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THE INFLUENCE OF GOVERNANCE
ON PUBLIC ADMINISTRATION AND STATE IN TURKEY
IN THE 1990s
WITH SPECIAL REFERENCE TO THE HEALTH SECTOR

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CENK AYGÜL

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T.C. YÜKSEKÖĞRETİM KURULU
DOKÜMANTASYON MERKEZİ


Approval of the Graduate School of Social Sciences


Prof. Dr. Bahattin Akşit
Director

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

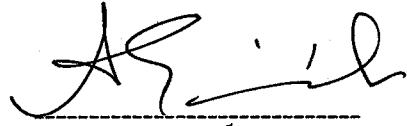

Prof. Dr. Raşit Kaya
Head of the Department

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.


Prof. Dr. Şinasi Aksoy
Supervisor

Examining Committee Members

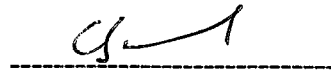
Prof. Dr. Şinasi Aksoy



Assoc. Prof. Dr. Aykut Polatođlu



Assoc. Prof. Dr. Cem Somel



ABSTRACT

THE INFLUENCE OF GOVERNANCE ON PUBLIC ADMINISTRATION AND STATE IN TURKEY IN THE 1990s WITH SPECIAL REFERENCE TO THE HEALTH SECTOR

Aygül, Cenk,

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

Supervisor: Prof. Dr. Şinasi Aksoy

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In this study, the influence of the newly arising governance literature on the restructuring of the public administration in Turkey is discussed with special reference to the health sector. The significance of governance is posed as an overhaul of neo-liberalism which encountered a severe legitimation crisis. However, at the same time, governance is argued to be a continuation of the neo-liberal policies.

In order to understand the restructuration efforts after 1980, pre-1980 administrative reform attempts are studied, and this period is put in contradistinction to the post-1980 period which may be coined as a “structural adjustment” or an “administrative improvement” period. While the former emphasizes the external determination under the imposition of the World Bank, the latter emphasizes the internal aspects.

The post-1980 health reform attempts in Turkey are examined as matching to the “good governance” policy of the World Bank and it is argued that, to the extent that governance is the continuation of the neo-liberal policies it could not escape the legitimation problems which neo-liberal policies encountered. On the other hand, as an overhaul of neo-liberalism, governance may prove to be a temporary project.

Keywords: Governance, Neo-liberalism, Public Administration, Health, Administrative Reform, World Bank, Health Reform



ÖZ

SAĞLIK SEKTÖRÜ ÖZELİNDE YÖNETİŞİMİN 1990'LARDA
TÜRKİYE'DE DEVLET VE KAMU YÖNETİMİNE ETKİSİ

Aygül, Cenk,

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Bu tezde, 1990'larda hızla gelişmekte olan yönetim literatürünün, Türk kamu yönetiminin yeniden yapılanması üzerinde yarattığı etkiler, sağlık sektörü özelinde incelenmiştir. Yönetişim yaklaşımının önemi, önemli bir meşruiyet krizi yaşamakta olan neo-liberal politikaların gözden geçirilmesini önermesinde yatmaktadır. Ne var ki, bu çalışmada yönetişimin aynı zamanda neo-liberal politikaların devamı olduğu iddia edilmektedir.

1980 sonrası yeniden yapılanma çabalarını anlayabilmek için, 1980 öncesi idari reform çabaları incelenmiş ve bu dönem, "yapısal uyarılama dönemi" ya da "idareyi geliştirme dönemi" olarak nitelenebilecek 1980 sonrası dönemle karşılaştırılmıştır. Bunlardan ilki, Dünya Bankası'nın etkisi altında biçimlenen dışsal belirlenimi vurgularken, ikincisi daha çok içsel belirlenimleri temel almaktadır.

1990 sonrası sađlık reformu alıřmalarının, Dnya Bankası'nın aynı dnemde bařlayan "iyi ynetiřim" politikası ile akıřtıđına dikkat ekilmiş ve ynetiřimin neo-liberal politikaların devamı olması lsnde, neo-liberalizmin karřılařtıđı meřruiyet bunalımı ile karřılařacađı iddia edilmiřtir. Diđer taraftan, neo-liberal politikaların gzden geirilmesi olarak dřnldđnde bile, sađlık reformu temel alınarak yapılan bu incelemede ynetiřimin yalnızca geici bir proje olabileceđi iddia edilmektedir.

Anahtar kelimeler: Ynetiřim, Neo-liberalizm, Kamu Ynetimi, Sađlık, İdari Reform, Dnya Bankası, Sađlık Reformu



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CHAPTER I

INTRODUCTION

The aim of this thesis will be, as the title implies, to take an account of the impact of governance literature on the public administration and state in Turkey in the 1990s, with special reference to the health sector. In order to examine this subject, the thesis will focus on neo-liberalism, governance, the history of administrative reform attempts in Turkey and the reorganization of public administration after 1980 coup d'état, the history of health care in Turkey and the impact of yet continuing health reforms on the administrative structure in the health care. The argument will be presented in a sequential way through the following four chapters.

Starting with the next chapter, neo-liberalism and the newly arising governance literature will be reviewed. The impact of neo-liberalism in the 1980s on the state machinery and public administration, in particular; and on politics and ideology, in general, is well studied and documented. The wide-spread themes of this period; “globalization”, “the dismantling of the welfare state”, and “the exhaustion of the nation state”, “privatization and deregulation”, etc., accompanied the neo-liberal “rhetoric”. These themes were used in order to justify the neo-liberal order. However, recent years witnessed an interest in neo-liberalism as a problematical

entity. Views claiming that “neo-liberalism is seen as part of the problem, not part of the solution” started to be voiced with more confidence.

Similarly, the theses of the dismantling of the welfare state, the exhaustion of the nation-state and the globalization theses are criticized for their taking the phenomena at their face value. Although, globalization theories depend on some realities, and nobody could deny that welfare state has very important problems, it is necessary to separate “reality” from “rhetoric”. However, after the dominance of neo-liberal and accompanying theses in the 1980s, a critical literature started to arise. Thus, for the exhaustion of the nation-state thesis, it is argued that “we are far from an age in which the power of the nation-state is eroded” (David Held, 1991). Similarly the globalization theses are increasingly criticised and the transition to a post-Fordist mode of production is rejected by the regulation school theorists (Tickell and Peck, 1995). Moreover, the ‘dismantling of the welfare state’ theses are argued to be superficial (Claus Offe, 1984; Gosta Esping-Andersen, 1990).

Not only the themes which are used to legitimize the neo-liberal order, but also neo-liberalism in itself is criticized. It is argued that, neo-liberalism could not solve inflation and industrialization (development) problems which were the official motives of the neo-liberal agenda. Moreover, neo-liberalism encounters a severe legitimation problem among the masses, as the neo-liberal measures only brought in problems for the masses (Tickell and Peck, 1995: 366-367).

Therefore, it may be stated that the neo-liberal climate of the 1980s started to give signs of dissolution both practically and theoretically. Like all dissolution periods, the theoretical atmosphere is complex and subject to controversy. In this complex environment, it is observed that a new literature on governance arises. Governance literature, yet in a pre-theoretical stage, provides different readings. However, certain lines of this theory have started to emerge. In order to grasp the meaning of

governance, it is proposed in the paper that its institutional and theoretical roots should be emphasized.

Theoretically, governance means “new interactive relations between the state and society.” It is argued that, the threshold of the diminishing returns to the “governing capacity of the political administrative systems (institutions, authorities, groups or individuals who separately or together perform governing actions)” have been crossed. Consequently, new experiments emphasising ‘co-regulation, co-steering, co-production, co-operative management and public private partnerships on national, regional and local levels’ are necessary (Kooiman, 1993a: 1).

The institutional sources of governance are the World Bank and the IMF, and the western governments. The World Bank seems to adopt a more technicist approach, while the Western governments emphasized a more political one (Leftwich, 1994: 364). What the Western governments understood from “good governance” is a sound administration plus democratization and this will be examined critically in Chapter 2. The other institutional source of the governance approach, the World Bank, however, attained a position to manipulate and disseminate academic discourses in the political, economic and administrative sciences starting with the 1980s, and in the 1990s, the Bank officially launched its policy of “good governance”, which was devised against the criticisms made to the structural adjustment period (Peker, 1996: 7).

This policy of “good governance”, on the one hand, was devised to overcome the problems created by the failure of the neo-liberal policies. As a result, ‘good governance’ advised to reduce the social strains of the urban and rural poor. Also it envisaged to loosen the strict limits on the health and education expenditures. However, on the other hand, it is also a continuation of the neo-liberal policies. For example, the rising health and education expenditures should go hand in hand with *privatization* and deregulation, thus a recommodification of these services.

Here, the term came to represent a 'market friendly' state that regulates its powers around this notion. The basic aims of the 'good governance' are the efficiency of the state, the state's provision of an atmosphere beneficial to the entrepreneurs and the making of a 'civil society' supporting the reform attempts (Peker, 1996). In Chapter 2, it will be argued that governance approach, while on the one hand represents an attempt to reproduce the neo-liberal policies, on the other, it is inevitably an overhaul of it.

The thesis attempts to examine the relevance of governance in Turkey in the 1990s. It is argued that post-1980 developments represented a transition from the administrative reform period to the structural adjustment period in the administration. That is, it is argued that the holistic approach in the administration was replaced in the 1980s by a partial approach congruent with the impositions of the World Bank. However, in order to understand the so-called 'structural adjustment period,' the previous periods have to be examined. Thus, in Chapter 3, an account of the Turkish public administration system will be presented. After a brief summary of the post-war II developments in the administrative system, the history of the administrative reform attempts will be examined and the problems of this era will be touched upon. In this section, especially the so called "central organization problem" will be stressed. As a central organization which would coordinate the reform in the administration could not be established, there arose serious coordination problems between the institutions which were responsible for the administrative reform, i.e., State Planning Organization (SPO), Public Administration Institute for Turkey and the Middle East (PAITME), State Personnel Department (SPD), the Ministry of Finance and the National Productivity Center (NPC).

Also, in this chapter the comprehensive reform attempts; MEHTAP report (1963), the Administrative Reform Consultation Board (1971), and KAYA report (1988) will be briefly assessed and these attempts will be contrasted with the efforts for the improvement of administration after 1980.

Another subject which will be examined in the third chapter is the strengthening of the executive power by the military government and the 1982 Constitution. This trend continued in the Özal governments as observed in extensive use of decrees with the force of law (DFL), the unification of ministries, wide expansion in the number and power of the state ministries, extension of the power of the Prime Ministry, establishment of the Undersecretariat of Treasury and Foreign Trade, and bypassing of the general budget system. It will be argued that these trends, while on the one hand, enabled the governments of the period to have a free hand to apply their policies without any opposition, on the other, opened widely the system to the impositions of the international organizations like the World Bank.

The third chapter also aims to link the governance literature in general, to the public administration system in Turkey. As mentioned above, it is argued in the thesis that, governance approach is both a continuation and overhaul of the neo-liberal policies. Then, it is a question of time and the “unfolding of the events” to resolve which aspect will prove to be the dominant one. In order to elucidate this question, the contribution of TÜSİAD (Association of Turkish Industrialists and Entrepreneurs), which for the first time in its history made proposals for the restructuration of the Turkish public administration system will be examined. It will be argued in the thesis that, the much-saluted contribution of TÜSİAD, which is generally counted among the organizations of “civil society” will prove to be influential in determining the outcome and the future of the governance paradigm.

At the same time, the elimination of the etatist bureaucracy was among the main targets of the period. While this process started after the 1980 coup with forceful measures, later on emphasis was put upon creating a “dual bureaucracy”. In the third chapter, the creation of “dual bureaucracy” in Turkey will be summarised and this process will be exemplified in detail with the case of establishment of “The Health Project General Coordination Unit” in the Ministry of Health in the fourth chapter.

Chapter 4 deals with the health sector as a representative “sample” of the Turkish public administration system. This chapter will also be the application of the previous chapters. The governance literature will be tied to the current developments in the health sector. This chapter, as a whole, will attempt to find out the applicability of governance as a long term project.

In the 4th chapter, after a brief summary of Turkish medical history, the administrative structure introduced with the Socialization of the Health Services Act in 1963 will be examined. This act, following the British National Health System, envisaged a system comprised of a two-step system of health centres and specialized hospitals and it allowed a mixture of public and private institutions in the health care. However, the system had internal weaknesses and this incomplete system could not be enforced successfully in the Turkish case.

Then, the chapter will focus on the situation of the health system after 1980 up to now, with an emphasis on the present problems of the Turkish health care and health reform and privatization attempts. The present problems of health care in Turkey are the low level of health expenditures; inequalities between the provinces, between the rural and urban regions and within the cities; the high proportion of expenditures on drugs, which is absolutely a sign of underdevelopment; and the rising costs problem.

Although the Turkish health care system is among the most private ones among the OECD members, the agenda of the 1980s was health reform and privatization. In Turkey, however, privatization not yet took the form of direct transfers to the private system but the form of proprietization; i.e., the health institutions started to work according to the profit principle. In the 1990s, the health sector became prone to a radical re-organization and until now, under the ministry of Yıldıırım Aktuna, a system comprised of a general health insurance system, a family planning system, decentralised hospitals and the so-called Green Cards has been

being established. The World Bank extensively contributed to this process through structural adjustment loans.

In line with governance principles, the health reformers try to establish a system based on the deconcentration of health services and devolution of powers to the local administrators (Sağlıkta Strateji, 1996: 7-8) On the other hand, also in line with the governance project of the World Bank, reformers are trying to launch a new health insurance system comprising all the citizens. Under this scheme, the government will pay the premiums of the needy to whom until the application of this scheme green cards are being distributed. This chapter will attempt to assess the future of these reform attempts.

Finally, in Chapter 4, the administrative structure of the Ministry of Health and the establishment of the Health Project General Coordination Unit which is a sample of the “dual bureaucracy” will be examined. The functions of this unit will be studied in relation to the transition from administrative reform period to the structural adjustment period. Thus, the establishment of this unit will be linked to a World Bank-induced restructuring of the Turkish health care. As seen in other similar units, the preferred way here is not a complete rebuilding of the organization structure but establishing a small unit which is held responsible for the health reform in line with the policies of the World Bank.

As it is seen, the thesis includes different subjects like, neo-liberalism, governance, the World Bank, pre-1980 administrative reform period and the developments in the administration after 1980, general information about the Turkish health care system and the continuing reform attempts of it.

Studying such different areas could have brought in problems; however, the governance literature which claims to cover multiple disciplines necessitates such an approach. Besides, these subjects were examined with respect to the relations between them. For example, neo-liberalism and governance are also the core

determinants of the post-1980 restructuring of the Turkish public administration, and thus, the health care system. Similarly, the reorganization of the Turkish public administration system after 1980 and the “dual bureaucracy” thesis are closely related with the health reform attempts. Thus, the thesis structure goes from more general aspects of the theory to more specific relations. In effect, examining the Turkish health care is the application of the general theory on neo-liberalism and governance; however, it also contributes much to understanding the nature of governance.

On the other hand, the thesis tries to link the national developments to a global theory. Inevitably, this requires paying due attention to the developments in Turkey. Of course, this is also a reciprocal process, that is, global and national processes determine each other. However, this determination cannot be argued to be a one-to-one relation and this brings in another problem, that is, whether determination takes place internally or externally. In this regard, the approach adopted in the thesis, is a middle way, that is, internal determination is also presented besides the external one. This, together with emphasizing national developments, caused the devotion of a whole chapter to the study of the history of administrative reform. As a result, there are two presumptions of this thesis; one emphasizing external, and the other internal determination. According to the former, the transition in the 1980s is from “administrative reform” to “structural adjustment,” which happened under the imposition of the World Bank. The latter, while not rejecting the former one, argues that this transition may also be interpreted as from “administrative reform” to “administrative improvement”, and it also aims at taking the internal relations into scope.

A third set of the preferences of the thesis is related with the unsettled character of the governance literature, as it is relatively a new literature. The governance literature expanded in the 1990s and there is an ongoing debate about its nature. In the thesis, it is argued that this unsettled character is due to the various theoretical roots and institutional sources of governance. Once, the institutions come into

picture, it is easier to trace the nature of governance. The way governance literature is disseminated by these sources, such as the World Bank, IMF, and the western governments, gives important clues about governance. The thesis, without denying other readings, emphasized governance as disseminated by the World Bank.

As a whole, the structure of the thesis will follow a route from more theoretical aspects to the practical aspects of the problem. In line with this, there will be a transition from the more general and universal aspects to the specific and national ones. The aim of the thesis will be to assess the influence of neo-liberalism and the newly arising governance “rhetoric” on the Turkish public administration. Therefore not only to reach a current snapshot but also the process leading to the present situation will be attempted. In doing so, it is hoped to show the transitory character of the governance literature, as well.

CHAPTER 2

NEO-LIBERALISM, THE GOVERNANCE LITERATURE AND WORLD BANK

Neo-liberalism put its imprint on the 1980s. Not only neo-liberalism was dominant in this period, but also some other “brother” discourses accompanied it. The debates revolving around globalization, transition to post-Fordism and dismantling of the welfare-state became a common staple of academic circles and they were used as the justification and rationalization of a global neo-liberal order. However, starting with the 1990s, another literature started to come to the fore, as the failure of neo-liberal policies reached a stage that is impossible to overlook. This alternative literature while accepting the real aspects of globalization and the strains of the welfare state, rejects their rhetorical use for justification of a neo-liberal order. Instead, it provides an alternative reading which takes these problematic characteristics as indicators of the failure of neo-liberalism. Thus, in the following, the critical readings of these developments will be presented.

At the same time, an alternative paradigm of governance started to develop very quickly in the 1990s. Being a newly and quickly arising literature, governance has some contradictory aspects and has different theoretical and institutional sources. Nevertheless, the aim of the chapter is to try to show that the governance literature which is, to a most extent, disseminated by the World Bank, is both the

continuation of liberalist policies and the overhaul of it; overhaul in the sense that some aspects of neo-liberalism will inevitably be rejected.

2.1. Neo-Liberalism: Solution or Part of the Problem

The influence of neo-liberalism after the 1980s is well known. The theses of neo-liberalism went hand-in-hand with other theses such as globalization, transition to post-Fordism, dismantling of the welfare state theses and they are used as a legitimization device to support the neo-liberal order. However, it is important to distinguish between rhetoric and reality. Though, globalization is a continuing process of the centuries and it is a mere fact that the welfare state encounters serious problems, it is problematic that these theses support the neo-liberal order. Even if these theses had been acceptable, why should they have to prop up a neo-liberal order? For example, military, social, economic relations within the globe may increase but why should this be taken as pointing every direction to a neo-liberal order? Similarly, the welfare state may show signs of distress, but does this come up to prove the necessity of dismantling all the welfare machinery? Moreover, to accept all these theses at their face value is impossible, as all these theses have their criticisms, accordingly.

Together with the 1980s, globalization put its imprint on the main current intellectual climate. It is argued that globalization is the increasing fluidity of capital enabling international capital an advantageous position compared to national and local capital, working classes and the nation state (Çınar, 1993: 82). Globalization resulted in the nation state's inability to control the accumulation process and the loss of its instruments to intervene in the economy. International capital gained autonomy from the state and as capital is more mobile internationally, the states have to give concessions such as tax reductions, more appropriate social legislations to capital (called 'social dumping' in Europe).

Consequently, all over the world the state became more dependent on international capital.

It is inconceivable that these developments would not bring changes in the administrative system of the nation-state. Due to these developments, national policies tend to be determined from outside. As a result, the ministries which are the principle agents responsible for the adjustment of the national system to the international system have gained importance. Especially the prime ministries and the ministries which are responsible for financial transactions and Central Banks became the major policy institutions. Most importantly, Central Banks tend to be outside the legislative control all over the world (Çınar, 1993: 85). International organizations such as the IMF became important for the economic policies in the Third World.

According to Held (1991b), even if we are far from an age in which the nation-state is completely exhausted, the power of the nation-state has eroded. Monetary and fiscal policies of the state are no more effective due to globalization. He argued that;

- “1- processes of economic, political, legal and military interconnectedness are changing the nature of the sovereign state from above,
- 2- local and regional nationalisms are eroding the nation-state from below, and
- 3- global interconnectedness creates chains of interlocking political decisions and outcomes among states and their citizens which are altering the nature and dynamics of national political systems themselves” (Held, 1991b: 222-223).

However, Held also states contrary to the impatient interpretations that “Yet, while there has been rapid expansion of intergovernmental and transnational links, among other things, the age of the nation-state is by no means exhausted,” and argues that we also witness a “nationalization of politics”. Besides, he maintains

that the individual states are not so willing to submit their disputes with other states to international arbitration. "At the heart of this 'great refusal' is the protection of the right of states to go to war (Held, 1991b: 211-214).

Another similar view is voiced by Hobsbawm. He argues that after two centuries of development, the nation-state shows signs of restructuration since 1960s, and the two alternatives to it, namely the free-market liberalism and the substitution of larger political units by smaller ones are not promising. These so-called alternatives only aggravate the major problems like the inequalities between the regions and the classes. Moreover, after fifteen years of *laissez faire* capitalism the state activity could not be reduced, contrary to the claims that it could be. Hobsbawm argues that the redistributive functions of the state are unavoidable. He states that,

"The current situation of the traditional state has led some observers to underestimate the state's continuing functions and powers. This has been encouraged by the recent, but now declining, popularity of ultra-*laissez faire* theories and policies. We must distinguish between what states cannot do, on the one hand, and what they could do if they wanted to. Much of what governments refrain from doing is rejected not because it is ineffective -for instance, economic protectionism and a degree of self-sufficiency can work- but because, for various reasons, governments do not desire it" (Hobsbawm, 1996: 273-275).

Together with globalization theses, post-Fordism theses became increasingly voiced in the academic circles. For example, Jessop (1994: 16) argues that, together with the 'hollowing-out' of the nation-state, we are in the eve of the transition from the Fordist state (Keynesian welfare state) to the post-Fordist state. According to him, the Fordist state is characterized by;

- "1- the nature of the labour process within the state sector itself,
- 2- the state sector's direct economic role in a Fordist accumulation regime,

- 3- the state's wider role in the social mode of economic regulation linked to such a regime, and
- 4- its role in securing the institutional integration and social cohesion of a social formation within which Fordism in one or more of its possible guises is dominant."

Jessop argues that together with the flexibility in the production process and in the employment structures, the state's main aim became to strengthen the national economy as far as possible amidst the international competition. In order to achieve this goal the state neglects its social roles, and accepts the dismantling of the welfare provisions (Jessop, 1994: 24).

Jessop uses the conception of the Regulation School to prop up his thesis. It is true that the regulation school gives utmost importance to the institutional patterns in the capitalist development and grasps capitalism as the succession of phases "each distinguished by certain historically developed, socio-institutionally defined structural forms that lead to distinctive economic trends and patterns" (Brenner and Glick, 1991: 46). However, it is problematic that these trends show the "exhaustion of Fordism" as the logic of the Regulation Theory is not predictive; i.e. it does not say anything about the future and deals with the actually existing facts, thus, post-Fordism theses are speculative (Tickell and Peck, 1985: 358).

Another similar thesis, that is the 'dismantling of the welfare state' has become wide-spread in the contemporary social sciences and political circles in the 1980s. Nevertheless, the claim to get rid of the welfare state may be more of an ideological character and again rhetoric may exceed the reality. For example, Offe (1984) argues that;

"... it is extremely hard today in Western Europe to conceive of a promising political strategy that would aim at even partially eliminating the established institutional components of the welfare state, to say nothing about its wholesale abolition. That is to say, the welfare state has, in a

certain sense, become an irreversible structure, the abolition of which would require nothing less than the abolition of democracy and the unions, as well as fundamental changes in the party system. A political force that could bring about such dramatic changes is nowhere visible as a significant factor, right-wing middle-class populist movements that occasionally spring up in some countries notwithstanding” (Offe, 1984: 152).

Thus, the current literature about the welfare system tends to focus not on its ‘dismantling’ but its ‘restructuring’ under the crisis conditions of capitalism after the 1970s. As a result, it is necessary to study what is being restructured. It is argued that there has been three types of welfare states and contrary to common sense expectations, not all types are restructured in the same direction. Esping-Andersen (1990) classifies these welfare types as:

“1- ‘Liberal’ welfare state (United States, Canada and Australia): means-test assistance, modest universal transfers, or modest social insurance plans predominate. Benefits cater mainly to a clientele of low-income, usually working-class, state dependants. In this model, the progress of social reform has been severely circumscribed by traditional, liberal work-ethic norms.

2- Corporatist-statist welfare state (Austria, France, Germany and Italy): In these conservative and strongly ‘corporatist’ welfare states, the liberal obsession with market efficiency and commodification were never pre-eminent and, as such, the granting of social rights was ever hardly ever a contested issue. What predominated was the preservation of status differentials; rights, therefore, were attached to class and status. This corporatism was subsumed under a state edifice perfectly ready to displace the market as a provider of welfare; hence, private insurance and occupational fringe benefits play truly a marginal role.

3- Social-democratic welfare states (Scandinavian countries): Principles of universalism and decommodification of social rights were extended also to the new middle classes. Social democracy was clearly the dominant force

behind social reform. Rather than tolerate a dualism between state and markets, between working class and middle class, the social democrats pursued a welfare state that would promote an equality of the highest standards, not an equality of minimal needs as was pursued elsewhere” (Esping-Andersen, 1990: 26-27).

Therefore, even in case of a restructuration of the welfare state, the outcomes of these developments will be entirely different.

Another aspect of the ideological character of the idea of ‘dismantling of the welfare state’ comes from other empirical studies. For example, it is known that one of the basic motives of the Thatcherite administration was its housing policy. Due to government measures, owner-occupation rose from 55.3% in 1979 to 67.6% in 1990 (Pierson, 1994: 105). However, this increase in the owner occupation did not bring forward cuts in government expenditures as claimed, but these expenditures were merely recomposed. “The withdrawal of funds to local authority housing has probably been matched by the increasing costs of the Housing Benefit (an element of the social security budget) and by tax expenditures on income tax relief on mortgages” (Pierson, 1994: 06). Hence, one of the basic motives of the opponents of the welfare state, that is, reducing the state could not be reached.

Thus, although the neo-liberal ideas carry the day seemingly without any viable alternatives, they draw increasingly more criticisms. According to Lipietz, there are four flaws in the neo-liberal model adopted by the nation-states, supra-national and global institutions;

“First, the model is associated with a tendency for social polarization with the possibility of either disruptive collective action or social breakdown. Second, it does not resolve the contradictions of the Taylorist labour process, central to the breakdown of Fordism, namely, progressive alienation from the production process and the collapse of the social

framework around which productivity gains could be shared. Third, it tends to fuel rather than contain, swings in the business cycle, with the result that macro-economic crashes are a constant threat and, we would add, the internationalisation of neo-liberalism has meant that business cycles are rapidly transmitted from one nation-state to another. Fourth, the deregulation of international trade blocs does not lead unproblematically to structural adjustment but to the exacerbation of structural imbalances and to forced deflations, as nation-states respond to global competition by adopting beggar-thy-neighbour policies” (Tickell and Peck, 1995: 366-367).

Consequently, neo-liberalism has a legitimation problem for the masses, to whom the task of explaining the reasons of cuts in the welfare expenditures, dramatic increases in the unemployment ratios etc., can not be accomplished properly. For example, the Thatcherite administration which tried to legitimize its neo-liberal policies as these were to cure the growth and inflation problems was unsuccessful in both terms. In the first years of the Thatcher administration, inflation seemed to be taken under control at the expense of low growth rates which caused massive unemployment. Because of lowered growth rates, inflation soared later on (Jessop and *et al.*, 1984: 48). This lack of growth, which approached a “deindustrialization” was tried to be legitimised with reference to the “post-industrial society” theses; however, it was argued that without manufacturing, the easy successes of the financial capital are only ephemeral (Cohen and Zysman, 1987).

The only success of neo-liberalism, in this regard, seems to ‘individualize’ social problems, and thus the opposition to the neo-liberal policies (Altvater, 1985: 49). Neo-liberalism, besides this legitimation problem, could not solve the growth problem of the capitalist economies.

“While neo-liberalism is capable of ‘*releasing*’ (often state subsidised and unevenly distributed) growth, as a political-economic programme it seems

incapable of securing the medium-term reproduction of that growth, given its susceptibility to cyclical imbalances and short-term plundering, and given the absence of a framework of policies, institutions and economic norms necessary for ensuring continuous reinvestment in skills, technologies and innovations” (Tickell and Peck, 1995: 368).

Thus, according to Tickell and Peck (1995: 369), global institutions which adopted neo-liberal policies, represent just “the *absence* of a new institutional fix”, not the successful application of neo-liberalism to a new global order. According to them, “neo-liberalism is seen as part of the (regulatory) problem, not part of the solution”

2.2. Governance

Due to the inadequacies of the neo-liberal paradigm, another approach, namely the governance approach seems to be influential in the science of public administration and in the political science. However, it is necessary to state that the picture that the governance literature presents is a blurred one. This is due, on the one hand, to the preference of this theory to be rather in a pre-theoretical stage of critique. “It is much clearer what the notion of governance is against than what is for” (Jessop, 1995: 318). On the other hand, the multiplicity of the theoretical roots on which this theory is based, and the institutional sources which disseminate governance literature also contribute to this blurred picture. As a result, in this section, governance will be examined with an emphasis on its multiple theoretical roots and institutional sources.

It is possible to observe that there is a distinction between governance for the Third World and governance for the Western countries. Generally speaking, it may be stated that the institutional sources’ governance is related to a large extent to the Third World countries. On the other hand, the theoretical development

aspect of governance, though embracing all countries to an extent, largely covers the Western countries.

2.2.1. Theoretical Roots of Governance

The theoretical roots of governance are varied. Among others the governance approach is built upon institutional economics¹ and transaction cost analysis characterized with a search for coordination that does not conform either to pure markets or to unitary corporate hierarchies; international relations which react to the distinction between the sovereign state and the inter-state relations; political science which increasingly criticizes public-private distinction (Jessop, 1995: 310-311).

In the realm of political science and public administration, the governance approach characterizes new interactive relations between the state and society. It is argued that, the threshold of the diminishing returns to the 'governing capacity of the political administrative systems (institutions, authorities, groups or individuals who separately or together perform governing actions)' have been crossed. Consequently, new experiments emphasising 'co-regulation, co-steering, co-production, co-operative management and public private partnerships on national, regional and local levels' are necessary (Kooiman, 1993a: 1). According to Kooiman (1993a: 2);

“In terms of working definitions: by governing we mean all those activities of social, political and administrative actors that can be seen as purposeful efforts to guide, steer, control or manage (sectors or facets of) societies. To distinguish these new or modern interactive forms from others, we call them social-political governing and governance in this study. Social-

¹ For an interesting presentation of New Institutional Economics, which insists on the importance of the institutions, see (Rutherford, 1994). For other useful sources, see, (Thompson G., 1987; North, 1989; North, 1990; Harriss and et al., 1995).

political forms of governing are forms in which public or private actors do not act separately but in conjunction, together, in combination, that is to say in 'co' arrangements. The interactive aspects of these forms are quite important. By 'governance' we mean the patterns that emerge from governing activities of social, political and administrative actors. These patterns form the 'emerging' outcome as well as a more abstract (higher level) framework for day-to-day efforts at governing. Modes of social-political governance are, in our opinion, always an outcome of public and private interaction. Governability of a social-political system can be seen in terms of a balancing process. It is not something static, but a constant process of coming to grips with the tension between governing needs on the one hand (problem situations or the grasp of opportunities) and governing capacities (creating patterns of solutions or developing strategies) on the other hand."

Kooiman argues that the governance theory which they aim to develop contains elements from systems theory, theories of inter-organisational networks, theories of public administration and public management, communication theory and the theories of the state (Kooiman, 1993a: 3).

Kooiman and his colleagues attribute the necessity of the new relations between the society and the state to the growing complexity, dynamics and diversity of the world we live in. 'In complexity the structural substances, in dynamics the changing substances and in diversity the different substances of mutual interdependencies of social-political systems are expressed' (Kooiman, 1993b). As a result, due to increasing complexity, diversity and dynamics, the governing capacities require adjustment in order to conform to the governing needs. This makes necessary a shift from "one-way traffic" of communication from those governing to those governed to a two-way traffic between them.

This two-way communication is necessary as the governing can not be left to bureaucracy alone. According to Dunsire (1993: 24);

“The dysfunctions of bureaucracy are age-old and legion: doctor-spread illness: patients in hospitals contract diseases they did not go in with, making regulations simply induces a search for ways around them, creating the need for more regulations to stop up the loopholes; and courts spread wrongdoing, by sentencing policies that fill prisons to overflowing, producing riots and creating crime schools for young minor offenders.”

The governance theorists argue that governments can not at all govern if the people do not govern themselves in their families, organisations and all kinds of groupings. “In a political crisis, a gram of ideological commitment implanted deep in the actors is worth a tonne of commissar supervision” (Dunsire, 1993: 25). Similar to Weber’s distinction of ‘coercion’ and ‘legitimation’ they propose a distinction between ‘steering’ and ‘governance’. While Weber argued that it would not be possible to govern a society without legitimation, they argue that steering of the governed is not enough. They also put forward that;

“Wishing to steer a social system in accordance with one’s own objectives, or to damp down some unwelcome disturbance, are reasons for attempting to govern it at a particular time and place. But it would be foolish to believe that if a social system did not receive such government constantly, catastrophe or disaster would certainly ensue. We do not really imagine that social stability is so fragile that the government must monitor it and adjust it minute by minute night and day in every particular. (...) System persistence is more likely than system collapse, with or without steering” (Dunsire, 1993: 27).

According to Dunsire, social-steering only partly explains this result. The alternative to system persistence, that is the overthrow of it necessitates a consensus about the other possibilities. “But we all know that such agreed preferences in a social system of even the smallest size are likely over only an

extremely narrow range of subject matter, concerning the basic survival of the system; and then only in crisis situations -attack from without, natural disaster, and so on.” Thus, he argues that the system persistence depends to a large extent to the impossibility of consensus around the alternatives. Governance theory supports civil society institutions as these would buttress the establishment through making the consensus over the alternatives impossible.

Dunsire goes as far as to propose the ‘yoking of incompatibles’, that is *collibrating* (meaning to weigh together or compare) in governance. He argues that this was used in Montesquieu’s separation of powers, and the American system’s emphasis on checks and balances. This process, for him is attaining equilibrium through equal pressures, that is *isostasy*. He argues that;

“... the concept is also implicit in the age-old statecraft maxim divide and rule; ... Skilled manipulators have always known how to tip a balance with a word in the right ear, or how to set two sides at each’s throats in order to slip something past while attentions are distracted, or how to rig a market. ... governments are using this technique all the time; they just have not set it into a coherent (and respectable) theory of intervention” (Dunsire, 1993: 31).

Another important characteristic of governance theorists is that they take into consideration not only the positive aspects of the organizing capabilities of the society but also the negative aspects of it. In cases when the state thinks that it is necessary to impose order in a new direction other than the established equilibrium, it would be legitimate to intervene. “Collibration -participating in the conflict of forces- as a technique is only an additional alternative to government by other means; it is certainly not advocacy of no government” (Dunsire, 1993: 34) Also, Kooiman argues that, governments are responsible for curbing the effects of ‘dynamic conservatism’ of vested interests and other blockades in social-political arrangements (Kooiman, 1993c: 261). Thus the governance approach has its stick to beat when necessary besides the carrot.

The factors which are favourable to the emergence of social-political governance are as follows:

- “- Existing and traditional structures of authority, methods and instruments, have failed or are eroded.
- New fields of social-political activities exist in which organisational forms and patterns of interest-mediation are not (yet) strongly established.
- There are issues that are of great concern to the (public and private) actors that are involved.
- There must be sufficient convergence of objectives and interests to make it possible to reach a synergetic effect or ‘win-win’ situation” (Kooiman, 1993c: 251).

As a result, the governance approach could not be claimed as an advocacy for the non-government, and the state continues to retain its power. Though, on the one hand, the governance approach is proposed as an approach similar to divide and rule policies of governing; on the other hand, it necessitates a previously unresolved governability problem which cannot be handled properly with traditional instruments and methods, and it is especially suited for the issues which are characterized with both the private and the public interest. As we will touch more upon in Chapter 4, health care comprises a proper candidate for such a development.

2.2.2. The Institutional Sources of Governance

The institutions that adopted the governance approach, that is, the sources of this theory are the World Bank and the IMF, on the one hand, and the western governments, on the other. The World Bank seems to adopt a more technicist approach, while the Western governments emphasized a more political one (Leftwich, 1994: 364). What the Western governments understood from “good

governance” is a sound administration plus democratization. The concern of the Western governments with the ‘good governance’ in the Third World countries is interesting as Western countries, especially the hegemonic power, the USA, had supported ‘bad governance’ in the Third World (Leftwich, 1994: 365-366). As a policy choice moulded in the Cold War years, Western governments supported anti-democratic dictatorships in the Third World. This they did, depending on a conception that authoritarian regimes are better than totalitarian (generally socialist) ones, the former having a likelihood to transform into democratic systems. They argued that authoritarian regimes have limited power over society, thus they are less repressive than totalitarian ones (Özbudun, 1993: 17-18).

It is argued that in the 1980s the USA preferred viable democracies as these regimes are better candidates for obviating more radical transformations and for preserving the essence of the anti-Communist and anti-reformist traditions of the armed forces in the Third World (Gills and Rocamora, 1994: 15). At the same time, ‘democratisation’ in the Third World was expected to enhance the neo-liberal attempts which demanded from the masses to bear the burden of economic transformations. However, generally ‘democratisation’ in these countries did not transcend beyond mere rhetoric and did not strengthen democratic institutions. The economic liberalisation policies imposed by the IMF was not accompanied by political democratisation (Gills and Rocamora, 1994: 19).

According to Leftwich (1994: 366), the ascendancy of the democratisation and ‘good governance’ rhetoric in the Third World may be attributed to “the experience of structural adjustment lending, the dominance of official neo-liberalism (or neo-conservatism) in the west, the collapse of official communist regimes and the rise of pro-democracy movements in the developing world and elsewhere.”

On the other hand, the other institutional source of the governance paradigm, the World Bank, beyond its financial powers, attained a position that is able to

manipulate and disseminate academic discourses in the political, economic and administrative sciences in the 1980s. This is an improvement for the benefit of the Bank, which in the 1960s and 1970s used to articulate the theories which academia produced rather independently. The bank attained such a power through its huge staff of academicians, and its power to enforce these theories with the financial resources it administered (Peker, 1996: 7). At the same time, the Bank started to extend its institutional base, and founded agencies in the individual countries. For example, the Bank opened its agency in Turkey in 1988; thus, it became possible for the Bank to achieve a closer scrutiny over the Turkish economy and politics, and an easier supervision (Güler, 1995: 28).

2.3. World Bank and Governance

According to Peker (1996: 7), the policies of the World Bank can be periodicized as follows: Growth, redistribution together with growth, structural adjustment together with growth and good governance. The last two periods were shaped under the influence of the 'market friendly state' and the latter one was devised as an attempt to systematise and legitimise the attempts of the Bank against the criticisms made to the structural adjustment period.

In the structural adjustment period which started in the beginning of the 1980s, the policies of the Bank were shaped by the global crisis of capitalism and the debt problem of the Third World; and the neo-conservative governments' coming to the power in the USA, Britain and Germany (Peker, 1996: 31). As a result, the Bank started to impose its policies to the Third World which would increase the capabilities of these countries to pay their liabilities. These policies aimed at the encouragement of exports, an efficient resource allocation, a sustainable trade balance, and stable growth. In order to reach these policy targets, the countries had to achieve a stable macro-economic environment (realistic monetary, fiscal and foreign exchange policies), a reduction in the inflation rate and the current account

deficits through curbing internal demand, liberalisation of the foreign trade regimes and reforms in the institutional and administrative structure of the country, especially privatisation and deregulation (Peker, 1996: 34-37).

However, these policy shifts in these countries were soon to become the target of harsh criticisms. First of all, contrary to expectations, reducing the state did not end up in a better resource allocation and increased growth rates as the theory envisaged, but growth rates dropped. Second, even if the primary aim was to slow down the inflation rates, supply side policies such as liberalisation of foreign exchange rates and interest rates caused inflation to soar and investment to shrink. Last but not least, these policies increased unemployment rates in all countries, and this, accompanied by reductions in the welfare state expenditures, increased the social strains. Consequently, the Bank formally declared a policy shift taking the indigent people into consideration in 1985 and in 1990. Finally, the Bank declared its official policy of 'good governance' in 1992 (Peker, 1996: 39).

The term 'good governance' had its debut in 1989 in a report on Africa, *Sub-Saharan Africa: From Crisis to Sustainable Growth: A Long Term Perspective Study*, which advocated "a slim but efficient administrative state, detached from its prior pervasive involvement in economic matters"(Leftwich, 1994: 368), later to be a key term for the Bank in its relations with the Third World countries (Peker, 1996: 42). Here, the term came to represent a 'market friendly' state that regulates its powers around this notion. The basic aims of the 'good governance' are the efficiency of the state, the state's provision of an atmosphere beneficial to entrepreneurs and the making of a 'civil society' supporting the reform attempts (Peker, 1996: 45).

The other stimulus for the creation of the governance literature was the "rapid political changes" in Eastern Europe, Latin America, and parts of Asia and

Africa.² “These changes have been accompanied by changes in the role of the state to reflect a greater preoccupation with the creation of an enabling environment for development, larger responsibilities for the private sector, a reduction in direct government involvement in production and commercial activity, and the devolution of power from the center to lower levels of government” (World Bank, 1992: 5).

Thus, the basic thrusts of the policies of the governance period were in line with the neo-liberal values. Nevertheless, an interest for the conditions of the indigent people is a novelty, and the state’s role is further emphasized. However, it would be rather impatient to reach the conclusion that the Bank rejected its primary motives of the structural adjustment period. The governance approach of the Bank was not only a claim to take the social strains into consideration but also a continuation of the orientation towards ‘weak state but strong government’ of the neo-liberal policies. The ‘good governance’ policy was not only devised to reduce the social strains of the rural and urban poor, but it also aimed to curb the resistance of a whole range of losers of the neo-liberal policies, namely the bureaucrats, public sector workers, party officials and manufacturers who have the advantage of being located very close to the state power. Thus, the Bank officially continues its policies which are responsible for the establishment of “dual bureaucracies” which will be examined further in the following chapters. Most importantly, the Bank reiterates in the governance literature its conventional preference for the private sector in the economy.

The novelty of the governance approach, however, is an emphasis on the problems created by the application of the neo-liberal policies. The defenders of governance argue that “good economics is often bad politics” (Frischtak, 1996: 3). Thus, on

² The “rapid changes” in Eastern Europe and in other “developing” countries like the Latin American countries and Turkey brought in a new conception. In the Eastern European countries, after the first hopeful years after the collapse of socialism, the hopes of democracy, better living standards, etc. Faded away. The expectancy was that a “creative destruction” would take place but only the “destruction” part was the share of Eastern Europe (Berend, 1994: 48). Similar developments were observed in other developing countries.

the one hand, they agree with the neo-liberal policies; and on the other, they suggest an overhaul of them. World Bank writers argue that, “governance capacity encompasses both the bureaucratic ability to design and implement reform and the leadership and the symbolic capacity to build and sustain coalitions that can support reform effectively and sustainably” (Frischtak, 1996: 22). They also stress the credibility of policies among the masses, which is the function of the reliability of the politicians and the benefits of the new policies for the people. For example, they criticize the excessive centralization of decision-making and institutional bypassing used to apply neo-liberal policies (Frischtak, 1996: 23-6). They state that,

“Too much centralization may also decrease the leadership’s ability to generate the necessary cooperation with political competitors. This was the case in Turkey, where excessive reliance on executive power created too much discretionary authority, increased confrontation between the government and the opposition, aggravated the cooperation problem associated with fiscal policy, and eventually contributed to the fiscal deterioration. It also created an image of personal rule, undermined the legitimacy of the reforming government, and contributed to the loss in its popularity” (Frischtak, 1996: 26).

However, the governance approach also accepts the necessity to curb the influence of the “traditional bureaucracy”. As mentioned above, one of the primary motives of governance was to curb the resistance of losers of the neo-liberal policies, among which the bureaucrats and public sector workers had a prominent place. As a result governance approves the antipathy of neo-liberalism against the etatist bureaucracy. On the other hand, not only in Turkey, but also in all similar countries, these “excessive” policies were applied without facing any criticism by the World Bank. Thus, to call for the curbing of these excesses after the elimination of the etatist bureaucracy and all opposition by forceful measures which continued for more than a decade is not convincing. Moreover, the Bank does not utter any word about reversing these “excesses” and thoroughly endorses

the former period. As a result, the criticism of governance against “excessive reliance on executive power” means just to rasp the excesses of the former period, in order to legitimize, first, the former period, and second, the new policies of governance.

From an administrative point of view, governance denotes “an efficient, independent, accountable and open public service” that nobody can reject. However, this technicist view does not give due attention to development in the Third World countries. According to Leftwich (1994: 372-373);

“In short, the failure to engage with the history, practice and theory of the state as an agent in the developmental process is the major shortcoming of the contemporary preoccupation with governance in development. For it has become clear that, at least in its critical early stages, sustained economic growth in late developers (whether ‘market friendly’ or not) is the product of pattern of politics which tend to concentrate in the state both the political will and the bureaucratic competence to establish a developmental momentum in a competitively hostile international environment. ... This is why the conception of good governance, presented as the necessary administrative capacity for development, is no substitute for a conception of the developmental state in which the role of politics and the state is paramount.”

Leftwich argues with regard to the democratisation waves of Huntington (1993) that only a few of the Third World countries are prone to the survival of democracy. “Each outcome will depend on the way in which the continuing costs and benefits of economic liberalisation are distributed, on the one hand, and the way in which democratic openings will be used by the excluded or oppressed to correct past inequalities or new hardships, on the other” (Leftwich, 1993: 614-615).

Hence, while governance proposes to apply “good politics” which will support “good economics” of neo-liberalism, it does not touch on the real issues, such as “political will and bureaucratic competence” in the development process, which is of crucial importance for the developing countries. Development is taken in the governance literature as a pure technical issue, which will definitely ensue when the state intervenes in the economy to prop up the private interests. It is beyond the limits of this thesis to elaborate on the criticisms of such a view, but it has to be stated that, when the state abandoned its primary role in the industrialization process in Turkey after 1980, the private sector did not take over the industrialization process with a renewed impetus, as asserted. On the contrary, it preferred to lay capital in lucrative sectors, such as tourism, gambling, financial and real estate speculation, and neglected industry (among others, see Boratav and Ergun, 1993; Eser, 1993). The relevance of these sectors for the industrialization of the country seems to be very feeble, and most of the problems of the country, such as unemployment, low wages, inferior technology levels, etc., stemmed from this “de-industrialization”. Of course, governance does not take these issues into its consideration.

To conclude the chapter, as mentioned above, it may be stated that governance is both a continuation and overhaul of the neo-liberal policies. To the extent that it represents a continuation, it is not possible to escape from the legitimation problems that neo-liberalism encountered. It seems not possible that a “technically conceptualized development” will solve the huge problems of “political will and bureaucratic competence” of the industrialization process. As a result, governance cannot be a remedy for the strains of the masses. On the other hand, the aspect of being the overhaul of the neo-liberal policies needs “unfolding of the events” for resolution. In chapter 4, an instance of this will be attempted in the presentation of the Turkish health care system and the health reforms which continue at the moment.

CHAPTER 3

REFORM OF THE PUBLIC ADMINISTRATION SYSTEM BEFORE AND AFTER 1980

In order to understand the influence of governance on the Turkish administration system, the developments after 1980 have to be studied, as the proposals of governance aim at remedying the legitimation crisis that ensued due to the neo-liberal policies. The influence of the governance literature on Turkish political system cannot be studied without due reference to the post-1980 reorganization of the administration. The post-1980 period is argued to be characterized with a transition from the administrative reform period to the structural adjustment period under the aegis of the World Bank (Güler 1995: 25). Thus, it is also necessary to take a close look at the pre-1980 administrative reform period, in order to understand the nature of this transition.

However, this conception emphasizes external determination lopsidedly. Hence, in the following pages it will be argued that the post-1980 period may also be taken as a transition to the improvement of the administration period. Both transitions characterize a shift towards a partial approach instead of a holistic one in the administration.

3.1 The Administrative Reform Period Before the 1980s

The 1980s are characterized with a transformation from administrative reform to structural adjustment in the administration. However, it is not apt to think that the 1945-1980 period was without its problems. In order to grasp the meaning of the post-1980 period, it is necessary to understand the so-called 'administrative reform period.'

Administrative reform may be defined as an "organized effort to introduce and inject changes and improvements to public administrative systems in order to increase their capacity and performance in implementing public policies and programs" (Berkman 1978: 9) According to Sürgit (1972), if an administration is not capable of meeting current demands or it does not have a prescience to satisfy future demands and if it is far from applying the most efficient methods of administration, there is a need for administrative reform (Sürgit 1972: 12). He asserts that administrative reform aims at modernization of the administration and is a factor of social transformation. He adds that there are no clear borders of administrative reform and it is a time-consuming and a continuous process. Also administrative reform is a subjective and disputatious undertaking which is more than traditional efficiency measures and a mere stipulation of laws. Therefore, in order to be successful in administrative reform, the administrators should be conscious of their tasks and should have the due determination (Sürgit 1972: 12-21).

Even if administrative reform has always been an important subject in Turkey, the institutionalization of the administrative reform efforts started after the Second World War. This development was congruent with the general tendencies in the Third World. After the War, in the restructuring of the world order, it was conceived that the modernization of the Third World necessitated the establishment of a modern administrative machinery (Güler 1994: 8). As a result,

not only the public administration discipline, but also the emerging international organizations such as the International Bank for Reconstruction and Development sponsored administrative reform attempts (Berkman 1977: 20). Besides, institutes for the education and training of public employees were founded in Brazil in 1961 (Public Administration Institute for Brazil and Latin America), in Turkey in 1962 (Public Administration Institute for Turkey and Middle East- PAITME or Turkish acronym TODAİE) and in Costa Rica, Egypt and India in 1954 (Güler 1994: 9).

The post-war administrative reform attempts in Turkey are generally divided into two periods, before and after the introduction of planning. Before the planning period, there were three reports, namely the Neumark; Barker; and Martin and Cush reports. Besides, the Ministry of Finance prepared two reports on the personnel regime in Turkey, but these did not result in new laws (Sürgit 1972: 67-72). Before the planning period, the foundation of the PAITME was another turning point in the history of Turkish public administration.

After the May 27, 1960 military coup, the planning efforts went hand in hand with the attempts at reforming the Turkish public administration system. This period also witnessed a 'creation of the tradition' in which the military rules laid the basis of rapid administrative transformation. Three important events of this era were the foundation of the State Planning Organization (SPO) with the law no 91 in September 30, 1960; of the State Personnel Department with the law no 160 in December 13, 1960 and the transformation of the PAITME into a center of the administrative reform (Sürgit 1972: 79).

In 1961, National Unity Committee ordered the SPO and the PAITME to prepare a report on the public administration system. The PAITME prepared "The Preliminary Report on Administrative Reform and Reorganization". Furthermore, the Committee for Administrative Reform was formed with the task of preparing the basis of a comprehensive administrative reform, preventing the recurrences and vacuum in the function of the organizations, supervising the continuity of the

administrative reform and harmonising the various administrative reform attempts of different organizations (Sürgit 1972: 81-82). As will be seen in the following, the last function is especially important, as this would prove to be a major problem throughout the history of Turkish administrative reform efforts.

Although the committee had the advantage of the extraordinary powers of the military rule, the proposal of laws prepared by the SPO based on the Preliminary Report could not become law. After such a failure, SPO applied to PAITME and the studies on the Research Project on the Central Government Organization (MEHTAP) started in April 24, 1963. The report was a comprehensive survey about the distribution of the functions in the central government organization, with the aim of attaining a rational organization and procedures, a systematicized planning and coordination, a better financial control and a more operational personnel system. Nevertheless, the report did not cover the provincial organization of the central administration, the local administration and the state economic enterprises.³ It also did not cover the army, the police organization and the universities. Moreover, in the restructuring of the functions, the report advocated permitting the internal organizations to take the necessary measures themselves, though it did not abstain from advisory suggestions (Sürgit 1972: 86-7). However, the report did not have any chance to be enforced.

³ However, PAITME, SPO, SPD and the Ministry of Finance separately or in collaboration prepared other studies covering these areas. These reports could not be applied as well. These studies are:

For the provincial organization: Arif Payaslıoğlu, *Merkezi İdarenin Taşra Teşkilatı Üzerine Bir İnceleme*, Publication of PAITME and SPO, Ankara, 1966.

For the local administration: Fehmi Yavuz, *Türk Mahalli İdarelerinin Yeniden Düzenlenmesi Üzerinde Bir Araştırma*, Publication of PAITME and SPO, Ankara, 1966.

For the personnel administration: *Devlet Personel Rejimi Hakkında Devlet Personel Heyetince Hükümete Sunulan Öneriler*, Publication of SPD, Ankara, 1962.

For the state economic enterprises: *Türkiye İktisadi Devlet Teşekkülleri Hakkında Rapor (Yabancı Uzmanlar Raporu)*, Publication of the Ministry of Finance, Ankara, 1961 or *KİT Reform Komisyonu Ön Raporu*, Ankara, 1971.

MEHTAP suggested the foundation of a central organization to be responsible for the administrative reform efforts of different organizations (such as SPO, PAITME, SPD, the Ministry of Finance, the National Productivity Center) and it advocated the local government and the state economic enterprises be included in the attempts at administrative reform. However, instead of complying with these suggestions, charging SPO with these functions was preferred. As SPO was anyhow under the heavy burden of other excessive responsibilities, it either assigned this task to the various committees whose efforts proved to be unsuccessful in enforcing their suggestions or chose the way of opening new departments which lacked the necessary secretarial resources to perform these tasks (Sürgit, 1972: 170-171; Dinçer and Ersoy, 1974: 39; 351; Taykut and İzmirlioğlu, 1975: 108). As planning and administrative reform efforts had a parallel itinerary after the 1960 military rule, it may be claimed that, it is possible to assign the responsibility of the administrative reform to the SPO; however, there is an angle between these two tasks (Sürgit, 1972: 13). Consequently, the administrative reform proposals ornamented the annual programs of the development plans, which give the impression of paying lip service to the administrative reform.

The same pattern of a renewed impetus for the administrative reform under the military rule recurred in the 1971 coup. The first Nihat Erim government declared intention to reform the administration (Acar, 1991: 22). In May 29, 1971, a committee was formed in order to determine the strategies of the administrative reform, under the name of "Administrative Reform Consultation Board," and the board started functioning on June 18, 1971. Under the supervision of the board, nine research teams prepared reports on the reorganization attempts in the ministries, which adopted a method similar to the MEHTAP report. Similar to the MEHTAP report, all organizations were left free to undertake their reform efforts themselves. The Advisory Board dissolved in November 19, 1971, after submitting its report to the government which was later distributed to the ministries. In line with the targets of the report, administrative reform studies

started in the ministries separately under the supervision of SPO (Sürgit, 1972: 149-159). Thus, in the 1970s, committees formed in order to accomplish reform in the administrative system functioned in line with the former committees. Their efforts proved to be disordered, as basic problems such as the foundation of a central organization which would be responsible for the harmonization of the administrative reform attempts could not be solved.

In the 1970s, the suggestion for the reorganization of the state economic enterprises in the form of holdings could not be realized (Taykut and İzmirlioğlu, 1975: 79). In this period, the annual programs of the development plans continued to address the problems of the administrative reforms; however, this resembled a permanent section that is traditional to affix to the plans. Moreover, besides the suggestions they used to attach a few lines of self-critique for the performance of the former plans' administrative reform efforts (Berkman, 1981: 208-210). The same pattern repeated itself until the 1980s.⁴

Thus, it may be stated that the performance of the development plans for attaining efficiency in the reform attempts of the public administration system was inadequate. Furthermore, it is argued that Turkey started a *de facto* dismantling of the planning for economic development starting with the Fourth Development Plan (Şaylan, 1981: 193). Thus, it became less possible for a weakened SPO to carry out this task.

⁴ Even in the 1980 Annual Program of the Fourth Development Plan, it was stated that, "in order to carry out, lead and with an effective feedback assess the administrative reform attempts, a central responsible organization will be established" (Berkman, 1981: 220).

3.1.1 The problems of the administrative reform attempts in Turkey

The most important reason for the unsuccessful results of the administrative reform attempts was the central organization problem. As mentioned above, this problem continued to be unresolved through the whole history of Turkish administrative reform attempts. SPO tried to perform this role; however, as there is an angle between the planning and the administrative reform, it could not accomplish this task properly. Without a central organization for the administrative reform, SPO adopted a method of control through control forms (*tedbir takip fişi*) (Taykut and İzmirlioğlu, 1975: 20). This, of course, proved to be an insufficient method of control. At the level of planning, SPO had tensions with the other sections of the public bureaucracy such as the Ministry of Foreign Affairs, with other controlling organizations such as the Ministry of Finance, and with the investor state economic enterprises (Şaylan, 1981: 196). The failure of SPO, whose main function was in the realm of planning, to avoid such tensions shows that it was improbable for the administrative reforms to be successful without a central organization.

Besides the *sine qua non* harmonization needs of various administrative organizations, there has been a need for overcoming the tensions arising from various realities. Just to cite some of these tensions, there are problems between various organizations of administrative reform such as SPO, PAITME and the Ministry of Finance; between ministries which have functional overlappings, between organizations of administrative reform and the various ministries. Thus, without the leadership, control, feedback and sanctions of a central organization administrative reform efforts became a contradiction in terms. It is impossible to conceive disorganized efforts to reach a sound administrative reform.

In the administrative reform attempts without a central organization, SPO would determine the general targets to be fulfilled and the individual organizations would

try to comply with them in their own lines. For this to be accomplished, all organizations are encouraged to form their own 'Organization and Method Units' (O and M units). In the PAITME the first course for the O and M units started in May 4, 1959, and in the same year the institutional units started to be founded (Sürgit, 1972: 73-74). The number of the established O and M units were 9 in 1962, 25 in 1965, 44 in 1971 and 68 in 1978 (Sürgit, 1979: 38). These units were expected to be the motor force of the organizations in the administrative reform attempts. However, their functions and statutes were not settled properly and the suitable personnel were not recruited in these units. Also, there were other units-investigation boards (*Tetkik Kurulu*), research and development units (*Araştırma Geliştirme Kurulu*), consultant units (*müşavirlik*)- responsible for the same task (Sürgit, 1972: 188-191). Thus, they could not accomplish the tasks assigned to them.

For example, the 1974 Annual Program foresaw the appointment of O and M units in the ministries to specify the problems in the administration focusing on the "basic subjects such as organizing, administrative methods, procedures, equipment, personnel and communication. The program required the reports to be concluded in 3 months and the suggestions to these problems would be programmed through the 'Research Program of Development of Administration.' Upon the approval of the SPO necessary measures would be enforced. However, the responses of the O and M units to this study were discouraging and this study could not be successful (Taykut and İzmirlioğlu, 1975: 33-37).

Similar to the central organization problem, the so-called 'political responsibility problem' proved to be disastrous for the administrative reform attempts in Turkey. Until 1967 the Prime Ministers took the responsibility for the administrative reforms together with the Council of Ministers. Later, it became conventional that a minister, especially a minister of state take over the responsibility. However, in effective administrative reform attempts in some other countries, a separate organization takes full responsibility. In Turkish practice, the ministers did not

even have the necessary secretarial resources to carry out this task (Sürgit, 1972: 181-183). At the same time, due to this problematic character of political responsibility, administrative reform attempts became prone to the political exigencies, and the relatively rapid turnover of governments in Turkey made the administrative reforms unrealizable.

Due to the 'political responsibility problem,' that is, the lack of a political will to carry out the administrative reform acts, the military periods in Turkey seem to be active periods of reform. This is not a specificity limited to Turkey but a general tendency observed all over the Third World. However, this renewed interest in reform under military rules is problematic. First of all, in Turkey, governments are no less unsteady under the military rules. Of course, this characteristic contributes to the failure of the reform attempts. Moreover, administrative reform attempts are not prone to democratic control under military rule. Thus, such reform attempts may have different objectives compared to democratic reforms. As Berkman (1977: 21) states,

“It can be argued that in countries where sudden changes of government, usually through military coups, have brought to power new political leaders, administrative reforms can be employed or undertaken basically because of political and power considerations (e.g., to justify the rule of new leaders, to give a reformist image, to force the civil bureaucracy and other institutions to cooperate with the new rulers) rather than to promote efficiency, rationalization, development or realizing other formally expressed goals.”

There were also other problems in the administrative reform attempts in Turkey. As mentioned above, administrative reform is more than traditional efficiency measures. However, when the reform proposals are examined, it is hard not to observe that most of the suggestions involved efficiency measures in the public administration system. Therefore, in most cases, superficial measures of an administrative reorganization, instead of a comprehensive administrative reform

were on the agenda.⁵ Moreover, most of the suggestions were in the form of separate and partial measures devised for solving the individual problems (Berkman, 1981: 219). Thus, in the administrative reform attempts, a holistic view had been neglected (Taykut and İzmirlioğlu, 1975: 108).

3.1.2. Achievements of the administrative reform

In the administrative reforms all over the Third World which gained an impetus after the Second War, a notion was reached, disregarding whether a rapid or an incremental approach was adopted (Berkman, 1978: 11): Administrative reform is a continuous process. Thus, all the packages of administrative reform are incomplete by nature. Before elaborating on this subject, it may be apt to discuss the reformability of the administrative system.

According to Hirsch (1978: 100) the administrative system is not a close formation, but it “represents in reality a heterogeneous conglomerate of only closely linked part-apparatuses.” He also states that;

“Under these circumstances and in view of the fact that the development of modern interventionist state is accompanied by a progressive diversification of the administrative and political apparatuses, to speak of the ‘management capacity’ of *the* state apparatus is to commit an error from the very beginning. The heterogeneous and increasingly chaotic structure of the bourgeois state apparatus is a precondition for its being able to maintain complex relations to the various classes and class fractions, relations which are the conditions of its ability to function as guarantor of the domination of the bourgeoisie. It must be open to the divergent interests and influences of individual capitals, which always

⁵ For Özen (1991: 89-90) administrative reform is a more comprehensive and radical undertaking, while the reorganization attempts are more incremental, and aims to solve the methodological and structural problems of the administrative system.

encounter one another in competition as 'hostile brothers', and in order to secure the political domination of the bourgeoisie and keep class conflict latent, it must maintain links both with the proletariat and with other classes and strata not to be counted as part of the bourgeoisie" (Hirsch, 1978: 100).

Thus, the state, being a mediator between different interests of the classes can not have a unified interventionist strategy. All the consistent planning efforts, and a 'coordinating system policy' is doomed to failure. Under these circumstances, the only viable alternative can be 'partial programming' (Hirsch, 1978: 101). However, the verification of this thesis is not satisfactory in Hirsch's account. In order to accomplish this task, the Turkish administrative reform attempts may be assessed. In the first hand, the unsuccessful results in establishing a central organization which would be responsible for the administrative reform confirm Hirsch's thesis.

The reformability of the Turkish administrative system in general may be reformulated as; whether the comprehensive reports (such as MEHTAP report) in the administrative reform attempts in Turkey have been successful. According to Mümtaz Soysal (Picq, 1996: 130-131), in the case of Turkey, the rate of accomplishment is rather low. As mentioned above, the Annual Programs of the Development Programs in Turkey adopted a tradition of self-critique that confessed the low achievement rate of the previous plans.

Besides the general suggestions of the Annual Programs, it may be helpful to assess the success of the administrative reform efforts at the level of more grassroots elements. Such a survey has been provided by Dinçer and Ersoy (1974). Working with questionnaires in the ministries and general directorates of the central government organization, they tried to assess the compliance rates of the administrative units to the suggestions of the MEHTAP report. In their point by point study, they reached the conclusion that 21% of the questionnaires were not

replied at all, from the given answers, 50% of the suggestions were not applied, 10.5% were not answered and it was stated that only 39.5% of the suggestions were complied with (Dinçer and Ersoy, 1974: 286). Taking the unreplied questionnaires into account, the rate of compliance decreases to 31.2%. Thus in 1974, that is, after a decade of the submission of the MEHTAP report, only one third of the suggestions were followed. This can give only a general outlook, as the MEHTAP report's preference was not a detailed package of suggestions for the individual organizations and this task was left to the organizations. This may point to the failure of the reports.⁶

However, there are some counter-arguments. According to Güler (1996), these reports were successful, to the extent that they became instrumental in convincing the public opinion to support the administrative reform. Due to this positive opinion for the reform attempts, the bureaucracy also became more receptive to the reform demands and they partially contributed to these attempts. Besides, with the help of these reports, the public administration was made 'visible' for itself. Thus, these reports may be taken as attempts of reconnaissance for administrative reform (Güler, 1996: 33).

3.2. Reorganization Attempts After 1980

After the coup d'état on September 12, 1980, similar to the previous military governments, a new impetus for administrative reform came into the picture. However, an important difference characterized these attempts. Whereas, after the 1960 coup, the MEHTAP report represented a wide-spread undertaking of reform, aiming at a comprehensive survey and reform of the administrative structure, after the 1971 coup, the "Administrative Reform Consultation Board," which started

⁶ In the world, the success rate of the similar reports are not above 50-60 % (Ar, 1983: 82). In the USA, the Hoover Commissions, first in 1947 and second in 1953, that were formed to deal with administrative reform, the success rates were about 85-90 % (Ar, 1983: 84).

functioning on June 18, 1971 adopted a different method. "The Consultation Board did not prefer to initiate new researches by means of the research groups it has established. Rather, by generally reviewing the previous administrative reorganization attempts (like MEHTAP), determined the general principles to be followed, (...) and posed suggestions for the efficient and adequate implementation of these attempts" (Karaer, 1987a: 68) Thus, the military government adopted a pragmatic approach in the reorganization process.

The pragmatic character of the reorganization attempts was further strengthened in the 1980 coup. The military government also abstained from large scale reorganization attempts. They preferred more operational studies which seem to bring in quicker and more efficient results. Also, it may be stated that, the military government was aware that comprehensive reorganization efforts have great costs both economically and politically, and even a part of the suggestions could be applied with great difficulties. However, beyond this, it may also be claimed that, the military government deliberately abstained from large scale reorganizations.

Like all the previous military Prime Ministers, Bülent Ulusu tried to justify the coup with regard to the corrupt and inefficient administration and argued that the coup was necessary to correct these ailments. In his speech of presenting the Government Program on September 27, 1980, he argued that;

"The structure of the Turkish public administration system, which has a long past, became outmoded by failing to adapt itself to innovations and new needs arising from changing conditions and lagged behind economic and social development. As a result of this, the ills of extreme centralization, imbalances in the distribution of duties, power and responsibilities, excessive overemployment, idle capacity, inefficiency and unnecessary formalities and red-tape developed in public administration. These ills of the Turkish public administration constitute the most important factors inhibiting the economic and social advancement of Turkey which is a developing country. Then, when the anarchic

environment of the recent years was added to the general scene, the administration became incapable of providing peace and security for society” (Karaer, 1987a: 83).

3.2.1. 1982 Constitution: Strengthening the Executive

The military government, at first hand, tried to strengthen the executive. The 1982 Constitution, increased the control of the executive over the public administration system and caused a centralization in the executive power in a two-dimensioned way. First, the Constitution established new centralized structures in local government bodies. Second, power was transferred to the political centres such as, ministers, Prime Minister, the Council of Ministers and the President.⁷ Some of the new developments introduced by the 1982 Constitution are as follows: The election of the rectors and deans by their institutions was abolished and they started to be appointed by the President and the High Education Council; the Ministry of Justice and the Minister of Justice enjoyed powers to interfere in the judiciary as being the President of the High Council of Judges and Prosecutors; the power of the Ministry of Internal Affairs over the municipalities was increased; some of the power of the Municipal Assembly was transferred to the mayors; the power of the State Economic Enterprises was transferred to the High Planning Council and the General Directorates; the body of lawyers and their unions (Union of Bars) were put under the control of the Minister of Justice, etc. The general budget was bypassed with the special fund system which reached 141 funds by 1988. These developments represented not only a centralization of power in the executive, but also an individualization of this power (Güran, 1989: 17-18; Aktan, 1994: 123-124).

⁷ According to Soysal (1992: 171), the characteristic of the 1982 Constitution was the strengthening of the President. Thus, in increasing the executive power, it seems that, the President has been favoured. Kuzu (1996: 81) also quotes that view, and argues that, the ensuing system in Turkey is a mixed one, having characteristics of both a parliamentary democracy and a Presidential system (Kuzu, 1996: 60).

The strong government obsession of the military government, thus, continued well in the civil governments of the 1980s and 1990s. As a result, the etatist bureaucracy of the pre-1980 period could be eliminated by these measures (Güran, 1989: 19; Güler, 1996: 62 and 68).⁸ One of the prior aims of the coup was to eliminate the “reactionary ideas” and “perverted ideologies” of the civil bureaucratic ranks (Heper, 1990: 219). Inevitably, the elimination of these ideologies came to mean elimination of the bureaucrats themselves.

According to Soysal (1992) and Kuzu (1996) the strengthening of the executive power in the 1982 Constitution is a contemporary development.⁹ However, the Constitution accomplished these aims through curbing the freedoms guaranteed by the 1961 Constitution (Soysal, 1992: 171).

Another characteristic of the post-1980 governments was the extensive use of the decrees with the force of law (DFL). DFLs are a way of increasing the power of the executive against the legislative branch and originally they were introduced by the 1971 coup. On September 20, 1971, the Council of Ministers was authorized to issue DFLs with the force of law. Article 91 of the 1982 Constitution facilitated the application of this right, expanded the practice and simplified the conditions of issuing DFLs (Soysal, 1992: 340-341; Tan, 1984: 43). As a result, the post-1980 governments issued unprecedented numbers of DFLs, to contribute to the process of increasing the power of the executive, and turned this extra-ordinary device into an ordinary right.¹⁰ While, 17 DFLs were issued between 1972 and 1978, this number increased dramatically to 91 in 1983 and 46 in 1984. In the 1982-1990

⁸ For an assessment of a more direct elimination effort in the State Planning Administration, see Şaylan (1981).

⁹ “Contemporary” does not always come up to mean “progressive”, as it generally implies. According to Keane (1992a; 1992b), modern states increasingly tend to turn into “modern Leviathans.”

¹⁰ “The spreading use of the institution of DFLs is creating in practice a series of problems (...). This way, which provides the Government for a while with easy working conditions, receives strong criticism from the opposition on the basis that it circumvents the legislative organ. Besides political disputes, it is also true that the widespread use of DFLs and delays in their review by the legislative organ create serious legal problems” (Tan, 1984: 67).

period 305 DFLs were issued, of which 261 were directly related to the public administration system. Some of the DFLs of this period included the areas of the institutional structure of the public administration, the personnel regime, and the procedures of administrative methods (Güler, 1996: 63).

The military government established a commission to accomplish “Operational Research” related to the reorganization of the public sector in October 1980. The studies of the commission showed that three realms were of utmost importance for the reorganization attempts; the employment policy of the government, the personnel regime, and reorganization of the public administration. As a result, three commissions were established, respectively. Whereas the reports prepared by the first two commissions only determined the problem areas; the report prepared by the latter commission also presented suggestions for the problems (Karaer, 1987b: 38).

As an interesting development, the Commission on the Reorganization of the Public Administration attempted to solve the central organization problem in the reorganization attempts. As mentioned before, the reorganization attempts in Turkey were always carried out without a central organization. Several organizations like the State Planning Organization, the PAITME, the State Personnel Department, the Ministry of Finance, the National Productivity Center were held responsible for the administrative reform. Due to the lack of a central organization which was held responsible for the coordination of the reform attempts, the reform attempts lacked continuity, the necessary secretarial resources and the control and supervision which were *sine qua non* for such an attempt.

Of the eleven members of the commission, Kenan Sürgit proved to be a prominent figure in this regard (see Karaer, 1987b: 38-footnote). Sürgit was a determined supporter of the establishment of a central organization which was held responsible for the administrative reform. He published an article just after the September 12, 1980 coup (Sürgit, 1980). In this article, he stated that the coup

may be an instance of progress in the reform (Sürgit, 1980: 39). However, he warned against a partial and opportunistic style in the reorganization attempts. He argued that the reform attempts have to be holistic, not partial, and have to cover many complex issues in the administration. Superficial interferences in the system may be more harmful than beneficial (Sürgit, 1980: 40-41). Thus, the reorganization attempts must be taken as a long term undertaking and at the first hand, the Commission on the Reorganization of the Public Administration had to be established under the General Secretariat of the National Security Council. The secretarial functions of this commission should be provided by PAITME. He proposed that after the dissolution of the National Security Council, the functions of this commission were to be taken over by a central organization responsible for the reorganization attempts, under the supervision of a state minister. Thus, it seems that Sürgit attempted to warn the military government who may be tempted with the pitfall of sufficing with superficial measures in the reorganization of the public administration. He seemed to use this occasion to persuade the government about the benefits of such an organization.

3.2.1.1. Unification of the Ministries

On the other hand, the military government initiated a reorganization in the ministerial structures. With Law no 2384, the Ministry of Forestry was unified with the Ministry of Agriculture to form the Ministry of Agriculture and Forestry. Second modification was the abolition of the Ministry of Culture and instead, the establishment of Ministry of Culture and Tourism with the Law no 4901 (Karaer, 1987b: 85-86).

At that time, the organizational structure of the ministries was being determined according to Law no 4951 dated September 13, 1946. This law stated that the ministries may be regrouped with the proposal of the Prime Minister and upon approval of the President of the Republic (Sencer, 1985: 20). The restructuring of

the ministries was first carried out by the decree no 8/4334 of the Council of Ministers. According to this decree, the ministers would perform their functions through central organizations of the ministry; depending on their service areas, attached or main service organizations; provincial organization of the ministry and the overseas organizations of the ministry. The decree also determined the hierarchical levels from the undersecretariat and general directorate at the top, to the public officials at the bottom. The main units, advisory and control units and the auxiliary units were also determined by this decree. It also introduced two new units; General Secretariat and Comptroller Office of Ministry. However, this first attempt to provide a regular structure to the ministries could not be applied due to the lack of an empowering law. To overcome this deficiency, the Law no 2680, dated June 17, 1982, was prepared which authorized the Council of Ministers to issue DFLs on the reorganization of public organizations, and Agricultural Sales and Credit Co-operatives and their affiliations (Sencer, 1985: 24-28).

These DFLs on the reorganization of the ministries were prepared by three commissions linked to the subcommittee composed of five ministers under the chairmanship of Turgut Özal, who was the deputy Prime Minister and the state minister of the military government. These commissions were the Commission on Public Administration under the supervision of General Director of PAITME; the Commission on General Employment and the Commission on the Personnel Regime, both under the supervision of the under-secretary of the SPO. Here, the Commission on Public Administration worked through a Central Project Group. The Commission employed 113 specialists from PAITME, universities, administration and the private sector in 7 task forces between September 19, 1982 and December, 19, 1983. The task forces on the central organization, provincial organization of the central administration, the local administration, the Agricultural Sales and Credit Co-operatives, the State Economic Enterprises and the improvement of the administrative methods prepared numerous draft DFLs (Karaer, 1987b: 48-52).

These draft DFLs were submitted to the Council of Ministers; however, these could not be put into operation as the October 6, 1983 elections brought in a new government. The new Prime Minister, who was the chairman of the commission, pleaded the former government to let the new government apply these DFLs. Thus, these DFLs were to be applied by the first Özal government (Karaer, 1987b: 52 and 54). The application of the DFLs was a radical innovation in the administrative reform attempts. However, the application of these DFLs by the Özal government would come to mean a dramatic change and a mutation compared to the conception of the reformers like Kenan Sürgit.

The DFLs issued by the first Özal government in relation to the reorganization of the public administration system are:

- DFL no 174: It is the first frame regulation determining the structure, organization, functions and duties of the ministries after the decree no 8/4334, which could not be applied. Like the latter DFL, the former decree accepts the division of main units, advisory and control units and the auxiliary units but there are differences between them. DFL no 174 made it necessary to have at least three sections to establish a department, and at least three departments to establish a general directorate. Thus, the DFL aimed at limiting the unnecessary units in the ministerial organization structures. The Ministry of Defence was excluded from the scope of this DFL.
- DFL no 178: It is related with the organization and functions of the Ministry of Finance and Customs which was formed by the unification of the Ministry of Finance and Ministry of Customs.
- DFL no 179: It is related with the organization and functions of the Ministry of National Education Youth and Sports which was formed by the unification of the Ministry of Education with the Ministry of Youth and Sports.
- DFL no 180: It is related with the organization and functions of the Ministry of Public Works and Housing which was formed by the unification of the Ministry of Public Works and the Ministry of Construction.

- DFL no 183: It is related with the organization and functions of the Ministry of Agriculture, Forestry and Village Affairs which was formed by the unification of the Ministry of Agriculture and Forestry with the Ministry of Village Affairs.
- DFL no 184: It is related with the organization and functions of the Ministry of Labor and Social Security which was formed by the unification of the Ministry of Labor and the Ministry of Social Security.
- DFL no 185: It is related with the organization and functions of the Ministry of Industry and Commerce which was formed by the unification of the Ministry of Industry and Ministry of Commerce.
- DFL no 188: It is related with establishment, organization and functions of the Undersecretariat of Treasury and Foreign Trade.
- DFL no 190: It reorganized the classes, titles and numbers (cadres) of all the public employees in the ministries and in their establishments.

Therefore, with these DFLs, the organization and duties of the Undersecretariat of the Treasury and Foreign Trade and 13 ministries were regulated. 6 unifications were made in the ministries. Additionally, the general grades and its method were simplified with the DFL no 190 (Ar, 1984: 172).

The justifications of the unification of the ministries were; “to have simplicity in organization, to reduce the number of hierarchical levels, to keep the number of organizations to a possible minimum, to define the duties, authorities and responsibilities in a clear and open manner, to be able to reach swiftness in action where necessary, to provide unity in policies and implementation, and to perform public services in an orderly, efficient, productive, economic and rapid manner” (Karaer, 1987a: 146).

3.2.1.2. Expanding the State Ministries

The above mentioned justifications for the unification of the ministries seem to be telling only half of the truth. The basic reason of the unification of the ministries was to continue the process of strengthening and individualizing the executive. The unification of the ministries was not just combining two ministries to reach a larger whole. One of the ministries was taken as a base organization and the other one was attached to that one. However, some functions and the sub-units of the attached ministry were transferred to the state ministries (Karaer, 1987a: 155). Similarly, the State Economic Enterprises were put under control of the state ministries (Karaer, 1987c: 62). In order to understand the process, there is a need to discuss the state ministries more in detail.

The state ministries in the Turkish administration system were not a novelty of the post-1980 regime. The state ministries (*ministers without portfolio*) started to be widely assigned power in order to solve the coordination problems of the administrative structures in many countries. Also, political motives contributed to this process as state ministries are a requisite of forming coalition governments (Karaer, 1990: 49). Similarly in the Turkish case, the first attempt to introduce the state ministries came with the Law no 3117 dated February, 8, 1937, which regulated the division of public organizations into ministries. However, this law soon gave its place to Law no 3271 dated November 29, 1937. The latter law abolished the establishment of state ministries. Thus, the state ministries in Turkey could not be applied before the Second World War in the one-party regime (Sencer, 1985: 20).

The second attempt to establish the state ministries came with the Law no 4951 dated September 13, 1946. According to this law, the state ministers could be appointed and one of them may be held responsible as a deputy Prime Minister. Law no 55 dated June 26, 1962, stated that more than one of the state ministers could be assigned power as deputy Prime Ministers. The number of state ministers

constantly increased thereafter, and especially in the 1970s, in order to meet the political necessities of coalition governments (Sencer, 1985: 20-21). Thus, for example, as may be seen Table 3.1, in the ninth İnönü government the number of state ministers was 7, and 4 of them were appointed as deputy Prime Ministers (Karaer, 1990: 58-59).

After the 1980 coup, the increasing trend of the state ministries continued. The upper limit of the state ministries was increased to 10 with the Law no 3313 dated October 15, 1986, and then to 15 with the Law no 3407 dated February 9, 1988 (Karaer, 1990: 64).¹¹ Most important development, however, was the possibility of state ministries to act like service ministries with the DFL no 174 (Sencer, 1985: 25).

As mentioned above, the increased number of the state ministries were held responsible for the functions of the attached ministries in the unification process of the ministries and the State Economic Enterprises. Also, some functions of the service ministries were taken from them and were assigned to the state ministers (Tan, 1993: 39-40). For example, after the unification of the Ministry of Education with the Ministry of Youth and Sports to form the Ministry of National Education Youth and Sports in 1983, the General Directorate of Youth and Sports was given under control of a state ministry (Karaer, 1990: 73). Thus, the state ministries represented a tool of circumventing the traditional bureaucracy in the administration (Güler, 1996: 63). Two developments also accompanied this process. First one is the increased power of the Prime Ministry, and second one is the establishment of the Undersecretariat of the Treasury and Foreign Trade.

¹¹ As may be seen in Table 3.1, the number of the state ministries increased to twenty.

**Table 3.1: The Number of State Ministers and Deputy Prime Ministers
(1946-1989)**

Governments	Period of office	Dep. Pr. Min.	State Min	Total
Peker	7.8.1946-3.9.1947	1	1	2
I. Saka	10.9.1947-8.6.1948	1	1	2
II. Saka	10.6.1948-14.1.1949	1	-	1
Günaltay	16.1.1949-22.5.1950	1	1	2
I. Menderes	22.5.1950-8.3.1951	1	1	2
II. Menderes	9.3.1951-14.5.1954	2	4	6
III. Menderes	17.5.1954-30.11.1955	2	5	7
IV. Menderes	9.12.1955-1.11.1957	-	3	3
V. Menderes	25.11.1957-27.5.1960	1	2	3
I. Gürsel	30.5.1960-4.1.1961	1	3	4
II. Gürsel	5.1.1961-28.10.1961	1	3	4
VIII. İnönü	20.11.1961-1.6.1962	1	4	5
IX. İnönü	25.6.1962-2.12.1963	1	4	5
X. İnönü	25.12.1963-13.2.1965	1	3	4
Ürgüplü	20.2.1965-22.10.1965	1	3	4
I. Demirel	27.10.1965-22.10.1969	-	5	5
II. Demirel	3.11.1969-14.2.1970	-	4	4
III. Demirel	6.3.1970-12.3.1971	-	3	3
I. Erim	26.3.1971-3.12.1971	3	2	5
II. Erim	11.12.1971-17.4.1972	-	4	4
Melen	25.5.1972-10.4.1973	-	4	4
Talu	15.4.1973-16.12.1973	2	2	4
I. Ecevit	26.1.1974-16.9.1974	1	3	4
Irmak	16.11.1974-31.3.1975	1	3	4
IV. Demirel	31.3.1975-21.6.1977	3	4	7
II. Ecevit	21.6.1977-3.7.1977	2	2	4
V. Demirel	21.7.1977-31.12.1977	2	4	6
III. Ecevit	5.1.1978-17.10.1979	3	7	10
VI. Demirel	12.11.1979-12.9.1980	-	6	6
Ulus	21.9.1980-24.11.1983	2	4	6
I. Özal	13.12.1983-21.12.1987	1	6	7
II. Özal	21.12.1987-31.3.1989	-	7	7
III. Özal	31.3.1989-23.11.89	1	9	10
Akbulut	9.11.1989-23.6.1991	1	14	15
I. Yılmaz	30.6.1991-20.11.1991	1	14	15
Demirel	25.11.1991-25.6.1993	1	14	15
Çiller	30.6.1993-5.10.1995	1	14	15
Erbakan	9.7.1996- ?	1	19	20

Source: (Karaer, 1990: 60; Official Gazettes)

The DFLs prepared by the Commission on Public Administration besides the unification of the ministries also reorganized the attached institutions of the ministries and the prime ministry and increased those of the latter. Thus, this development increased the centralization tendencies of the administration (Sencer, 1985: 30). While on the one hand, the 1982 Constitution increased the power of the Prime Minister in the Council of Ministers, (Sencer, 1985: 15) on the other hand, the prime ministry turned into a service ministry responsible for regulating the Turkish economy. Thus, the prime ministry became a large service ministry, in which the Prime Minister ruled through his state ministers, instead of a coordinator ministry.

Another development was the establishment of the Undersecretariat of Treasury and Foreign Trade attached to a state minister on December 13, 1983. This undersecretariat was established by taking the related units from the Ministry of Finance and the Ministry of Trade. Thus, the Undersecretariat of Treasury and Foreign Trade became an organization which was capable of controlling vital decision making powers in economic affairs related to the Treasury and foreign trade. In effect, the Undersecretariat became more powerful than an ordinary ministry and proved to be most powerful in applying the neo-liberal policies of the Özal governments. The policies imposed by the IMF and the World Bank could be applied most successfully by the undersecretariat. Together with this undersecretariat, the prime ministry completed the process of gathering all the major decision making powers in itself. On the other hand, the functions transferred to the undersecretariat deprived SPO of the necessary powers to achieve planning functions. In this regard, this move meant the elimination of the public ideology in the administration (Güler, 1996: 61).¹² The establishment of the undersecretariat was also an instance of the attempts of the Özal governments to found a “dual bureaucracy”. Half of the employees of the undersecretariat were

¹² Elimination of the public ideology can not be argued to be a pure novelty of the 1980s. This is also true for the pre-1980 period when the state was a legitimate actor in the economical realm. For an interesting presentation see, (Göker, 1993: 28).

composed of contractual personnel (Devlet Teşkilatı Rehberi, 1996: 267) and they received higher salaries and better fringe benefits.¹³

To sum up the developments after 1980, it may be stated that, the military governments and the Özal governments increased the power of the executive and achieved this by way of centralization and individualization of the administration; unified the ministries to ensure a centralized scheme in the administrative organization and transferred important functions of the attached ministries and State Economic Enterprises to the state ministries, and by doing so, turned the prime ministry into a powerful service ministry. Thus, Özal governments had a free hand to apply the neo-liberal policies imposed by the IMF and the World Bank and to attack the etatist bureaucracy which had its imprint on the state up to that time.

The Özal governments, while eliminating the “traditional bureaucracy” which adhered to pre-1980 values like national development, at the same time, brought in their cadre of ‘princes’ to the managerial positions of critical agencies and state-run banks (Heper, 1990: 222). Additionally, the Özal governments established new units to break the “traditional,” that is, etatist bureaucracy in the ministries. These new units became the centres for the alternative bureaucracy which, Özal aimed to create in order to apply the neo-liberal policies. Accordingly, the “dual bureaucracy” character is established within the ministerial organizational charts. For example, “Project Division” within the Ministry of Education, “Department of Highways” within the General Directorate of Highways, and “Project Co-ordination Unit” within the Ministry of Health were established (Güler, 1996: 97). The latter unit will be discussed in detail in chapter 4.

¹³ Nevertheless, there were some counter movements in the 1990s. First, the undersecretariat was divided into two; Undersecretariat of Treasury and Undersecretariat of Foreign Trade with the DHL no 534 and 535 in May 18, 1994 (Devlet Teşkilatı Rehberi, 1996: 261 and 270/1). Second, the Constitutional Court annulled the advantageous salaries of the employees of the undersecretariat on December, 13, 1995 with its decision no 1995/63 and this decision was published in the Official Gazette on October 9, 1996, no 22782.

These developments were in line with the projects of the IMF and the World Bank. This can be observed from the loan agreements signed with the World Bank. Beginning in 1980, World Bank preferred to sign Structural Adjustment Loan (SAL) agreements with Turkish governments (Aksoy, 1991-1993: 39-42). These agreements increasingly became more specific and inclusive of institutional aspects. Starting in 1985 these agreements gave their place to Sectoral Adjustment Loans (SECAL) which meant further increase of the specificity of the loans. SECAL agreements comprised agricultural, financial, and energy sectors. The last step in this direction was the loans given to specific projects (Güler, 1995: 20) (The loans of the World Bank up to 1993 may be seen in Appendix A) As a result, as will be discussed more in the loan agreements for the health projects in Turkey, World Bank attained greater power in determining the policies of Turkish governments (Güler, 1996: 58). The Turkish administration systems seemed to accept this policy, and adjusted itself to the partial approach imposed by the World Bank. As a result, it is argued that the 1980s were characterized by a shift from the administrative reform period which focused on development, to a structural adjustment period which focuses on neo-liberal measures (Güler, 1996: 9).

3.2.2. “Administration Improvement” During the Özal Governments

The Özal governments, while performing the above mentioned restructuring efforts, did not neglect paying lip-service to the reorganization of public administration, at the same time. As touched upon in the discussion of the administrative reform period above, even before 1980, superficial measures were wide-spread in the reform debates. Some key words of these superficial measures were, “preventing red-tape”, “trust of the administration on the citizens”, “simplifying the administrative procedures”, etc.

The Özal governments institutionalized these superficial attempts in the administration. On February 2, 1984, an empowering law was legislated (no 2297)

to simplify the administrative methods and procedures and a similar law was enforced in October 20, 1988 (no 3481) (Ar, 1993: 189).¹⁴ These undertakings were to be coordinated by the Department of Administrative Improvement in the prime ministry which was established in 1984. It is interesting that, the central organization which would be responsible for the administrative reform could not be founded despite all the claims before 1980, but afterwards, when the etatist bureaucracy was eliminated and the SPO was deprived of its planning powers, such a unit could be established. Thus, it may be stated that the post-1980 period while representing a transition from administrative reform to structural adjustment, was also a transition to administrative improvement.

The Department of Administrative Improvement published reports about the procedural innovations achieved by the public organizations (see T.C. Başbakanlık, 1989; T.C. Başbakanlık, 1996). In the 1984-1989 period 472, in the 1989-1990 period 400, and in the 1991-1995 period 194 such innovations were made (Ar, 1993: 189). However, in the 1996 report, an interesting remark appears in the introduction section. It is stated that, most of the organizations give irrelevant answers to the questionnaires of the department and some organizations acquired a habit of giving the same innovations every time as if they were new ones (T.C. Başbakanlık, 1996: x). Thus, even superficial attempts were not accorded importance by the public organizations in the 1980s.

3.2.3. The Public Administration Research Project (KAYA)

The post-1980 period may be taken as an unproductive period in the reorganization of the administration, despite all efforts to pay lip service to it. While there were radical changes to change the basic stances of the regime, in the

¹⁴ However, the second empowering law was annulled by the Constitutional Court on October, 12, 1990. Thus, all the regulations prepared depending on this empowering law were also abolished (Ar, 1993: 190).

administrative reorganization, generally, superficial measures carried the day. However, there were also more serious efforts. The Public Administration Research Project (KAYA), which started in 1988, represented an important but at the same time, an anachronistic step in this regard (TODAIE, 1991). The KAYA project was prepared upon request of the SPO to shed light on the studies about the improvement of public organization in the Sixth Five Year Development Plan and the harmonization of the Turkish administration system with the European Community. Here, Turkey's decision to join the European Community also played an important role (TODAIE, 1991: 3). Consequently, the project prepared numerous reports on seven research areas including the central administration, financial and economic establishments, administrative harmony with the European Community, provincial and overseas establishments, local governments, the personnel regime and simplification of bureaucratic procedures (TODAIE, 1991: 8-13). The report did not include the State Economic Enterprises directly, but they were touched upon when necessary.

The KAYA project represented a comprehensive survey in line with the previous reports like the MEHTAP report and some of its proposals were the repetition of MEHTAP (Tan, 1993: 37). However, the most interesting character of the project was its timing. It was the first detailed study prepared in the civilian period as all previous efforts were made after the military coups. However, when the product of the studies started to come to the fore, SPO seemed to lose its interest in the project. Thus, KAYA project aroused little interest in the general public and in the public organizations (Ergun, 1993: 13).

A closer look at the suggestions of the KAYA report gives a better understanding of the *conspiration du silence* that the project encountered. While the political power was attempting to launch a political program with all its necessary aspects, the KAYA project prepared opposing proposals. For example, it suggested a check over the expanded functions of the prime ministry and limit it to a coordinative ministry, the transfer of the State Economic Enterprises to the related ministries,

establishment of a secretarial unit for the Council of Ministers to strengthen it, the transfer of the functions of the Undersecretariat of Treasury and Foreign Trade to the Ministry of Finance and to the new Ministry of Treasury, etc. (Ergun, 1993: 14-15; Ergun, 1991: 17-18 and 20; TODAIE, 1991: 15-25). Hence, KAYA represented a weak counter-move against the neo-liberal restructuring efforts in public administration. As it was against the novelties of the 1980s such as the redefinition of the state' role in the economy, reducing the public sector, and increasing the service efficiency of the public system, the KAYA report was handled as an inopportune effort (Güler, 1996: 39).

The administrative reform lost its effectiveness in the government programs after Turgut Özal. The Akbulut government of November 10, 1989 and the Yılmaz government of June 30, 1991 merely touched upon a few trivial aspects of reorganization. In the era of the DYP-SHP coalition governments, the Demirel government of November 25, 1991 attempted to give another weak impetus to reform in the public administration and emphasized the reorganization of the state and clichés like the struggle against red-tape. The government program included reform of the State Economic Enterprises and the personnel regime reform. However, soon the government gave its place to the Çiller government in June 30, 1993 and the government program only stressed the necessity of a personnel regime reform (Tutum, 1994: 76-78). Thus, it seems that, after the Özal governments, the reorganization of the public sector was excluded from the agenda of the governments.

3.2.4. Response of TÜSİAD to Administrative Reorganization

According to Tutum (1994: 120), politicians in general do not defend the reform movements in the administration, as these attempts are politically high-priced. However, as seen above, it may be argued that it is not enough to state that the politicians do not dare reforming the administration. Some politicians are

deliberately against comprehensive reform attempts and defend superficial reorganization of the administration. As mentioned, even these superficial attempts could not be carried out thoroughly.

Tutum also argues that the organized segments of society do not support reform movements. He states that, in reality, these segments do not want an efficient public sector upon fear that it would expand the power of the state (Tutum, 1994: 121-122). Thus, it may be apt to conclude this chapter with a discussion of TÜSİAD (Association of Turkish Industrialists and Entrepreneurs), which was hailed as one of the leading organizations of “civil society”, but which was, at the same time, among the most influential organizations in the transition to the January 24, 1980 regime. Throughout the period of the Özal governments (until the 1991 elections), it is known that TÜSİAD supported all the above mentioned policies (Sönmez, 1992: 172-177).

TÜSİAD started to take part in the discussions on the reorganization of the public administration system in the 1980s. This was a novelty of the 1980s and TÜSİAD started to disseminate its views through various publications (Çitçi, 1983: 17). It defended “weak state” and emphasized “reducing the state” in order to institute liberal price, interest, exchange rate, wage and rent policies (TÜSİAD, 1995: 134). The favoured concepts are “limited government” and “responsible government” (TÜSİAD, 1995: 5). However, there are contradictions in the views of TÜSİAD. First, while it tries to justify its demands for reducing the state by criticising public employees, it seems to be content with the low wages of the public employees, as it states that “the real problem is not low wages in the public sector but inequalities between public employees.” It even proposes many measures for further curbing the fringe benefits of the employees (TÜSİAD, 1995: 138-139). This is contradictory, as it is impossible to apply the merit system in the bureaucracy, which TÜSİAD seems to advocate vehemently, with low wages.

Researches on public employees show that a greater number of them is among the least-paid employees after the workers in the informal sector, and as a result, they do not have a high-esteem towards their professions and only a few of them identify themselves with the bourgeoisie (Bozkurt, 1981: 11-12). Thus, the ensuing situation is in line with the views which denote the public employees as the “salarariat”. However, TÜSİAD proposes more than that, and turns a blind eye to the formation of “necktied poor”. Thus, the view of TÜSİAD is not a responsible one and is rooted in shallow and practical calculations which have nothing to do with the formation of “bureaucratic competence”, which is crucial for development.¹⁵

The wages in Turkish industry show a common pattern in which wages in the private sector follow the wages in the public sector (Koç, 1989: 13; Koç, 1992: 280). Thus, behind all the rhetoric of TÜSİAD lies pragmatic profit motives. They defend their class interests and try to implement a low wage regime, both in the public and the private sectors. Their pragmatic motives became most obvious when TÜSİAD voiced its demands from the state: “The state should not interfere in the sectors which could be carried out by the private sector” (Çitçi, 1983: 32). According to Güler (1996: 2 and 169), the true aim here is to ensure the transfer of lucrative sectors to the private sector, which were carried out by the state up to that time.

The second inconsistency of TÜSİAD is that it proposes a reorganization for the public administration but it does not utter any word about the public interest

¹⁵ This pragmatic approach was common in all actors after 1980. Though, on the one hand, it can not be rejected that there were conscious efforts to achieve a transition to a more liberal economic system, on the other hand, even the most wide-spread terms of the period were handled pragmatically. For example, for privatization Aksoy argues that, “In sum, in the final analysis, at the expense of some oversimplification, we can say privatization in Turkey has been a pragmatic endeavour not a well-planned systematic step by step undertaking. It has not been a policy well-understood, not well-discussed by public at large” (Aksoy, 1991-1993: 53). Aksoy also observes the same type of behaviour in the establishment of the “dual bureaucracy.” Here, despite all efforts a consistent and coherent public administration system congruent to the new right values could not be established. The system’s main effort was not to build a new system but destroying the “old” one (Aksoy, n.d.: 10-11).

(Çitçi, 1983: 18). TÜSİAD seems to be in quest of establishing an administration working for the advantage of the private sector. It is impossible to derive a respectful stance from this contradiction as it is extremely difficult to call for an administration without any reference to public benefit. Thus, the interference of TÜSİAD in the debates on the reorganization of the public administration contributed to the meagreness of the already low level of the debates in the reorganization of the public administration system in Turkey in the 1980s.

However, starting in the 1990s, TÜSİAD is said to have manifested its discontent with the policies of the Özal government (Sönmez, 1992: 175). In line with the governance policies, they started to suggest “good politics” which will be congruent with the “good economics” of neo-liberalism. Thus, besides publishing books defending the reducing of the state and economic liberalism (TÜSİAD, 1995) they started to prepare reports on the “democratization process”. The latest step of these efforts was a report entitled “Democratization Perspectives in Turkey” which was prepared by Bülent Tanör in January 1997.

The report proposes policy shifts such as introduction of Kurdish in education and broadcasting, limiting the Secondary Schools for the Training of Islamic Religious Personnel, election of the deans and the rectors by the university personnel, softening the stipulations of the laws against terrorism, demoting the General Staff of Turkish Armed Forces under the Ministry of Defence, etc. It seems that TÜSİAD decided to put its weight on resolving lock-in situations. These developments may be taken as signs of governance as an overhaul of the neo-liberal policies.

Nevertheless, the criticisms against the governance approach in general, which was made in the previous chapter, also apply here. First, TÜSİAD is among the most responsible agents of the former period. Not only did they turn a blind eye on the previous developments, but they were also the active participants in the formation of these policies. So, calling for a correction at a time when these

policies encounter severe difficulties is not convincing. Moreover, TÜSİAD rejects a complete settling of accounts with the former period and the litigation against the generals who accomplished the 1980 coup (*Cumhuriyet*, January 26, 1997: 8). Second, TÜSİAD continues to defend neo-liberal policies, and they argue that their action was only to extend liberalism to the political realm. Similarly, they advocate some “political” freedoms but not “economic” ones. They do not utter a word about de-unionization, wages, and the “political will and bureaucratic competence” for development. Hence, the weight they put in the debate seems to favour the continuation aspect of governance. They seem to limit the overhaul aspect only to some lock-in situations like Kurdish problem and laicism, which were accepted by every political subject in the country other than the organizations benefiting from this lock-in.

In order to assess the feasibility of the continuation of neo-liberal policies under the shawl of “good governance”, the next chapter is devoted to the examination of the Turkish health system.

CHAPTER IV

THE TURKISH HEALTH SYSTEM AND GOVERNANCE

This will be a separate chapter dealing with the characteristics of the Turkish health system. After a summary of the history of health care in Turkey, the current situation of the health system, with special reference to reform and privatization attempts, and the present problems will be assessed. However, at the same time this chapter will be linked to the previous discussions of the governance literature, the public administration system after 1980 and the “dual bureaucracy” thesis. Then, the administrative structure of the Ministry of Health will be touched upon briefly, and the foundation of the Health Project General Coordination Unit will be assessed. The functions of this unit will be studied in relation to the transition from the administrative reform period to the structural adjustment period. Thus, the foundation of this unit will be linked to a World Bank-induced restructuring in the Turkish health care. Lastly, this chapter will attempt to reach some conclusions about the future of the privatization and reform in the health system.

4.1. General Information about the Turkish Health System

The Turkish health system is organized through public and private sectors. The public sector is composed of the organization of the Ministry of Health, Social Insurance Institution (*SSK*), National Defence Ministry, university hospitals and the hospitals belonging to various ministries and the Public Economic Enterprises.

In order to understand the Turkish health system, it is apt to provide a brief history. The first Ministry of Health was founded in 1920. In the last days of the Ottoman Empire, health services had been coordinated through a general directory of the Ministry of Internal Affairs (Öztek, 1987: 13). The first years of the ministry witnessed the attempts to build a health data base and a legal infrastructure and to cure the wounds of the war.

In the 1923-37 period under the ministry of Refik Saydam, the central government emphasised preventive medicine in order to fight against epidemics. According to Saydam, curative care was the function of the local governments, and the central government should only have a regulatory role. In this period, the organization depended on a centralist scheme with the Health Ministry in the center, Health Directorates in towns and government physicians in the districts (Öztek, 1987: 14-16).

In the period between 1937-1960, the organization system continued in line with the general principles of Refik Saydam, together with some new developments. These are;

- 1- In 1945, the deteriorating health conditions in the country necessitated the legislation of special measures to fight tuberculosis. In 1960, the General Directorate for the Elimination of Tuberculosis was founded.
- 2- In 1945, insurances for workers (work injury and maternal insurances) were founded to be followed by old age and sickness insurances in 1950 and 1951. These separate insurance schemes were united under Social Insurance Institution

(SSK) in 1965. After 1975, the insurance coverage was extended to the dependants of workers.

3- In 1952, agreements with the World Health Organization and UNICEF were signed. A new directorate for the health of mothers and children (Maternal-Children Health and Family Planning) was founded in the ministry.

4- Health centres (*sağlık ocakları*) which provide preventive and curative services together were founded.

6- Between 1950-1960, all curative services which were previously left to the local governments were transferred to the central government under the control of the ministry (Öztek, 1987: 16-17).

In the period between 1961-1980, in 1961, the Socialization of the Health Services Act (no 224) was legislated (Fişek, 1991: 24). According to this Act, "health services in the town should be integrated" under the Coordination and control of the governors. The Act considered a two-tier system of health centres and specialised hospitals. Though this act aimed at an equal access to health care for all citizens, it allowed the practice of private health care. It just obliged physicians to either work in the private sector or the public one, a provision which was later relaxed (Belek et al., 1992: 55).

Nevertheless, after 1965, the enactment of the socialization lost steam and the primary health care step was neglected. Health services could not be integrated within the towns and the participation of people in health care could not be realized. Also, the formation of an adequate health personnel could not be achieved due to financial constraints (Fişek, 1991: 24). Even the ratio of physicians working on behalf of the ministry to the total number of physicians in Turkey decreased from 32% in 1965 to 26% in 1970 and to 24% in 1973. While in the original act the socialization plans were planned to spread to the whole country in 15 years time, until 1969 socialization succeeded only in 24 towns and these attempts slowed down thereafter. In 1969, the full socialization of health care was

considered to be completed in 1982 and in 1983 even this date was extended to 1992 (Belek et al., 1992: 58).

There are mainly two reasons of the failure in the socialization of health care. First, the socialization plans took the British National Health System as an example to follow. However, while the British system was based on the city and the industrial and public sectors, the Turkish counterpart was designed for rural needs and emphasized agricultural and household economies. Therefore, this plan from the beginning lagged behind the economic development level of Turkey, that is, designed at a time when Turkey aimed to industrialize quickly, this plan tried to fight a previous war.

Second, financing of the plan was not adequate. As mentioned above, the plan initially drew distinctions between private and public health care and thus it accepted the existence of the private sector. However, the necessary resources for the implementation of the plan could not be based on the surpluses of the private sector as the consuming power of the masses was extremely limited. Not only the private consumers but also consumers who are able to pay the necessary insurances to benefit from *SSK* comprised the minority of the population (Belek et al., 1992: 59-61).

Under the Ulusu governments after the 1980 coup, the transition to the insurance based system was accepted. Nevertheless, due to the lack of adequate resources and the impossibility of collecting sufficient premiums, these policies could not be enforced. However, the later ANAP governments also adopted the same goal. Trying to commodify the health services, the ANAP governments, though they did not abolish the Socialisation Act, bypassed it with a Health Services Act (no 3359), which was legislated in May 7, 1987 and was published in the *Official*

Gazette on May 15, 1987. This new Act introduced the self-financing of the public hospitals.¹⁶

In contrast to the Socialization Act which requires the state to be the sole guarantor of equal access to health services and which draws limits to the pecuniary character of the health services, in the Health Services Act the state was depicted as only the 'regulator' of the health services. Nevertheless, even the Socialization Act had accepted that under certain conditions pecuniary relations in health care could be allowed. The Socialization Act went in congruence with the insurance system through the public systems (or better expressed semi-autonomous public insurance systems such as General Directorate for Social Insurance (*SSK*)) (Eren and Öztekin, 1988: 23-24). After 1980s, the state's concern with preventive health care faded and the curative practices were emphasized.

4.1.1. Problems of the Turkish Health System

The first deficiency of the Turkish health care is the insufficiency of the health expenditures which reached only \$76 per capita in 1990. Compared to the same figure in USA for the same year, \$2763, the insufficiency of the health expenditures in Turkey is obvious (Kılıç and Aksakoğlu, 1994-1995: 12). This, of course, has severe consequences for the health conditions of the country. Worse is that the percentage of population covered by insurance schemes that reached only 54% in 1992.¹⁷ (Avustralya Sağlık Sigortası Komisyonu, 1996: 3) Therefore, for much of the population health care is not an accessible service. Besides, there are

¹⁶ However, some articles of this law was annulled by the Constitutional Court with the 19.4 1988- 8 no decision and this annulment was published in the *Official Gazette* in August 23, 1988. The Court annulled the first and the third paragraph of the seventh article. These paragraph were related with the contractual personnel and the incentive premiums to be paid to the personnel. (Constitutional Court; 1988: 7) As a result, at the time being, it could be stated that the privatization and restructuration efforts lack the necessary legitimation base legally.

¹⁷ This figure is given as 82% in 1992 including the beneficiaries (retired, widow, orphan, and disability beneficiaries), total of family individuals, and dependants (Health Statistics, 1995: 4). Nevertheless, even this figure is low excluding one fifth of the population outside the insurance shield.

other problems such as regional inequalities, inequalities between rural and urban sectors and within the cities. For example, in 1990, while the infant mortality rate in Turkey was 58 (‰), this figure reached 105 in Ağrı, 108 in Bingöl, 104 in Erzurum, 110 in Kars and 115 in Muş (The Ministry of Health Project Coordination Unit, 1993: 12).

Another important problem is the composition of expenditures in health care. In 1992, the distribution of the private health care expenditures can be seen in Table 4.1. Here, the proportion of drugs is staggering. This is beyond doubt a sign of underdevelopment.¹⁸ Turkey has 4% of the world drug consumption and together with the concentration of drug companies in Turkey, it is expected that the expenditures will rise (Belek et al., 1992: 82-83).

Table 4.1- Distribution of Outpocket Health Expenditures in Turkey in 1992.

Item	Expenditure (in \$ million)
Pharmacy	733
Private hospitals	239
Public hospitals	225
Private polyclinics	148
Private surgeries and consulting rooms	133
Private dentists	123
Eyeglasses and lenses	42
Health material	25
Public dentists	22
Other hospitals	78
TOTAL	1768

Source: (Belek and Soyer, 1995: 133)

The Turkish health system also has a rising costs problem. For example, the prices of the services which the Ministry of Health provides increased by 100-150 times

¹⁸ "Most of the pharmaceutical trade in LDCs (less developed country) is handled in the private sector. Some governments in LDCs have tried to gain control of the drug industry, but many have been quite willing to let the private sector take the major responsibility for this type of health care. States in developing areas, because of their position of economic dependency, simply cannot afford to spend very much money on such things as drug purchases and research into development of new drugs. ...

Compared with LDCs, MDCs (more developed country) spent four times the proportion of their gross domestic product on health care. Per capita expenditure on health care in MDCs was almost forty times more than in LDCs. However, the LDCs spent far greater proportions of their health care budget on drugs (40% compared with 7.7%)" (Gesler, 1989: 246).

while inflation-based price increases amounted to 40 times between 1981 and 1991 (Belek *et al.*, 1992: 76).¹⁹ At the same time, the share of *SSK*, *Bağ-Kur* (General Directorate for Social Insurance for the self-employed) and *Emekli Sandığı* (General Directorate for Pensions) in health expenditures increased. The share of *SSK* rose from 9.8% in 1980 to 17.7% in 1992. In the same period, the share of *Bağ-Kur* increased from 0.3% to 1.2% and that of *Emekli Sandığı* increased from 0.4% to 3.5% (Belek and Soyer, 1995: 125).

The rising costs problem is seen in many countries. For example, all the restructuring efforts in the US health system are justified with reference to the rising costs problem. The neo-liberal attempts include containing the rising costs through two types of measures. First, the health care fringe-benefit costs were limited. Second, reimbursement controls, health facilities regulation and other types of cost control such as “reducing insurance coverage, increasing deductibles, and requiring second opinions for surgical procedures” were introduced. Legitimization of these measures were attempted to attain with reference to “more rational” service delivery system and regulating the supply of health services (McLafferty, 1989: 134-135).

However, the US health system reached an impasse in the middle of the 1990s. The tremendously rising costs necessitate a radical transformation in the system. In the debate which started during the last years of the Bush administration three poles started to form. Republicans hope to reduce the health care to the poor and offer a plan that does not mandate employers to pay for health insurance. In the centre Clinton plan seeks relief in the health organisations to reduce the costs and to introduce competition in the system. On the left, total elimination of the private insurance system is being discussed. Instead, it is suggested that the government should pay providers directly and bargain with them as the single payer (Fisk,

¹⁹ In Turkey, similar to the US case, privatization as direct transfers to the private sector is very rare in the health sector. Thus, privatization takes the form of proprietization. Here this means, the services of the Ministry of Health as the counterpart of non-profit hospitals in the US, are provided in accord with the profit principle.

1994: 18). It is really interesting at a time when the mainstream debates revolve around 'dismantling of the welfare state' or 'globalization' or the post-Fordist state, that there are plans which aim at more public intervention in health care.²⁰

Though there are tremendous differences between the Turkish and the US health systems, it may be argued that also in the Turkish case there exists the first signs of a rising costs problem which gives the supporters of the neo-liberal cause a legitimizing device. Like the US system, the Turkish insurance system faced increased costs as consumers do not pay the costs directly. However, whereas in the US consumers sought increasingly better services, in Turkey they are far from attaining better services in the health care.

It should be stressed that these developments in Turkey are only the first signs of the rising costs problem and this cannot be brought to the public agenda as a problem to be solved. First of all, as the quality of the services in Turkey is rapidly deteriorating, and this is set against the ostensibly high qualities of the private sector, the rising costs problem lies in the shade of public consciousness. Second, it is argued that *SSK* increasingly becomes a prescription institution, due to the unbelievable short time per person in the polyclinics, etc.²¹ As a result, rising costs depend to a large extent on rising costs of the drugs and it is a solution found for the extremely low qualities of the system. Therefore, without completely reforming the system it is impossible to lower the costs on drugs, as the reform would come to mean better standards which will increase the costs dramatically.

²⁰ In the 1980s and 1990 numerous cost management books were published. I want to quote the headlines of a chapter of one of them. The chapter heading is "Alternative Scenarios for the Future of Medicine in the year 2000." The subheadings are, "Medical Breakthroughs Scenario, Managed Care Scenario, Reregulation Scenario, National Health System Scenario, and Looking Forward" (Coile: v).

²¹ In the foundation years, *SSK* was severely criticised as it neglected preventive health services and emphasized the curative ones. However, in the 1980s it increasingly turned out to be a prescription institution, not even a curative one.

4.1.2. The Current Situation in the Turkish Health System

In the Turkish agenda, privatisation of health services becomes wide-spread in the 1980s. All indicators show that the share of the proprietary hospitals is on the increase. The number of hospital beds in the 1989-1991 period increased 23.8% in the private hospitals, increased only 2.3% in the ministerial hospitals, and decreased by 6.2% in the *SSK* hospitals (Ardıç et al., 1992: 23). The change in the ratios of the public and private expenditures on the health care to GNP can be observed in Table 4.2. It is possible to reach the conclusion that in the 1980s, a retreat policy from the public financing of health care is on the agenda. However, it is also interesting that despite all the incentives provided to the private sector, this did not prevent a decrease in the already low level of health expenditures in Turkey. As can be seen in Table 4.2, the ratio of health expenditures to GNP fell from 3.49% in 1981 to 2.98% in 1987.

In the period between 1982 and 1992 the private sector was supported by Investment Incentive Certificates (IIC) of the Undersecretariat of Treasury. These IICs meant tax reductions and exemptions for investment in the health care. IICs started to be given in 1982 and in this period 393 IICs were given to the private sector reaching 3.7 billion TL of investment. 22 of the IIC were given to investments of more than 10 million \$. The total amount of IICs reached 14% of the budget of the Ministry of Health. Most of these IICs are used to finance expensive technology which guarantees a monopoly position in the health sector

Table 4.2- Ratios of Private and Public Expenditures to the GNP. 1981-1987
(in percentage terms)

	1981	1983	1985	1987
Public Expenditures	2.32	1.90	1.57	1.54
Private Expenditures	1.17	1.39	1.42	1.44
Total	3.49	3.29	2.99	2.98

(Source, Belek et al., 1992: 76)

(Soyer, 1994: 98; Belek and Soyer, 1995: 181-184). Interestingly, in the same period, *SSK* hospitals increasingly preferred to purchase high technology services from these private hospitals (Soyer and Belek, 1995: 129). This comes to mean a transfer to the private sector, as investing in the technology by the *SSK* itself would lower the costs for it.

As mentioned above, privatisation in Turkey did not take the form of direct transfers of the hospitals to the private sector, but it is based on a proposal of a tripartite system comprised of the General Health Insurance Scheme, the Family Physician System and the decentralization of the health system (See Appendix B). In this system, it is planned that together with the Health Financing Institution, all of the population would be included in the insurance scheme, paying a premium according to their income levels (Aktuna, 1996: 4).

While this system was designed to increase the role of the private sector in the health care, at the same time it necessitated huge state transfers to the sector. The cost of the General Health Insurance Scheme proves to be tremendous in its transitory forms without the actual implementation of the system; and likewise, establishing a general insurance scheme without the state is not possible.

Table 4.3- Given Green Cards and Total Expenditures

	YEARS		
	1992	1993	1994
Number of Applications	910.873	2.971.722	4.469.935
Given Green Cards	365.509	1.676.036	3.616.380
Total Payments made (Thousand TL)	127.650.000	761.975.000	1.352.000.000
Total Expended (Thousand TL)	7.247.278	668.247.959	2.250.000.000

Source: (Health Statistics 1994, 1995: 58)

As a transitory practice, until the legislation of the Law of the Health Financing Institution, Green Cards started be distributed to the needy. With these cards, it is possible to obtain health services without payment. The financing of these cards is provided by the state. As seen in Table 4.3, the increase in the number and the cost of these cards is impressive.

Table 4.4- Inpatient Medical Institutions in Turkey, 1994

Institutions	Number of Hospitals	Bed Capacity	Percentage distribution of beds
TOTAL	1024	150.565	100
Ministry of Health	666	77.753	51.5
Ministry of National Defence	42	15.900	10.7
Social Inst. Insurance	115	25.196	16.9
University	29	19.852	12.8
Other ministries	2	680	0.5
Municipalities	5	1.160	0.8
State Eco. enterprises	11	2.099	1.5
Associations	10	741	0.5
Foreign	6	560	0.4
Minority	5	934	0.6
Private	133	5.690	3.7

Source: (Health Statistics 1994, 1995: 38)

Another aspect of privatization is the decentralization of the health system. With decentralization, it is argued that local governments will have more discretionary power in health care. As seen in Table 4.4, in 1994, 666 hospitals belong to the Ministry constituting 64% of the total number of hospitals in Turkey (Aktuna, 1996: 32). Decentralisation of the hospitals means efforts to increase the share of private hospitals. This also means a reduction in the administrative apparatus of the ministry, whose budget was reduced to a personnel budget in the 1980s. However, the ministerial hospitals increased to 677 in 1995 and it is planned to increase them to 695 by the end of 1996 (Aktuna, 1996: 32).

4.2. Administrative Structure and Health Care Reform

At the time being, the administrative structure of the Ministry of Health continues to be determined by the Socialization of the Health Services Act (Law no 224 dating January 1, 1961). This law was amended by the DFL no 181 dating December 13, 1983. However, as mentioned above, some articles of the Health Services Act (no 3359), which was devised to replace Socialization of the Health Services Act, were annulled by the Constitutional Court ²². The current administrative structure of the Ministry of Health can be seen in Chart 1. The Ministry of Health is among the service ministries. This means it has colossal resources and an organization scheme reaching even to small villages in Turkey. As of 1984, the establishments of the Ministry of Health may be observed in Table 4.5.

Moreover, as can be seen in Table A.I in the Appendix C, the Ministry is the largest employer in the health sector. As of 1994, the ministry employs 52% of all physicians, 74% of sanitarians, 63% of nurses and 93% of midwives in Turkey. As can be seen in Table A.II, the ministry has an enormous organization in the provinces also. Of the total 131,015 personnel in the health services employed by the ministry, 130,735 work in the provincial establishments. As seen in Table A.III, though the distribution of services tends to favour 3 metropolitan cities, the ministry also is a powerful organization in other provinces. For example, of the total number of 9,736 specialists employed by the ministry, 4206 work in 3 metropolises, 289 in first priority developing provinces and 742 in second priority developing provinces and 4499 in other provinces. Besides, the budget of the

²² It may be stated that, privatization is legally a "contested terrain," as there is a legal battle between the governments and the Constitutional Court. It is stated that as the Turkish Constitution does not cover privatization, it maintains a "freedom regime" in this regard. Thus, the only limit to privatization is the articles of the Constitution. As the law making lacks conventions in privatization, inescapably the annulments are extensive (Serim: 176-215).

On the other hand, the 1982 Constitution is more positive towards privatization in the health care, compared to the 1961 Constitution. While article no 49 of the former stipulated that health care is the responsibility of the state, article 56 of the latter tends to limit the state to regulative and supervisory functions. It also accepts the existence of the private sector in the health care and envisages the establishment of a general health insurance scheme (Şahin, 1986).

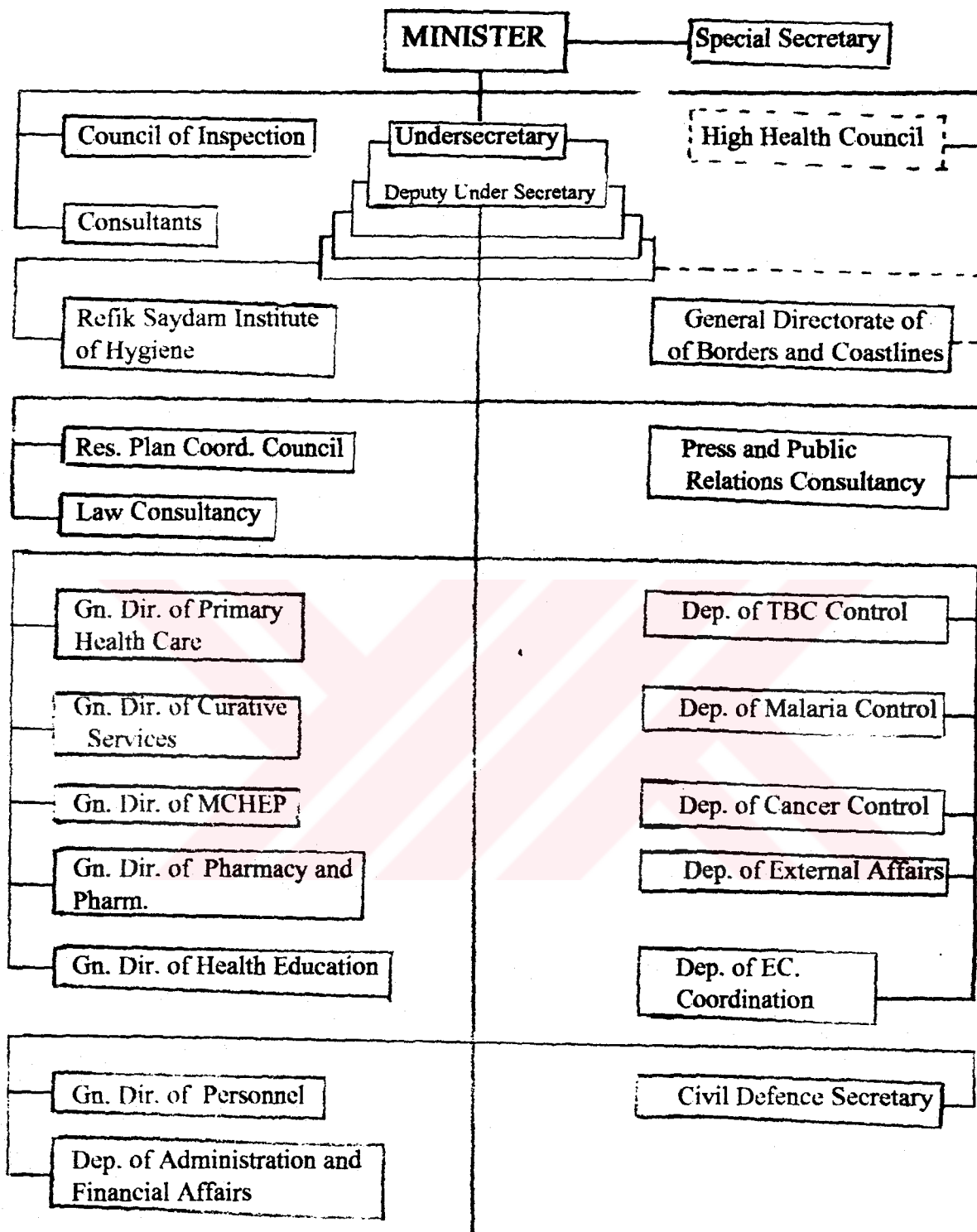
ministry changed between 0.37 and 0.94 % of GNP between 1980 and 1995, as can be seen in Table A.IV. This means a proportion of the total state budget changing between 2.54% to 4.71% in the same period.

Table 4.5- Establishments of Ministry of Health, 1994.

ESTABLISHMENTS	NUMBER
Hospital	666
Village Health Station	11.878
Health Center (without bed)	4.575
District Polyclinic	52
Maternal Child Health / Family Planning Center	268
Tuberculosis Dispensary	255
Dermatology-Venereal Diseases Dispensary	16
Leprosy Dispensary	12
Health Control Center of Airport	8
Health Control Center of Border	13
Health Control Center of Coast	45
Institute of Health Education	6
Health Professional High School	326
Refik Saydam Institute of Hygiene	1
Institute of Hygiene of Region	13
Public Health Laboratory of Province	66
Public Health Laboratory of District	15
Malaria Institute	1
Malaria Control Laboratory	6
Malaria Laboratory	76
Health Projection Place (quarantine)	2
Harbour-City Bacteriology Institution	2
Regional Directorate of Main Equipment Supply	1
Directorate of Equipment of Region	17
Directorate of Equipment of Province	2
TOTAL	18,322

Source: (Health Statistics 1994, 1995: 1)

Chart 1- Organization Chart of the Ministry of Health, 1995



Organization of Provincial

Source: (Health Statistics 1994, 1995: 118)

4.2.1. Administrative Reform Attempts

There are three objectives of the health system reform attempts. First, the foundation of National Health Academy that will be responsible for the development of the national health development (it was planned that the legislation of it will be finished by the year 1993 and it will start functioning in 1998) (Ministry of Health, 1993b: 14).

A second objective is to develop a financial model by the year 2000 “based on the principles of equity in health, distribution of resources according to need, cost/effectiveness in resource utilization.” However, this objective necessitates the share of health from GNP to rise to at least 5% (Ministry of Health, 1993b: 57). As mentioned above, this financial model includes general health insurance scheme and as a transitory device green cards for people who could not afford the premiums of this insurance are applied.

The third aim of the reform attempts is to reform the administration which includes;

- a- the separation of the service delivery and the financing
- b- inclusion of new units/levels to the hierarchical structure
- c- devolution of new powers to the local administrators, i.e., the decentralization of powers.
- d- limiting the functions of the MOH to policing, standardizing and regulative functions (Sağlıkta Strateji, 1996: 7-8).

Limiting the functions of MOH with regulation and decentralization of powers, however, seem to be interpreted in the ministerial resources as a process leading to privatization. These objectives are taken in a four-phased model which will follow each other successively. The steps of the decentralization attempts are;

“deconcentration, devolution, delegation and privatization” (Sağlıkta Strateji, 1996: 8).

The administrative reform attempts in the MOH started after 1992. Though the legal legitimation base is lacking, and some delays are seen in the planned developments, these attempts continue in a linear fashion. For example, the human resources aspect is among the most important problems of the MOH. This problem is especially important as the ministry is the biggest employer in the health sector. “The key policymakers and implementers in health human resources in Turkey are the State Planning Organization (SPO), the Ministry of Health (MOH), and the Higher Educational Council (YÖK). The division of labour among these bodies may be summarized as follows: The State Planning Organization determines some general targets and some qualitative targets for the training of general personnel. The Ministry of Health (through Health Vocational High Schools) and YÖK (through universities) take charge of quantitatively and qualitatively creating (“producing,” training) health human resources” (Ministry of Health Project Coordination Unit, 1993: 1).

However, the ministry claims that while the SPO is responsible for planning, it does not prepare detailed sector plans. On the other hand, MOH despite having necessary human resources and capability, could not achieve long term planning functions. “In addition, the lack of planning in the MOH prevents a rational determination of the quantity and quality of students to be trained in Health Vocational High Schools. Similar problems in the distribution of roles exist within the Ministry of Health as well. For example, while the General Directorate of Curative Services is responsible for ensuring that hospitals are staffed according to legal norms, the authority for staffing rests entirely with the General Directorate of Personnel. Local participation in staffing decisions is almost non-existent ” (Ministry of Health Project Coordination Unit, 1993: 1).

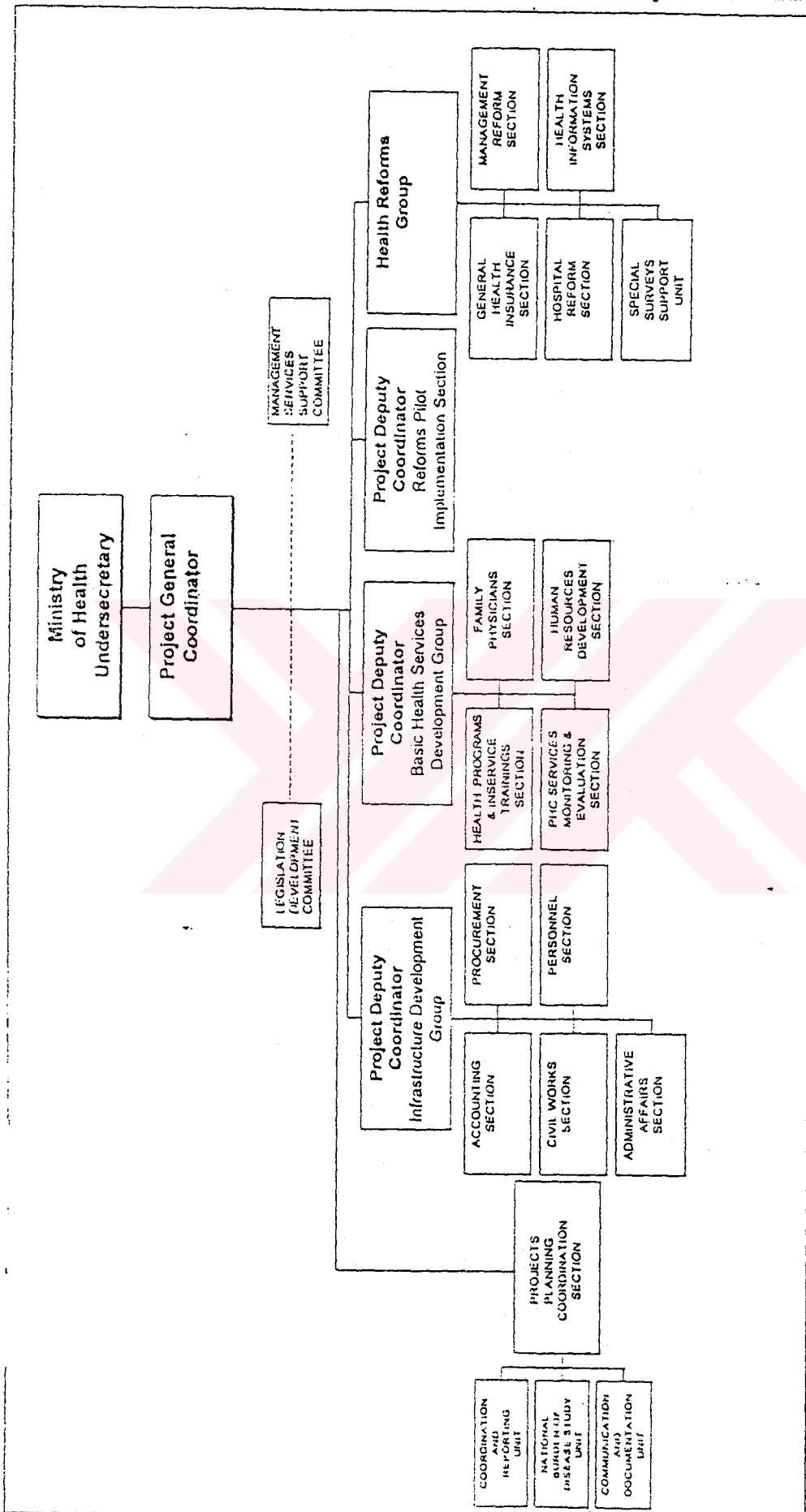
As a solution to these problems, the ministerial reform efforts envisage radical changes in policy development, target setting, service organizations and implementation. “The functions of planning, training, and management (employment) need to be coordinated around a consistent human resources development policy and a monitoring mechanism needs to be developed for working conditions and service quality. In addition, in order to improve efficiency and effectiveness, an increase in local initiative and the reduction of coercive methods in employment are necessary. Within the framework of health reforms, a more definite division of labor in policy determination and implementation, and a stronger relation between responsibility and authority are proposed.” (Ministry of Health Project Coordination Unit, 1993: 5)

Hence, the solutions in human resources management arose because of SPO’s and MOH’s failure to achieve long term planning and a coherent coordination in health care. As a result, giving responsibility to the localities is preferred. However, it is strongly problematic that authority transfer to the localities is interpreted in a privatization logic. This seems to accept a common staple of policy making but giving power to localities seldom works in the intended direction even in the countries where these policies arose. The idea that decentralization always goes hand in hand with decreasing costs and with higher efficiency is not correct.

4.2.2. The Foundation of Health Project General Coordination Unit

The most important innovation in the administrative structure is the establishment of Health Project General Coordination Unit (see Chart 2). This unit was founded in May 1990, in line with the loan agreements signed with the World Bank, and it was linked to the Under-secretary of the Ministry of Health. The functions of the unit are to carry out the application of the loan agreements and to coordinate the studies of the national and international organizations like the World Bank, the Central Bank, the Undersecretariat of Treasury, the Undersecretariat of the State

CHART 2- Organization Chart of the Health Project Coordination Unit



Planning Organization, the Ministry of Finance, and the World Health Organization (Ministry of Health Project Coordination Unit, 1996: 2).

The Health Project General Coordination Unit is responsible for the application of the two loan agreements signed with the World Bank up to now. The first agreement was signed on August 16, 1990 to finance the First Health Project which was published in the *Official Gazette* of October 7, 1990, no 20658. The amount of the low interest loan reached seventy five million dollars, and the First Health Project's total budget reached 147,47 million dollars. The project area included 8 provinces (Ankara, Diyarbakır, Istanbul, Mardin, Muğla, Sivas, Tokat and Yozgat). The regulation of the loan was left to the experts of the World Health Organization (*Official Gazette*, 1990: 14-31). The official targets of the First Health Project, which had a time span of seven years were "1- to improve access to basic health services in the project area; 2- to introduce measures to improve efficiency in the delivery of health services and the management of the health sector, and 3- to strengthen the technical and managerial capabilities of the Ministry of Health (Loan Agreement I, 1990: 10). Especially the last target is linked to privatization, general insurance system and the family practitioners' system.

On September 28, 1994, long before the termination of the First Health Project²³, a similar agreement was reached and was published in the *Official Gazette* of December 22, 1994, no 22149 (Loan Agreement II, 1994). The amount of the extended loan increased to one hundred and fifty million dollars to finance the Second Health Project. This second project had a total budget of two hundred million dollars and the project region was expanded to 23 provinces which were recognized as having priority in development (Adıyaman, Ağrı, Ardahan, Artvin, Batman, Bayburt, Bingöl, Bitlis, Elazığ, Erzincan, Erzurum, Gümüşhane, Hakkari, Iğdır, Kars, Malatya, K. Maraş, Muş, Siirt, Tunceli, Ş. Urfa, Şırnak and Van). The

²³ The agreement for the second loan before the conclusion of the first one is important in showing the partial character of the health projects in the 1990s.

time span of the Second Health Project was between 1995 and 2001 and the official targets were similar to the first one.

The foundation of the Health Project General Coordination Unit is the expression of transition to the structural adjustment period in the administration of the Ministry of Health. Similarly, it may be taken as a manifestation of the “dual bureaucracy” thesis in the administration. As of March 1, 1996 there are 79 employees in the unit, of which 37 are public employees employed according to the law no 657; 22 are contractual personnel and 20 are supportive personnel like secretaries, caretakers, etc. Of the 59 technical personnel, 30 are health personnel, 13 are engineers and 16 are graduates of economic and administrative sciences (Ministry of Health Project Coordination Unit, 1996: 7). Hence, this small unit is the sole responsible for the decisive restructuring of the Ministry of Health.

4.3. Governance and the Health Care System

Decentralization of the health care system is in line with the directives of the governance literature. “In many countries the main tendency in recent years has been to shift the balance between government and society away from the public sector and more towards the private sector. Partly, this added up to privatization and sometimes to deregulation. But there are also efforts to shift the balance towards a sharing of tasks and responsibilities; towards doing things together instead of doing them alone (either by the ‘state’ or by the ‘market’)” (Kooiman, 1993a: 1). As a result, it may be stated that the ongoing reform attempts in the Turkish health care system aim at attaining the goals of the new governance.

However, health care and education are specific areas which do not have truly the same characteristics with the other sectors of the economy. Thus, the new governance project of the World Bank entails a specific handling of these sectors. According to the “Social Sector Expenditure Reform” of the World Bank, health

and education expenditures may be increased, while other welfare expenditures had to be curbed. However, the Bank demanded these expenditures to be targeted with precision only to the needy, and the management in these expenditures should be more efficient (Tatar-Peker, 1996: 41). In order to assess the implications of the governance theory in the case of Turkish health care system, some remarks may be of importance.

First, as mentioned above, the reform attempts of the health care system, envisaged deconcentration, devolution, delegation and privatization as successive phases. It is argued that increasing the discretion of the localities would bring in efficiency in the supply of health care. However, tying the responsibility and power of the localities to privatization is problematic and it does not always bring the intended consequences.

The USA may be a good example in this regard. US President Ronald Reagan launched his New Federalism Policy on January 23, 1982. According to this plan, the federal government would leave some programs completely to the states while reserving others for itself. With New Federalism, the states would have shouldered more responsibility in the costs of social expenditures and enhanced state discretion (Thompson, 1987: 82). The reason behind this policy was that the state was thought to be the “repository of conservative policies”. Even if the outcomes of this policy are not easy to assess, as valid information about the states’ activities is not accessible, it is argued that it has had two consequences. First, in all the states the benefits to the insurance holders were reduced and the criteria to be eligible for Medicaid became diverse in different states. Second, contrary to expectations, the local governments comprised a major lobby for generosity. As Medicaid was the responsibility of the federal state, the states demanded bountiful Medicaid expenditures as this would lower their expenditures on the “free or “underpaid” care they must deliver in public hospitals” (Thompson, 1987: 87).

Another example from authoritarian Chile may show the situation in the Third World. In Chile, while in 1969, 53% of the health expenditures originated in the private sector, this figure dropped only to 49% under the socialist Allende government in 1970. After 1973, the Pinochet junta attempted a radical dismantling of the public health care system, and as a result of intense efforts, after seven years of military rule in 1980 private health expenditures increased to 63% (Scarpaci, 1989b: 224-225). In the 1980s, efforts continued to introduce community participation and to transfer hospitals to the municipalities. The basic contradiction of privatization applied to Chile as well, and only the most profitable hospitals could be transferred voluntarily. The same developments occurred in other Latin American countries such as Brazil and Mexico (Scarpaci, 1987b: 239). However, the outcome of these efforts proved to be unfortunate for the “have-nots” and the middle classes. While on the one hand, infectious diseases have risen, on the other, high-amenity investment increased disproportionately (Scarpaci, 1987b: 244).

Second, the reformers of the health care system in Turkey argue that, individualizing the system would result in a better management in the health care system. They claim that financing the individuals, rather than the hospitals and establishments in general would increase efficiency. The “individuals” here refers to the needy who can not afford to pay their general health insurance premiums. Persons earning more than a minimal amount have to pay their premiums themselves.²⁴ However, this is also problematic as this is an ideological and deliberately inadequate presentation of the events. At the time being, the state provides some services cheaper as it either obtains them at favourable prices thanks to its monopsonist position in the market or produces them at lower

²⁴ In the draft laws prepared in September 1996, persons earning 1.2 times or less than the minimum wage are stipulated to pay 10% actuarial premium. As the income levels increase, the amount of the actuarial premiums increase according to this schema: Between 1.2 and 1.6 times of the minimum wage, 25%, between 1.6 and 2 times of the minimum wage, %50, between 2 and 2.4 times of the minimum wage, %75, and more than 2.4 times of the minimum wage %100 of the actuarial premium (Ministry of Health, September 1996: 11).

prices²⁵. Thus, the idealist free consumer choice theories would end in disastrous conditions for the consumers. Moreover, the general insurance schemes pay only a part of the service. Not only under austerity measures, but also under normal conditions, people have to make out-of pocket payments, for services other than the “basic health care package”. In the case of countries like Turkey where high inflation tends to erode real wages, this problem becomes more severe. Due to high inflation, people have to pay higher amounts of the services they use (TTB, 1992: 30). Under austerity measures, where the insurance establishments show signs of insolvency, cost-sharing of the consumers will increase.

Third, there are problems linked to the general health insurance system. General health insurance system under private provision of the services indispensably causes a “rising costs problem”. As mentioned above, in Turkey, this problem started to show its first signs, however, it is not yet a problem occupying the public agenda. In the US case, where this problem makes itself felt most severely, the situation is as follows:

The coverage of a majority of the population by either private insurance or government programs fuelled the rise of medical-care prices in several ways. First, physicians and hospitals that formerly provided free or below-cost services to the needy ceased to do so. Second, hospitals felt free to expand and invest in expensive new equipment, confident that their costs-passed on to their patients in higher bills - would be reimbursed by third party payors. And third, consumers sought more and better medical services, since their direct payments were only a fraction of the total costs. True, consumers ultimately paid the full costs not only in higher direct costs but in higher insurance premiums and higher taxes. But they did not experience these last two costs as out-of pocket expenses. (The Public Issue Handbook, 1983: 231)

²⁵ In the years between 1981-1991, while the general price level increased by forty times, the prices of the health services increased by 100-150 times. This is due to the neo-classical orientation of the governments of this period (Belek *et al.*; 1992: 76).

As a result, the rising costs problem will necessarily cause attempts to contain costs, which will result in worse conditions for the consumers.

Fourth, the reformers try to justify their attempts by arguing that the new system will bring previously uncovered masses under insurance coverage. The contemporary ratio of the uncovered people is 46%²⁶ (Avustralya Sağlık Sigortası Komisyonu, 1996: 3) and in order to take them under the insurance coverage, the health expenditure reaching to 2.98% of GNP in 1987 is envisaged to take 5% of GNP by the year 2000.

This target is congruent to the targets of the World Health Organization (WHO) which launched its Health For All (HFA) program in 1977 (WHO, n.d.: ix). Turkey is among the countries which ratified this program. However, even the developed industrial countries have not been able to realize these goals. For example, in the USA there continue to exist 37 million people (15% of the population) uncovered by the health insurance schemes (Ardıç *et al.*, 1992: 35). According to WHO, Turkey has to increase the budget dedicated to health expenditures to at least 10% of its GNP in order to realize the insurance coverage for all (Belek *et al.*, 1992: 61-62). However, as seen above, currently this level in Turkey is only 3%, and it is envisaged to raise this amount to only 5% by the year 2000. Thus, it may be concluded that health insurance for all cannot be applied in Turkey, and this is used as a legitimating device to support the reform attempts.

Fifth, health expenditure in Turkey is insufficient even by the category of middle income countries to which it belongs. In contrast to Turkey, the countries in this category allocate 8-10% of their GNP to health care. Thus, increasing the share of the private sector in health care would be detrimental for public health. As the

²⁶ This figure is 69.7% in an official publication of the Ministry of Health. However, this figure exaggerates the number of dependants and makes double-counts (Ministry of Health, Project Coordination Unit, April 1993: 12).

level of health expenditures is low in Turkey, it is not a lucrative area for the private sector. Nevertheless, this is also true for the countries which spend higher amounts in some sectors. For example, for Britain, even after the Thatcherite reforms, 83% of the elective surgery, 93% of the acute psychiatric care, 99% of maternity, 99% of general practice expenditures are met by the public sector. The private sector, as orientated by the profit motive deals mostly with pharmaceuticals (40%), ophthalmics (67%), abortion (53%), dentistry (37%) (Baggott, 1994: 155). The private sector prefers only the lucrative areas and generally the well to-do in health care.²⁷

To conclude the chapter, it may be apt to discuss the contribution of Paul Starr and Ellen Immergut to the idea of “public and private mix”. According to them, health care is among the aspects of social life within which the boundaries of the political shifts through time. “The various agencies of governments, like the forces of the civil society, also vary in the extent to which convention, law, and interest allow or require them to enter into politics. In the interests of legitimacy and continuity, many states provide for offices, such as monarchy, that are presumed to stand “above politics” and represent overriding traditions and principles. And, what is especially pertinent here, modern bureaucratic states typically distinguish a technical, professional or administrative sphere in government, which they hold separate from politics.” They argue that the boundaries between the political and the non-political, that is both politicisation and de-politicisation may take two forms; for the former, either passage from private to public or passage from

²⁷ The privatization in the British case may be given as another example. Thatcher governments aimed at transforming the National Health System into an insurance-based system and the articles written in the beginning of the 1980s seemed to be impressed by the speed of the transformations. In the first two years of the government, over two million people were subscribed to private health insurance schemes. However, these subscriptions were offered “as part of recruitment packages for senior employees. (...) Insurance coverage is skewed towards prosperous southeast England and toward the professional and managerial classes. For instance, 23 percent of all professional and managerial socio-economic groups are covered for private health care” (Mohan, 1989: 115). Due to these reasons, the speed of the first (and easiest) transformations slowed down later. The ratio of the people subscribed to the private insurance schemes was 8% in 1983 and it did not increase in the 1990s any further (Aksakoğlu, 1994-1995: 96).

technical to the realm of political contention; and for the latter, the vice versa (Starr and Immergut, 1987: 222-223).

With this conceptualisation, Starr and Immergut state that after 1945 there was a shift from private to public and technicalization in the health care. According to them, there are three periods in the post-war world of health care. First, a period of state expansion achieved with a minimum of political conflict; second, a period of increasing demands, retrenchment and political contention; and third, at least in some countries, conservative efforts to limit public commitments for health and social services (Starr and Immergut, 1987: 225). They argue that in the first period, "state intervention per se was no longer the central point of dispute; the type of intervention and its limits occupied the public agenda" (Starr and Immergut, 1987: 228). Nevertheless, in almost all countries governments "had all left a private sector more or less intact" (Starr and Immergut, 1987: 233). These attempts included a private insurance system for the well to-do, allowances to the doctors to work privately, private beds in public or non-profit hospitals, etc. (Starr and Immergut, 1987: 234-235). They also argue that, in the third period, despite all the conservative efforts, this time the state sector remained more or less intact. In Thatcherite Britain, the National Health Service continued to expand, though much less rapidly. In the US only additional expansion could be interrupted, but could not be rolled back (Starr and Immergut, 1987: 244 and 247).

Thus, Immergut and Starr emphasize the idea of 'public-private mix' and argue that in all periods extending from the most interventionist ones to the most market-orientated ones both public and private resources had to be used. The governance approach also emphasizes the public-private mix and argues that new forms must be found giving due importance to the public-private partnerships. In the second chapter, it was argued that governance was devised in order to replace the extremes of neo-liberalism which could not solve the legitimization problem. Thus, governance is both a continuation and overhaul of neo-liberalism. However, it is highly probable that the governance approach will also be inadequate for societal

realities and will prove inadequate for social reproduction. In the case of the Turkish health care system, the reform attempts following the direction of the governance approach apparently will deteriorate the conditions of the people. The positive aspects of the reform attempts such as health insurance for the needy will not be implemented successfully and the more detrimental effects will immediately show themselves. It seems that governance in the health care will be used to transfer the lucrative sub-sectors in the health care to the private sector.



CHAPTER V

SUMMARY AND CONCLUSION

In this thesis, a theoretical application of the newly arising governance literature to the continuing reform undertakings of the Turkish health care system which started in the 1990s was attempted. This necessitated the study of various areas such as neo-liberalism, governance, the World Bank, the administrative reform period in Turkey before 1980, and the post-1980 developments, and general information about the Turkish health care system and the continuing reform attempts of it. As mentioned, governance which claimed to be an interdisciplinary approach, necessitates such an undertaking. So, in the following, the conclusions of the individual chapters will be reiterated, and then these will be linked with the general conclusion of the thesis.

It is proposed in the thesis that governance should be studied with reference to its theoretical roots and institutional sources. The theoretical roots of governance may be counted as institutional economics and transaction cost analysis characterized with a search for coordination that does not conform either to pure markets or to unitary corporate hierarchies; international relations which react to the distinction between the sovereign state and the inter-state relations; political science which increasingly criticizes the public-private distinction. In the political and

administrative sciences, governance came to mean new interactive relations between the state and society. It is argued that, the threshold of the diminishing returns to the "governing capacity of the political administrative systems (institutions, authorities, groups or individuals who separately or together perform governing actions)" have been crossed. Consequently, new experiments emphasising "co-regulation, co-steering, co-production, co-operative management and public private partnerships on national, regional and local levels" are necessary (Kooiman, 1993a: 1).

The institutional sources of governance are the World Bank and the IMF, and the western governments. The World Bank seems to adopt a more technicist approach, while the Western governments emphasized a more political one. What the Western governments understood from "good governance" is a sound administration plus democratization. However, it is argued in the thesis that, western governments had accepted the "bad governance" of the Third World in the 1980s. Thus, there is a need to assess the "good governance" period with an approach not accepting at face value the arguments on "democratization".

The other institutional source of the governance approach is the World Bank, and as, starting with the 1980s, it attained a position to manipulate the academic discourses in the political, economic and administrative sciences, it is a more influential institutional source.

The periodization of the policies of the World Bank is; growth, redistribution together with growth, structural adjustment together with growth and good governance. The last two periods were shaped under the influence of the 'market friendly state' and the latter one that was launched in the 1990s, was devised as an attempt to systematise and legitimise the attempts of the Bank against the criticisms made for the structural adjustment period.

This policy, on the one hand, was devised to overcome the difficulties of the failures of the neo-liberal policies. As a result, 'good governance' advised to reduce the social strains of the urban and rural poor. Also it envisaged to loosen the strict limits on the health and education expenditures. However, on the other hand, it is also a continuation of the neo-liberal policies. For example, the rising health and education expenditures should go hand in hand with *privatization* and deregulation, thus a recommodification of these services. Here, the term came to represent a 'market friendly' state that regulates its powers around this notion. The basic aims of 'good governance' are the efficiency of the state, the state's provision of an atmosphere beneficial to the entrepreneurs and making of a 'civil society' supporting the reform attempts. Thus, governance approach, while on the one hand, represents an attempt to reproduce the neo-liberal policies, on the other, it is inevitably an overhaul of it.

It is also suggested in the thesis that, there is an angle between the governance of the general theory and the governance of the institutional sources. Governance in the general theory relates to finding new interactive ways in the governing process of the societies. Thus, although, it is argued in the thesis that, it is closely linked to fine-tuning the "divide-and-rule" policies of the states, it may also be taken as an attempt to intensify the democratic rule. Therefore, this conception tends to cover the Western world. However, the institutional sources of governance emphasize sound administration and democratization, which is absolutely a policy for the "Third World". To put it differently, governance of institutions may be taken as an externally determined governance. Nevertheless, despite the angle between these two governances, both are reaction against the failure of neo-liberalism. Neo-liberalism both internally and externally is unsuccessful, as it encountered a serious legitimation problem by the people and as it could not resolve any of the problems it addressed, such as inflation, development, etc. This is the basic reason of governance's coming to the fore as both the continuation and overhaul of neo-liberal policies.

Governance of the World Bank stated that “good economics is often bad politics.” Hence, the Bank accepts without doubt that neo-liberalism is economically rational. However, the thesis took this claim as a problematic one as neo-liberalism brought to a halt in industrialization and a rise in unemployment rates in all countries where it was applied. Moreover, neo-liberal policies increased social polarization, did not resolve the contradictions of the Taylorist labour process, could not contain but fuelled swings in the business cycles and their contagious character between the nation-states, and exacerbated structural imbalances within the global system and caused a deflation in the world economy. The only “success” of these policies is individualizing the social problems and marginalizing their political representatives.

In order to understand the influence of the governance approach on the Turkish public administration in the 1990s, the thesis examined the previous periods; the pre-1980 administrative reform period, and the post-1980 (or post-coup) neo-liberal period. Studying these periods is important, as it is argued that 1980s is characterized with a transition from the administrative reform period to a structural adjustment under the aegis of the World Bank.

First of all, it is emphasized in the thesis that the administrative reform period was not a period free of serious problems. For example, throughout the period, a central organization which would be responsible for the coordination of the reform of the administration could not be established. Besides this central organization problem, there was a serious political responsibility problem in the reform attempts, and in this period reform could only be applied with a low achievement rate.

Despite this low achievement rate, the pre-1980 period emphasized a holistic approach in the administration. On the other hand, the 1980s was characterized with a shift from the holistic approach of the administrative reform period towards a partial approach, which aimed at the structural adjustment of the public

organizations to the neo-liberal order, in line with the World Bank. In this process, the Bank, besides logistic support, also provided necessary loans for the adjustment.

At the same time, starting with the coup, executive power was increased, and this line continued in the Özal governments until 1991, as seen in the unification of the ministries, increasing the number and the function of the state ministries, turning the Prime Ministry into a colossal service ministry, deviating from the principles of the general budget system and by-passing the legislation through an unprecedented amount of DFLs. These developments, on the one hand, permitted the Özal governments to apply their neo-liberal policies with a free hand without regarding any opposition, and, on the other, opened the system to external impositions such as that of the World Bank. However, the result of these policies was increasing individualization of the system and nepotism. Hence, in the beginning of the 1990s, even among the bourgeoisie, sign of grumblings started to be heard. Moreover, bypassing the legislative contributed to the legitimation crisis of the neo-liberal policies.

However, the thesis proposes that the 1980s may also be conceptualized as a transition from the administrative reform period to the improvement of the administration period. The Özal governments, while applying a deliberate project of strengthening the executive and individualizing it and of eliminating the etatist bureaucracy, at the same time continued to pay lip service to the betterment of the administrative process. Nevertheless, this took the form of barren procedural improvements. In order to accomplish this function Department of Administrative Improvement which was directly linked to the Prime Ministry was established in 1984. Through time, even this superficial study was loosened. Thus, in the 1980s comprehensive attempts for administrative reform was abandoned.

This is the conjuncture in which the legitimation crisis of neo-liberalism globally and nationally intersected. Hence, as mentioned above, the World Bank officially

declared its policy of “good governance” in the beginning of the 1990s. This policy of the World Bank foresees reducing the social strains of the urban and rural poor and envisages to loosen the strict limits on the health and education expenditures. Here, the major aim is to regain the lost legitimation base under neo-liberal policies and it can be argued that the Bank proposes an overhaul of the neo-liberal system. Nevertheless, the Bank also held it necessary that an increase in expenditures should not cause any decommodification of these services, and not curb private initiative.

World Bank resources stressing governance, criticize the centralization tendencies in the Third World countries which became wide-spread in the 1980s in the application of the neo-liberal policies. They state that excessive centralization creates too much discretionary authority and increases the confrontation between the government and the opposition and contributes to the fiscal deterioration. Most importantly, they argue that the result is an image of personal rule which further undermines the legitimacy of the reforming government (Frischtak, 1996: 26).

However, these lines should not be interpreted as a complete reversal of neo-liberal policies. First of all, as asserted in the thesis, neo-liberal restructuring efforts in the 1980s were imposed directly by the World Bank, or at least were applied under the supervision of the World Bank. Neo-liberal policies could not have applied without strengthening the executive and repressing the opposition with forceful measures. Thus, the criticism of governance against “excessive reliance on executive power” is not convincing.

Moreover, governance continues not to address the real problems of the Third World. From an administrative point of view, governance has the merit of calling for “an efficient, independent, accountable and open public service”. However, this view emphasizes the technicist view and does not give due attention to the political aspects of development. According to Leftwich (1994: 372-373); governance approach fails to engage with the “history, practice and theory of the

state as an agent in the developmental process.” Governance approach neglects “politics which tend to concentrate in the state both the political will and the bureaucratic competence to establish a developmental momentum in a competitively hostile international environment.” Thus “good governance” is “no substitute for a conception of the developmental state in which the role of politics and the state is paramount.”

Thus, governance continues to defend “good economics” of neo-liberalism, but proposes them under the disguise of “good politics”. It does not utter any word about forming “the political will and bureaucratic competence” which are so vital for the development processes of the Third World. In effect, governance comes to mean a mere rasping of the “excesses” of neo-liberal policies.

Similar developments can be observed in Turkey. For example, starting in the 1990s, TÜSİAD seemed more willing to contribute to the democratization debates. However, similar criticisms which were made against the governance literature in general also apply here. First of all, TÜSİAD was among the most responsible parties in Turkey for the post-1980 developments as they formed a monolithic bloc behind the Özal governments until 1991. So their call for democratization is not convincing. Second, similar to the governance approach in general, they do not suggest a true reversal of the neo-liberal policies, and do not touch upon the conditions for the formation of “political will and bureaucratic competence” of development in Turkey. They content to put their political weight on a will to resolve some lock-in situations in the Turkish political agenda such as Kurdish question and laicism.

The significance of the examination of the reform attempts of the Turkish health care system emerges under such circumstances. Post-1980 governments, in line with the neo-liberal orientation of the regime, launched a recommodification and proprietization policy in the health services. In the 1990s, at the same time with the “good governance” period of the World Bank, health care reforms started.

Though, these reforms comprised a “contested terrain” in the Turkish case, and some of the articles of reform has been annulled by the Constitutional Court, the health reform is being carried out according to a pre-planned time schedule.

Health reforms are based on a proposal of a tripartite system comprised of General Health Insurance Scheme, Family Physician System and decentralization of the health system. Health reformers plan to apply health insurance for all, and in line with the governance approach, they try to maintain a system in which the state pays the premiums of the needy. Until this system will be put into operation, the state would distribute Green Cards to indigent people, who through these cards could receive health services without payment. Expenditure on Green Cards is already an expanding item in the budget of the Ministry of Health. After the start of the general health insurance scheme, it is planned that the health care expenditures would receive %5 of the GNP, which at the time being covers only 3%. Thus, this system necessitates huge transfers from the state sector.

Similarly, the decentralization of the health system is compatible with governance principles. In this regard, decentralizing the health system and the centralist organization of the Ministry of Health and limiting the ministry’s function with regulation of the health system is envisaged. These objectives are planned to realize in a four-stepped model which will follow each other successively. The steps of the decentralization attempts are; “deconcentration, devolution, delegation and privatization” (Sağlıkta Strateji, 1996: 8).

Thus, similar to the governance approach’s being both a continuation and an overhaul, health reformers plan to establish a system in accord with neo-liberal values, but this time together with increasing state expenditures on health care and more favourable conditions for indigent people. However, in the thesis, it is argued that, to the extent that this new system is the continuation of the neo-liberal policies, it will encounter serious problems. First, this system will necessarily increase the cost-sharing of the already insured people under state controlled

insurance schemes. Yet, the increasing contribution of the “customers” will not bring a higher health standard for them, as the new system will increase the costs of the health care. The state will also renounce its intervention in prices in the state hospitals and its monopsonist power, and these will further increase the costs. Hence, introduction of the profit motive into the health system will increase the burden on the people, without improving the health service. Moreover, not all the sectors of health care can be profit-orientated. Health is the least applicable sector for free consumer theories. Also, the general insurance system will cause a rising costs problem in health care which has already started to show its first signs.

Second, decentralization of the health system will not bring favourable conditions of efficiency and low cost, as it is argued. In the thesis, experiences from other countries were examined. For example, in the USA, “New Federalism” policy launched by the Reagan administration increased the health expenditures, contrary to expectations. In Chile, deconcentration of the health services resulted in, on the one hand, an increase in infectious diseases, and on the other, rise of high-amenity investment.

Furthermore, it does not seem possible that inclusion of the whole population under the health insurance schemes, as envisaged by the health reformers, can be realized. In order to achieve this goal, health expenditures should cover at least 10% of the GNP, and the reformers’s target is increasing this amount only to 5% by the year 2000. Thus, “health insurance for all” seems to be a mere legitimization device for the reforms.

Consequently, the thesis reaches the conclusion that governance, to the extent that it is the continuation of neo-liberal policies, will immediately show its adverse effects in health care. On the other hand, measures taken for an overhaul of the neo-liberal policies are used in a rhetorical sense. Thus, governance, as disseminated by the World Bank is not sufficient to solve the legitimization problem of neo-liberalism.

Thus, governance, in so far as it is a continuation, will not be able to escape from the legitimation problems of neo-liberalism. Similarly, the overhaul aspect seems to be unsatisfactory as it does not address the real problems of development. So, the real problem is not that neo-liberalism is “good economics but bad politics.” At least for the Third World, governance is also “bad economics”.

The last conclusion of this thesis is the temporary character of governance. Not only that it does not address real problems such as development or it neglects political aspects, and not only that it could not solve the legitimation problems of neo-liberalism, but governance is also indifferent to public production. The idea of “public-private mix”, in this regard is especially illuminating. According to Starr and Immergut (1987), after the Second World War the health sector was recomposed following the political cycles. However, in the post-war state intervention period, the private sector remained “more or less intact.” Similarly, the neo-liberal period of the 1980s could not eliminate the state sector. Thus, in all modern capitalist economies, there have to be a public-private mix. Here, what matters is not the percentage changes in the expenditures of the state and the private sector, but the social relations accompanying these changes.

Hence, it is impossible to reach a completely private health sector. For example, only a 10% of the population, who were composed mainly of the well-to-do classes, could be transferred to the private health insurance schemes in England in the 1980s. As a result, even if it takes the needy into consideration, the governance approach aims to dismantle the public sector, that is, the needy come to the fore as consumers, and the production aspect is neglected.

It is impossible for societies to get rid of production in the public sector, especially in the health sector. Thus, governance seems to come to the Turkish agenda in the health care system, in order to continue the neo-liberal efforts, this time with a

stronger emphasis on the legitimation problems. However, its major aim is to transfer a lucrative sector, or better said, a lucrative portion of this sector to the private sector. Here, similar to privatization, which, in the Turkish case, was applied rather pragmatically, health reforms seem to strive for the dismantling of the public health sector (Aksoy, n.d.: 10-11). As a result, governance, in addition to above mentioned characteristics, seems to be a part of this dismantling process, and its lifetime will be limited to such an endeavour.



APPENDIX A

THE STATUS OF BANK GROUP OPERATIONS IN TURKEY STATEMENT OF BANK LOANS

Fiscal Year	Borrower	Purpose	Credit (in \$ million)
1980	Republic of Turkey	SAL	200.00
1981	Republic of Turkey	SAL	75.00
1981	Republic of Turkey	SAL II	300.00
1982	Republic of Turkey	SAL III	304.50
1983	Republic of Turkey	SAL IV	300.80
1984	Republic of Turkey	SAL V	376.00
1985	Republic of Turkey	ASAL	250.19
1986	Republic of Turkey	FSAL I	300.00
1988	Republic of Turkey	FSAL II	400.00
1987	Republic of Turkey	B-Loan for FSAL I	32.25
1987	Republic of Turkey	B- Loan for FSAL I	20.00
1988	Republic of Turkey	B- Loan for FSAL	30.10
1989	Republic of Turkey	B-Loan for FSAL II	29.68
1984	Republic of Turkey	Agric. Extension and Research	72.20
1985	Republic of Turkey	Industrial Schools	57.70
1986	TEK	Power System Operation Asst.	140.00
1986	Republic of Turkey	Kayraktepe Hydropower	200.00
1986	Republic of Turkey	Drainage and On-Farm Development	255.00
1987	Republic of Turkey	Railways II	185.00
1987	Republic of Turkey	Non-Formal Vocational Training	58.50
1987	IZSU	İzmir Water and Sewerage	184.00
1987	Republic of Turkey	Çukurova Urban Development	28.50
1987	Republic of Turkey	Energy Sector Adjustment	325.00
1988	ISKI	Istanbul Water Supply	218.00
1988	TSKB, SYKB and Rep of Turkey	Industrial Export Development	286.32
1988	Republic of Turkey	Industrial Training II	115.80
1989	Republic of Turkey	Health	75.00
1989	Republic of Turkey	Small Medium-Scale Industry II	204.50
1989	Republic of Turkey	Agro-industry	150.00
1990	ASKI	Ankara Sewerage	173.00
1990	Republic of Turkey	Second Agricultural Extension	63.00
1990	Republic of Turkey	National Education	97.20
1991	Republic of Turkey	Technology Development	100.00
1991	Republic of Turkey	State and Provincial Roads	250.00
1991	TEK	TEK Restructuring	300.00
1991	Republic of Turkey	Private Investment Credit	200.00
1992	Republic of Turkey	Agricultural Research	55.00
1992	Republic of Turkey	Berke Hydropower	270.00
1992	Republic of Turkey	Treasury Data Systems	9.20
1993	Republic of Turkey	Earthquake Reconstruction	285.00
1993	Republic of Turkey	Employment and Training	67.00
1993	Bursa Water Supply and Sewerage	Bursa Water and Sanitation	117.00
1993	Bursa Metropolitan Municipality	Bursa Water and Sanitation	12.50
1993	Republic of Turkey	Eastern Anatolia Watershed Rehab.	77.00
	TOTAL		11195.39

APPENDIX B

DEFINITION OF GENERAL HEALTH INSURANCE SYSTEM, FAMILY PLANNING SYSTEM AND DECENTRALIZED HOSPITALS

General Health Insurance System: The intention of GHIS is to provide health insurance to all those not eligible for membership of the established insurance schemes. It is expected to provide coverage for approximately half the total population of Turkey. It will be administered by a new parastatal body affiliated to the Ministry of Health, and it will operate on social insurance principles. As actuarial premium will be defined as the average cost of providing a package of benefits, which will be harmonised between the different insurance schemes. Member contributions will be assessed in bands varying between zero and 100% of the actuarial premium according to the ability to pay, measured by gross household income expressed as a multiple of statutory minimum wage. The difference between the actuarial premium and member contributions will be covered by a tax subsidy from the general state budget. GHIS will not administer the benefits, but will transfer an amount equivalent to the actuarial premium per person to the Regional Health Administrations, pro rata with the number of members in each region. The RHAs will be responsible for contracting services to meet the needs of the insured population.

Family Planning System: At present, there is no organised system of primary medical care in Turkey. The majority of patients apply directly to hospital out-patient departments, which burdens hospitals with an inappropriate function. A minority seeks consultations with private practitioners, for which they have to make payment out of pocket, as such consultations are not covered by any of the existing social insurance schemes. The new system proposes to establish a new category of trained family physicians, providing primary curative, preventive and promotive care, first aid in emergencies, and long term surveillance of a patient population permanently attached to an identified physician through registration.

Access to secondary and tertiary care institutions will be by referral from family physicians. Family physicians will be able to order diagnostic tests for their patients so that they can investigate cases within their resources and competence. Parallel schemes will be developed to provide drugs, dental services and prostheses as benefits of health insurance.

Decentralised Hospitals: At present, Ministry of Health hospitals all over the country are tightly controlled by the General Directorate of Curative Care in the Ministry headquarters. The Head Doctor and Administrator have very little discretion in their use of resources, particularly the key resources of finance and personnel. Their budget allocations are open to arbitrary adjustment, and the assignment and transfer of personnel are controlled centrally. The proposed reform will transform Ministry of Health hospitals into social health enterprises, managed by a locally constituted governing body, and drawing their financial support from contracts for the supply of services with RHAs (Regional Health Administrations). They will continue to be subject to quality standards laid down by the Ministry, but they will be free to determine the type and level of services they will provide (subject to contractual pressures), to set and fill their own staff establishments, and to budget their expenditure at the discretion of the local management.

(Source, The Ministry of Health, 1993b: 22)

APPENDIX C

STATISTICAL DATA ON HEALTH CARE

Table A.I- Distribution of Health Personnel by Establishments in Turkey, 1994

Personnel Title	Total	Population per Personnel	Ministry of Health Number %	of Social Ins. Inst.	University	Other Public Org.	Other Private Org.	
Physician	65,832	929	34,405	52	6,869	10,871	4,562	9,125
Specialist	27,564	2,220	9,737	35	4,001	5,029	1,655	7,142
Practitioner	38,268	1,599	24,668	64	2,868	5,842	2,907	1,983
Dentist	11,457	5,340	2,171	19	465	469	602	7,750
Pharmacist	18,366	3,331	1,193	6	944	358	560	15,311
Sanitarian	30,811	1,986	22,678	74	2,193	2,205	1,730	2,005
Nurse	56,280	1,087	35,348	63	6,826	7,829	4,038	2,239
Mid-Wife	35,604	1,718	33,038	93	1,227	39	107	1,193

Midyear Population of 1994: 61,183,000

Source: (Health Statistics 1994, 1995: 27)

Table A.II- Personnel of Ministry of Health

Service Categories	Total	Center	Provinces
Health Services	131,015	280	130,735
General Administrative Services	20,564	1,382	19,182
Technical Services	2,495	275	2,220
Education Services	4,105	-	4,105
Religion Services	100	-	100
Assistant Services	36,623	351	36,272
General Total		2,288	192,614

Source: (Health Statistics 1994, 1995: 28)

Table A.III- Distribution of Health Personnel By Regions at Ministry of Health, 1994.

Personnel Title	Total	3 Metropolitan Provinces	I. Priority Dev. Provinces	II. Priority Dev. Provinces	Other Provinces
Specialist	9,736	4,206	289	742	4,499
Practitioner	24,664	8,607	1,173	2,777	12,107
Dentist	2,171	761	119	205	1,086
Pharmacist	1,178	578	34	69	497
Sanitarian	22,675	4,561	1,209	3,428	13,477
Nurse	35,346	9,336	1,868	4,425	19,717
Midwife	33,038	5,911	2,075	4,365	20,687
Other Health Pers.	2,182	1,058	71	209	844
Tot. of health ser. category	130,990	35,018	6,838	16,220	72,914
Tot. Gen. Adm. Serv. Category	20,630	5,009	1,707	3,231	10,683
Tot. Tech. Ser. Category	2,440	807	132	304	1,197
Tot. Training Edu. Ser. Category	4,105	897	192	558	2,458
Tot. Other services	100	10	7	24	59
Total Assistant Ser.	36,690	9648	2,460	5,673	18,909
General total	194,955	51,289	11,336	26,010	106,220

Source: (Health Statistics 1994, 1995: 118)

Table A.IV- Ratio of the Budget of the Ministry of Health to GNP and State Budget, 1980-1995.

Year	Budget of Ministry of Health (billion TL)	% in GNP	Ratio to the State Budget
1980	31.82	0.59	4.21
1985	137.46	0.38	2.54
1990	2,633.22	0.66	4.12
1991	4,433.22	0.70	4.21
1992	9,783.01	0.91	4.71
1993	18,184.91	0.94	4.56
1994	30,639.33	0.76	3.72
1995*	48,741.55	0.81	3.70

* Estimates of SPO

(Health Statistics 1994, 1995: 18)

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