiştir. Bu

sebeplerden dolayı, söz konusu özelleştirme politika transfer süreci olumsuz sonuçlanmıştır.

Türk Telekom'un özelleştirilmesi uzun süredir devam eden ve tartışmalı bir mesele olmakla birlikte, öncelikli hedef özelleştirme telekomünikasyon politikasını transfer etmek ve Türk Telekom'u özelleştirmektir. Bu kapsamda, gerek AB aday ülke olma isteği gerekse 2001'deki finansal krizin tetikleyici etkisi ile birlikte yasal ve kurumsal altyapı oluşturulmuş, tek parti hükümetinin kararlılığı ve yürütme üzerindeki etkisi ile birlikte Türk Telekom 2005 yılında özelleştirilmiştir. Böylelikle, 1980'lerden bu yana verilen taahhüt ve denemelerin sonunda Telekomünikasyon sektöründe özelleştirme politikasının transferi, tamamlanmış, bilgilendirilmiş ve uygun hale getirilmiştir.

Telekomünikasyon politikasının özelleştirilmesindeki politika transferi örneği, dış baskıların ve aktörlerin sayısının arttığını, muhalefetin politika transfer sürecinde önemini kaybettiğini göstermektedir. Dahası, AB bu transfer sürecinde 1990'ların sonundan beri kolaylaştırıcı bir faktör olmuştur.

Bununla birlikte, telekomünikasyon sektörü özelleştirme politika transfer süreci değerlendirildiğinde, değişikliklerin geçerli yasal altyapı tarafından izin verilmediğinde hükümet tarafından tüm yasal ve kurumsal ortamların değiştirilmesi gerektiği görülmüştür. Hükümet, Türk Telekom özelleştirme sürecini tamamlamak için düzenleme ve mülkiyet yapısıyla ilgili çok sayıda yasal çerçeveyi değiştirmiş ve yeni düzenlemeler getirmiştir.

Telekomünikasyon sektörünün özelleştirilmesinin politika transferinde temel politika sonucu olarak, politika transferinin yasal altyapı tarafından sınırlandırılabilmesi ve bu durumun yasal altyapıyı manipüle etmeye hazır siyasi gücün ya da isteğin bulunmasına bağlı olduğu değerlendirilmektedir. Ayrıca, başarılı politika transferi sürecinde, ülkede kurumsal reformların şart olduğu, özellikle telekomünikasyon sektörünün özelleştirilmesinde, düzenleyici otoritelerin, rekabet otoritelerinin ve merkezi yürütme çalışmalarının uyumlaştırılması için sağlam bir yasal ve kurumsal ortamın gerekli olduğu anlaşılmaktadır.

Daha fazla arařtırmada, Trkiye'de gönll politika transferi rneklerinin, zellikle zorunlu transfer rnekleri karřılařtırmalı olarak analiz edilebilmesinin faydalı olacađı deđerlendirilmektedir. İsteđe bađlı ya da gönll transfer durumlarında, dıř gçlere bađımlılık olmadıđı iin kurumsal ve yasal erevenin politika bařarısı zerindeki etkisinin daha dođru bir řekilde tespit edilmesi mmkn olabilir. Ek olarak, rneđin geliřmekte olan lkeler ile Trkiye arasındaki politika transferi rneklerinin incelenmesinin yararlı olabileceđi dřnlmektedir. lkeler iin, benzer siyasi ve ekonomik yapılaraya sahip olan diđer lkelerin politika transfer srecinde karřılařtıđı kısıtlamaların ve transfer sonularının farklı olup olmadıđını analiz etmek politika transferi alıřmalarına katkı sađlayacađı deđerlendirilmektedir.

Ayrıca, Trkiye'de řeker fabrikalarının zelleřtirilmesi de uzun sreli ve tartıřmalı bir konudur. Gelecekteki arařtırmalarda, řeker endstrisi gibi diđer sektrlerde politika transferi ve zelleřtiriminin analizi, telekomnikasyon politikasında zelleřtirme transferi durumunun diđer sektrler iin bir rnek olup olmadıđını anlamak iin nemlidir. Dolayısıyla politika transfer srecini ok sektrl bir olgu olarak kavramamız mmkndr.

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### YAZARIN / AUTHOR

Soyadı / Surname : Karaman

Adı / Name : Hediye Esra

Bölümü / Department : Siyaset Bilimi ve Kamu Yönetimi

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