

Social Security Reform in Turkey: Different usages of Europe in shaping the national welfare reform

Cem Utku Duyulmus
Ph.D. candidate
Département de Science Politique
Canada Research Chair in Citizenship and Governance
Université de Montréal
cu.duyulmus@umontreal.ca

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Abstract:

The reform of the social security system in Turkey has been enacted in 2008 but the reform of the system was on the agenda since the 1990's. IMF and World Bank have insisted on institutional and parametric changes regarding the social security system in order to reduce the fiscal imbalances. The social security reform process initiated by the Justice and Development Party (*Adalet ve Kalkinma Partisi*, AKP) government in 2005 has concurred with the EU membership process. The Copenhagen criteria, the adoption of the *acquis communautaires* and the accession negotiations on social policy and employment chapters required from Turkish policy makers to consider EU requirements and recommendations on social inclusion. This paper inquires to what extent the EU membership process has shaped the content of the social security reform process adopting an actor-based theoretical framework of Europeanization as “usages of Europe on national welfare reform” suggested by Paolo Graziano, Sophie Jacquot and Bruno Palier. The “usages of Europe” approach permits one to focus on where, what and how national actors have been using EU resources, references and developments as a strategic device for their own strategies within the dynamics of national reforms. The enacted reform bills, the Social Security and General Health Insurance Law and the Social Security Institution Law, have three pillars: changes in the administrative structure of the social security institutions, the introduction of universal health care and the reforms in the parameters of the pension schemes. The AKP government has taken into consideration the requirements of the EU membership process in framing the reform measures referring to EU standards, policy recommendations, *acquis communautaires*, as well as EU member state's experiences. This study has found that the social security reform has been shaped through the interaction of domestic actors with the international financial institutions, World Bank and IMF and with the EU membership process.

Introduction

The social security reform in Turkey involved the restructuring of pension and healthcare systems with the administrative reform of social security institutions with enacted reform laws in 2008. This study focuses on the extent and the way of “Europeanization” in the social security reform process in Turkey adopting an actor based “usages of Europe” theoretical framework.¹ Accordingly the purpose of the research is to analyze the different “usages of Europe” by various political actors and social partners during the social security reform in Turkey, inquiring whether the EU membership conditions, the social security systems of the EU member states, the EU standards and norms on social policies or discussions concerning the “European Social Model” had any impact in the dynamics of the reform process. The reform of the social security system has been on the agenda in Turkey since 1990 when the international financial institutions, World Bank and International Monetary Fund (IMF), pushed for reforms to reduce the growing fiscal deficit of the social security system. World Bank reports² and IMF stand-by agreements (in 2005, 2002, 2000, and 1999)³ have insisted on an extensive reform of the social security system for reducing the fiscal deficits in order to guarantee its sustainability in the future considering changes in demography.

The first phase of the reform process started in 1999 with reforms of certain parameters such as increases in the retirement age but culminated in a major reform of the social security system with pension, health care and social assistance components with the second phase of the reform process launched in 2005 by the AKP government. The major impetus for the social security system reform in Turkey, especially for the Justice and Development Party (Adalet ve Kalkinma Partisi, AKP) government, has been to reduce the social security deficit from 4.8% of GDP in 2005 to less than 1% of GDP by 2035 in Turkey.⁴

This research aims to disentangle how different actors in Turkey have referred to

¹ Paolo Graziano, Sophie Jacquot and Bruno Palier, “Europeanization and National Welfare State Change: A Framework for Analysis,” Paper presented at *the Second Annual RECWOWE Integration Week Oslo*, June 10-15, 2008, p. 4

² World Bank (ed.), *Turkey: Poverty and Coping after the Crisis. Volume I: Main Report*, Washington D.C. 2003, Available at http://www-wds.worldbank.org/servlet/WDSContentServer/IW3P/IB/2003/08/20/000160016_20030820130639/Rendered/PDF/241850TR0SR.pdf. (Accessed on November 15, 2008).

World Bank (ed.), *Turkey: Joint Poverty Assessment Report*, Washington D.C. 2005. Available at ds.worldbank.org/servlet/WDSContentServer/WDSP/IB/2005/10/12/000012009_20051012161856/Rendered/PDF/296190rev0v1.pdf. (Accessed on November 15, 2008)

World Bank (ed.), *Turkey: Public Expenditure Review*, Washington D.C. 2006. Available at http://siteresources.worldbank.org/INTTURKEY/Resources/361616-1173282369589/tr_per_cr.pdf. (Accessed on November 15, 2008).

³ International Monetary Fund (IMF), *Turkey: History of Lending Arrangements from May 01, 1984 to October 31, 2008*. Available at

<http://www.imf.org/external/np/fin/tad/extarr2.aspx?memberkey1=980&date1Key=2008-10-31>. (Accessed on November 2, 2008)

⁴ Burcu Yakut-Cakar, “Turkey,” in *Social policy and International Interventions in South East Europe*, eds. Bob Deacon and Paul Stubbs, Cheltenham: Edward Elgar Publishing, 2007, p. 106.

the EU membership and the European Integration process in their official documents and in their discourse in order to pressure for the reform and shape its content. After presenting main tenets of the “usages of Europe” theoretical approach, the inquiry will proceed in three parts. In the first part, I will provide background information on the Turkish case regarding the national welfare regime represented by the social security system. In the second part, I will present how the social security reform process has evolved since 2005 in order to analyze the national trajectory of the social security reform in Turkey in light of the EU orientation. In this part I will present how the EU has framed the social security reform in Turkey through different institutional and legal instruments. The third part of the research will focus on “the usages of Europe” aiming to clarify who has been involved in the usages of Europe and how. The analysis will focus on the usages of Europe in the official documents and the discourses of the main political actors, the AKP government in the Turkish Grand National Assembly (TGNA). Furthermore I will analyze the references made to the EU and membership process by the social partners such as employer associations and union confederations during the social security reform.

1. Europeanization: “Usages of Europe” an actor based theoretical perspective

The accession process puts reform pressure on candidate countries as the adoption of the EU’s *acquis communautaires* and the compliance with the Copenhagen criteria ask for institutional and legislative changes influencing social policy developments as Ana Guillén and Bruno Palier have observed.⁵ Nick Manning underlines that, “the interaction of international forces, actors and structures with those of any particular nation state is at the heart of social policy change in the EU.”⁶ Guillén and Pallier argue that “changes in social policy in candidate countries should be understood as an interaction between adaptive pressures coming from both the EU and international organisations and the capabilities and constraints of their interaction with domestic structure creates” adopting the Caporaso, Cowles and Risse’s understanding of Europeanization.⁷ The impact of the EU on the social policy developments of the candidate states has been framed as an interactive process comprising of different adaptive pressures of international institutions with domestic actors and structures rather than a direct institutional impact, requiring the adaptation of a European social policy model or the compliance with the EU conditions on social policy. This context of interaction can be channelled through direct and indirect pressure.⁸ The *acquis communautaires* and directives as well as the Copenhagen criteria set clear conditions to be met by candidate states as direct pressure.⁹ The indirect pressure exerted from such interactive processes has been conceptualized by Gullién and Pallier as

⁵ Ana Guillén and Bruno Pallier, “Introduction: Does Europe matter? Accession to EU and social policy developments in recent and new member states Introduction: Does Europe matter? Accession to EU and social policy developments in recent and new member states,” *Journal of European Social Policy*, Vol. 14, No. 3, 2004, p. 203.

⁶ Nick Manning, “Turkey, the EU and Social Policy,” *Social Policy & Society*, Vol. 6, No. 4, 2007, p. 494.

⁷ Ana Guillén and Bruno Pallier, “Introduction: Does Europe matter? Accession to EU and social policy developments in recent and new member states Introduction: Does Europe matter? Accession to EU and social policy developments in recent and new member states,” p. 204.

⁸ *Ibidem*.

⁹ *Ibidem*.

“cognitive Europeanization”.¹⁰ They argue that indirect pressure can be composed of “non-binding recommendations, the open method of coordination and the deployment of incentives of cognitive Europeanization”. Cognitive Europeanization is defined by Gullien and Pallier as “attitudes and perceptions about social issues and social problems, and the best way to tackle them” referring to Radaelli’s Europeanization definition.¹¹ They also emphasize cognitive Europeanization framed as how the debates on policies need to be promoted by the EU shape and re-shape the national welfare reforms.¹²

The Europeanization research agenda suggested by Paolo Graziano, Sophie Jacquot and Bruno Palier aims to focus on where, what and how national actors have been using EU resources, references, developments as a strategic device for their own strategies within the dynamics of national reforms instead of a top-down approach to look for the direct impact of the EU as imposed by the EU institutions with hard law or directives.¹³ Paolo Graziano, Sophie Jacquot and Bruno Palier argue that the EU has not only provided national actors and welfare systems with new constraints but it has also created new opportunities and mention the possible resources that the EU can provide to the national actors: legal resources (primary legislation, secondary legislation, case law, etc.); policy structure resources (objectives, principles, procedures, instruments); budgetary decisions (constraints but also new funds within the Structural funds, in particular with respect to vocational training); cognitive and normative resources (communications, ideas, etc.); and political resources (argumentation, blame avoidance mechanisms).¹⁴ They suggest the various roles played by European institutions and actors in the reform process as EU as a reform-enforcement agent; EU as a reform-coordinator, or reform-coach; EU as a reform-catalyst, reform-supporter; EU as a reform-innovator/initiator, agenda-setter.¹⁵

Graziano, Jacquot and Palier argue that the national level is the pertinent one for understanding “the national welfare reform” and “how the European Union has contributed to change national welfare regimes through which mechanisms, emphasizing the role played by actors.”¹⁶ Accordingly, focusing on three aspects of the national welfare reform is crucial: policy change; the dynamics of national reform and the usages of Europe.¹⁷ Graziano, Jacquot and Palier indicate that “the usages of Europe” describe the ways through which European institutions and policies are being used by national

¹⁰ Ibidem.

¹¹ Ibid., pp. 204- 205. Radaelli’s Europeanization definition is the processes of (a) construction (b) diffusion and (c) institutionalisation of formal and informal rules, procedures, policy paradigms, styles, ‘ways of doing things’ and shared beliefs and norms which are first defined and consolidated in EU processes and then incorporated in the logic of domestic discourse, identities, political structures and public policies. (Radaelli 2007)

¹² Ibid., p. 205.

¹³ Paolo Graziano, Sophie Jacquot and Bruno Palier, “Europeanization and National Welfare State Change: A Framework for Analysis,” p. 4.

¹⁴ Paolo Graziano, Sophie Jacquot and Bruno Palier, “Europeanization and National Welfare State Change: A Framework for Analysis,” p. 5

¹⁵ Ibidem

¹⁶ Paolo Graziano, Sophie Jacquot and Bruno Palier, “Instructions to the Authors-Europa and Europae,” T04.23: Europeanization of ‘employment friendly’ national Welfare State reforms, March 2009, p. 2.

¹⁷ Ibid. p. 3.

actors in the support or refusal of welfare state reforms.¹⁸ This implies that actors seize the specific resources (political, financial, cognitive) to transform them into political practices.

Jacquot and Woll have categorized the usages of Europe according to their functionality suggesting three main types: cognitive usage, strategic usage and legitimizing usage.¹⁹ Cognitive usage refers to the understanding and interpretation of a political subject where these ideas serve as a persuasion mechanism. Strategic usages refer to the use of European resources by national actors for specific goals aiming to influence policy decisions. Legitimizing usage includes cognitive and strategic elements and occurs when political decisions need to be communicated and justified where the image of “Europe” is communicated implicitly to legitimize political choices.

Graziano, Jacquot and Palier suggest that the more the countries are scrutinized, the more probable it is for the EU policies and institutions to be considered seriously and therefore be a fundamental motivation of and or point of reference.²⁰ This suggests that it is expected to observe an increase on the usages of Europe by the national actors in the case of accession countries. Accordingly Turkey as a candidate state was under increasing scrutiny of the EU Commission in the accession process. This hypothesis will be evaluated in the second part on the national trajectory of the reform process in the light of EU developments. Moreover Graziano, Jacquot and Palier argue that the degree of policy fit-misfit between EU orientation for welfare reforms and the national welfare regime influence the usages of Europe.²¹ The nature of the usages of Europe made by national political actors in the national reform process will be different from positive to negative, from using Europe as a legitimizing reference to blaming and rejecting it or denying its influence according to the fit-misfit argument.

In this study, the aim is to examine the national trajectory of the social security reform in Turkey the type of resources that the EU has provided and to analyze the usages of Europe by the AKP government, the employer associations and the union confederations during the social security reform process adopting the usages of Europe approach. I will inquire two hypotheses, one based on increasing scrutiny with the EU membership process of Turkey and other on the fit-misfit between Turkey’s social security institutions and standards promoted by the EU. The aim of this research is not to test the usages of Europe approach with the case of Turkey but to inquire if this approach can be useful to disentangle the recent transformation of the welfare regime in Turkey considering the impact of the EU membership process in the social security reform.

¹⁸ Ibid., p. 4.

¹⁹ Sophie Jacquot et Cornelia Woll, *Les usages de l'Europe - Acteurs et transformations europeennes*, Paris: L' Harmattan, 2004, p. 28.

²⁰ Ibidem.

²¹ Paolo Graziano, Sophie Jacquot and Bruno Palier, “Instructions to the Authors-Europa and Europae,” p. 4.

2. Welfare regime and Social Security system in Turkey

The welfare regime of Turkey has been evaluated as exhibiting similar characteristics with the Southern European welfare regime in the literature on the welfare regime change.²² Burcu Yakut-Cakar emphasizes that Turkey's welfare regime shares main characteristics with Southern European type such as highly protective employment regime for core workforce enjoying strong legal protection; segmenting the labor market as insiders in the core sectors, periphery, and outsiders in the informal economy, young people, long term unemployed; and the co-evolution of social insurance programmes with the segmented labor market based on occupational status with separate schemes for private employees, civil servants and the self-employed people.²³ Family in Turkey has been an important pillar of the Turkish welfare regime with the persistent role of the state.²⁴

The literature on welfare regime and social policy characterizes the Turkish welfare regime as an "inegalitarian corporatist regime" following Seekings' typology referring to "the corporatist element where claims are highly dependent on membership of occupationally defined corporate groups" with an inegalitarian substance on the social exclusion of the poor, lacking the opportunities to enter formal employment.²⁵ Ayse Bugra and Caglar Keyder and Yakut-Cakar associate Southern European countries with this regime and observe that the welfare state regime of Spain has changed with the European integration towards a more universalist and redistributive direction.²⁶ A principal dimension to approach Turkey's welfare regime is to focus on the social security system and its evolution.

2.1. Social security system in Turkey

The social security system covering pensions and health insurance consisted of three institutions; the Retirement Chest for civil servants (ES) established in 1949, the Social Insurance Institution (SSK) established in 1945 for workers, and Bag-Kur (BK), established in 1971 to provide coverage of pensions and health insurance for the self-employed and agricultural workers. This tripartite institutional structure of the social security system established different protection schemes of pensions or health in terms of

²² Burcu Yakut-Cakar, "Turkey," in *Social policy and International Interventions in South East Europe*, eds. Bob Deacon and Paul Stubbs, Cheltenham: Edward Elgar Publishing, 2007, p. 103; Ayse Bugra and Caglar Keyder, "The Turkish welfare regime in transformation," *Journal of European Social Policy*, Vol. 16, No. 3, 2006, p. 212. For Southern European welfare regime, see Maurizio Ferrera (ed.), *Welfare State Reform in Southern Europe*, London Routledge, 2005; Maurizio Ferrera, *The 'Southern Model' of Welfare in Social Europe*, *Journal of European Social Policy*, Vol. 6, No. 1, 1996; and Ian Gough, "Social Assistance in Southern Europe," *South European Society & Politics*, Vol. 1, No. 1, 1996.

²³ Burcu Yakut-Cakar, "Turkey," pp.103-104.

²⁴ Ayse Bugra and Caglar Keyder, "The Turkish welfare regime in transformation," p. 212.

²⁵ Jeremy Seekings, "The Politics of Welfare Regimes in the South," Paper presented at the Yale Conference on *Distributive Politics*, New Haven, April/May 2005, p. 13.

²⁶ Ayse Bugra and Caglar Keyder, "The Turkish welfare regime in transformation," p. 211; Burcu Yakut-Cakar, "Turkey," p. 104.

eligibility and benefit determination according to different occupational situations.²⁷ The informal and formal segmentation of the labour market has also influenced the inegalitarian character of the social security system.²⁸ Bugra and Keyder emphasize that the social protection system in Turkey lacks a universal character, as it does not address the entire population.²⁹ Social assistance in Turkey has mainly developed by the establishment of the Fund for Social Assistance and Solidarity. The institution was responsible in providing emergency relief for the citizens in severe deprivation and poverty but was characterized as a last resort mechanism.³⁰

The imbalances in the social security system increased in the 1990's exacerbated the public sector fiscal deficits.³¹ The deficit of the social security system as a percentage of GNP rose from 0.3 percent in 1990 to 4.5 percent in 2004.³² The cumulative value of the deficits since 1990, plus their debt servicing cost, amounted to roughly 110% of GDP or 1.5 times total public debt.³³ Table 1 (See Appendix) demonstrates the social expenditures in Turkey segregated according to three social security institutions from 2001 to 2004, the period which statistics are available comparable to ESSPROS standards. Accordingly the social security institutions expenditure constituted of health expenditure, pension payments and administrative costs rose from 10.64% of GDP in 2001 to 12.49 % of GDP in 2004; where the budget transfer to social security institutions rose from 3.10% to 4.37% of GDP from 2001 to 2004.³⁴ (See Appendix-Table 1) The cumulative value of these deficits between 1994 and 2004 plus their debt servicing cost was about € 200 billions (475 billion YTL) in 2004 prices, approximately 110 % of the 2004 GDP (the reports of the Social Security Institution).³⁵

Even the social security institutions expenditure has increased in Turkey and the imbalances of the system exacerbated the public sector fiscal deficit in recent years, when compared to social protection expenditure in the EU member countries such as Spain, Greece and Portugal, Turkey's social security institutions expenditure remains low compared to the EU-15 average of 27.6% or to 20.0 % of Spain (See Table 2 in Appendix).³⁶ It is not the ageing of the population as in the developed countries but

²⁷ Ayse Bugra and Çağlar Keyder, "The Turkish welfare regime in transformation," p. 215.

²⁸ Ibidem.

²⁹ Ibidem.

³⁰ Burcu Yakut-Cakar, "Turkey," pp. 106-107. Yakut-Cakar indicates that "the inegalitarian corporatist structure of the welfare regime in Turkey resulted in the formation of a patchy social safety net that is far from granting universal, adequate and systematic provision of benefits to all citizens."³⁰ The Green Card scheme was introduced in 1992 for the low-income population that were not covered by any social security programme; granting free "in-patient and outpatient health services without any co-payments" covering for ten million Green card holders at the end of the 1990's

³¹ Burcu Yakut-Cakar, "Turkey," p. 110.

³² Anne-Marie Brook and Edward Whitehouse, "The Turkish pension system: further reforms to help solve the informality problem," OECD Social, Employment and Migration Working Papers, No. 44, 2006, p. 7.

³³ Ibid., p. 6.

³⁴ Ayse Bugra and Sinem Adar, "An Analysis of Social Protection Expenditures in Turkey in A Comparative Perspective", April 2007, Social Policy Watch, Social Policy Forum, p. 48.

³⁵ Dirk Verbeken, "The pension reform challenge in Turkey," *ECFIN Country Focus, Vol. 4, No. 3, 2007*, Directorate-General for Economic and Financial Affairs of the European Commission, p. 2.

³⁶ Ayse Bugra and Sinem Adar, "An Analysis of Social Protection Expenditures in Turkey in A Comparative Perspective", p. 48.

structural problems of the economy that has mainly lead to the increasing deficit.³⁷ Adem Y. Elveren indicates that the high level of dependency ratio, the worsening of active-passive ratio with the existence of a large number of children in families and low labor force participation have been the main reasons of the increasing imbalances.³⁸ Table 3 (See Appendix) indicates the main demographic, employment, health expenditure and social statistics in Turkey. The Turkish pension system is not supposed to expect high and increasing deficits with the average age of the Turkish population as 27, the age dependency ratio of 9 and with an annual growth of 1.25 percent in the working-age population.³⁹ Although Turkey had a demographic advantage for the sustainability of the social security system, structural problems of the economy, especially the size of informal economy⁴⁰ as well as the inefficient administrative structure based on three separate social security institutions has been identified as the main impediment for the sustainability of the social security institutions by the OECD.⁴¹ Although the debate regarding the imbalances of the social security system in Turkey is similar to the reform debates regarding the pension reforms in the EU member states; the size of the informal economy, demographic factors such as the dependency ratio (See Table 4 in Appendix), ratio of actively insured persons to all population indicate that factors leading to the imbalances have been rather different in Turkey than those related with the ageing of the population in the EU member states.

The size of the informal economy and informal employment constitutes a major issue as only 58 percent of the working population in 2003 was actively insured.⁴² Table 5 indicates that the share of informal employment in total non-agricultural employment has reached %33.2 in the 2000-2007 period.⁴³ Pamukcu and Yeldan emphasize the informalization as the main factor that influences the imbalances of the social security system with the low compliance of employers with the pension laws and poor enforcement of this legislation by authorities.⁴⁴ The reform of the social security system came into the agenda during the 1990's with the increases in the imbalances within the pension system where contributions that were collected did not cover the pension expenditures. In the Turkish social security system, pension benefits have relied on the

³⁷ Anne-Marie Brook and Edward Whitehouse, "The Turkish pension system: further reforms to help solve the informality problem," p. 6.

³⁸ Adem Y. Elveren, "Social Security Reform in Turkey: A Critical Perspective," p. 218.

³⁹ Adem Y. Elveren, "Social Security Reform in Turkey: A Critical Perspective," p. 218.

⁴⁰ Only around 1/4 (23.5%) of the working age population (defined as those aged 15 ñ 64) are contributing to a social security institution, while approximately 1/2 are not participating in the labour market, and the remainder are working in the informal sector. (OECD, 2006)

⁴¹ Anne-Marie Brook and Edward Whitehouse, "The Turkish pension system: further reforms to help solve the informality problem," p. 15.

⁴² Adem Y. Elveren, "Social Security Reform in Turkey: A Critical Perspective," p. 218.

⁴³ Organisation for Economic Co-operation and Development (OECD), *Data on Informal Employment and Self-Employment: 'Is Informal Normal? Towards More and Better Jobs in Developing Countries'*, Paris: OECD, 2009, p.2.

⁴⁴ Teoman Pamukcu and Erinc Yeldan, "Turkey Public Sector and Fiscal Policy Issues," Report prepared for the Economic Research Forum, Bilkent University, 2005, p. 1.

state-funded pay-as-you-go (PAYG) system⁴⁵, which is financed by contributions of employees and employers with a deficit guarantee of the government based on a defined benefit system.⁴⁶

The ILO and World Bank during the 1990's urged the Turkish government to make urgent reforms in order to control the deficit caused by the social security system for the sustainability of the system after 2020.⁴⁷ In 1995, ILO conducted a study of the social security system, financed by the World Bank, as "The Turkish Government Social Security and Health Insurance Project", proposing a variety of pension reforms, including alternative mixtures of a reformed and expanded pay-as-you-go and new private funding schemes and institutional reforms.

It is important to evaluate the fit-misfit argument for the Turkish case following the analysis of Turkey's welfare regime and pre-reformed social security system. Palier, Graziano and Jacquot suggest that the nature of the usages of Europe made by national political actors in the national reform process will be different from positive to negative, from using Europe as a legitimizing reference to blaming and rejecting it or denying its influence according to concordance-discordance between the national policies and the model promoted at the EU level.⁴⁸

Concerning different aspects of the social security system, *acquis communautaires* in the social policy includes minimum standards in areas such as labor law, equal treatment of women and men in employment and social security, as well as health and safety at work.⁴⁹ EU has specific binding rules with respect to non-discrimination on grounds of racial or ethnic origin, religion or belief, disability, age or sexual orientation. EU requires from candidate states to develop social dialogue mechanisms in the areas of employment policy, social inclusion and social protection.⁵⁰ The minimum standards on social protection include "modernizing social protection systems in a way that ensures social adequacy, financial sustainability, and responsiveness to changing needs" as well as "ensuring that everyone has access to high-quality health care" and "eradicating poverty and tackling social exclusion".⁵¹ Accordingly policies and rules promoted at the EU level for candidate countries are in contrast with the pre-reformed format of the social security system, which represents the

⁴⁵ PAYG is mainly characterized as a obligatory transfer of income from the employed labor force to the elderly portion of the populations, where the defined benefit plans assign accrual risk to the state and conditional on a worker's earnings history.

⁴⁶ Adem Y. Elveren, "Social Security Reform in Turkey: A Critical Perspective," p. 217.

⁴⁷ Burcu Yakut-Cakar, "Turkey," pp. 116-117.

⁴⁸ Paolo Graziano, Sophie Jacquot and Bruno Palier, "Instructions to the Authors-Europa and Europae," p. 121.

⁴⁹ Delegation of European Commission to Turkey, "Screening Report Turkey: Chapter 19-Social Policy and Employment," September 4, 2006, p. 14. Available at http://www.avrupa.info.tr/AB_ve_Turkiye/Muzakereler,Muzakereler_19.html. (Accessed on November 15, 2008).

⁵⁰ *Ibid.*, p. 2.

⁵¹ European Commission-□Directorate-General Employment, Social Affairs and Equal Opportunities, "A quick guide to EU employment and social policies," October 21, 2005. Available at http://ec.europa.eu/employment_social/social_model/index_en.html. Accessed on November 15, 2008)

“inequalitarian welfare regime” characteristics of Turkey. Three separate social security institutions, the ES, the SSK and the BK, have established separate schemes of pensions and of the provision of healthcare. The total deficit of the social security institutions has made “financial sustainability” the main problem, an issue that the EU insisted upon. Moreover Turkey’s spending on social security has been low when compared to social protection expenditure in the EU member countries such as Spain, Greece and Portugal, as well as to the EU-15 average. (See Table 2 in Appendix)

Accordingly the pre-reformed social security system represents characteristics that “misfit” to the EU standards and policies. The degree of discordance between the EU standards and social security institutions’ characteristics is large when high level of informal employment in Turkey is considered. The discordance provides national actors the opportunity for positive usage of Europe.

3.National stories of reform in the light of EU orientation

3.1.The Reform Process of the Social Security System: first phase from 1999 to 2001.

The first phase of the reform process has been set out in 1999 with a reform package including parametric changes regarding the retirement age and contribution periods to the system as well as the introduction of voluntary private pension schemes.⁵² Yakut-Cakar and Elveren indicate that the establishment of private pension schemes in Turkey has followed World Bank and ILO recommendations. Elveren emphasizes that the ILO report, titled “The Turkish Government Social Security and Health Insurance Project” in 1995, has been the main guideline for this reform; as among the four alternatives that are being suggested in the report for Turkey, a two-pillar system was selected and introduced, through which three social security institutions (ES,SSK, BK) were kept with rehabilitation in their structure and private pension schemes would provide the support.⁵³

3.2.Social Security Reform since 2003

The reform measures taken in 1999 and 2001 have not assured the sustainability of the social security system where the imbalances of the social security institutions have grown. The second phase of the social security system reform insisted upon by the IMF and the World Bank on the administrative restructuring of the social security institutions came into the AKP government agenda in 2003. The AKP government announced an “Action Plan” in 2003, which included the reform of the social security institutions, health services and social assistance.⁵⁴ The reform proposal was prepared and published as a White Paper by the Ministry of Labour and Social Security in April 2005 which composed of four parts: the establishment of universal health insurance, the restructuring of social assistance and services, the reform of pensions and the foundation of an

⁵² Ibidem.

⁵³ Adem Y. Elveren, “Social Security Reform in Turkey: A Critical Perspective,” p. 219.

⁵⁴ “58th Turkish government Action Plan,” January 3, 2003. Available at www.lar.gov.tr/downloadables/AcilEylemPlani.doc. (Accessed on November 3, 2008)

institutional structure aiming to harmonize the other three pillars.⁵⁵ The 2005 White paper prepared by the Ministry of Labour and Social Security emphasized three main problems facing the social security system in Turkey: the differences regarding the technical issues such as a minimum contribution period for eligibility, benefit rules and other aspects between the schemes offered by three institutions; the actuarial disproportion between benefits and contributions leading to deficits needed to be covered by state transfers; the distortion created on the actuarial balances by the group of early retired pensioners which eroded the opportunity to take advantage of the current favorable demographic trend, which is projected to disappear in twenty to twenty five years.⁵⁶

The changes on the pension system aim mainly to establish a single pension system where the reform has foreseen “gradual increases in the retirement age, which will be kept at 58 for women and 60 for men until 2035 and will be raised gradually afterwards until 2075 to reach 68 years of age” with the increases in life expectancy.⁵⁷ The benefit calculation rule has been changed from different bases to 2.5 per cent accrual rate for the period until 2015 and 2.0 per cent starting from 2015.⁵⁸ The benefit indexation is set according to the Consumer Price Index rule continuing the rule implemented by the previous reform in 1999. The administrative restructuring has brought changes that are transformative to the inegalitarian corporatist characteristics. Accordingly the separate schemes of the ES, the SSK and the BK have been unified under one centralized institution, the Social Security Institution, under the jurisdiction of the Ministry of Labour and Social Security, responsible for the management of social security provisions. Moreover the reform has introduced the state contribution to the pension system at 5 per cent, replacing the pre-reformed practice for making budgetary transfers to compensate the deficits of the social security system.

The reform regarding the health care system has foreseen also an overall parametric and institutional change. Health care, in the pre-reformed format, was jointly provided by the Ministry of Health, social health security schemes, universities, the Ministry of Defense, as well as private agencies and institutions.⁵⁹ In the pre-reformed situation, the health benefits are tied to employment status where only the Green Card program provided for low-income population access to doctors and to hospitals without medicine within the social security system.⁶⁰

The level of coverage and the quality of care varied widely among different institutions.⁶¹ The reform package has foreseen the launch of the General Health Insurance system, which aims to cover every citizen by providing basic health services embracing all social groups, including those not formally employed, in order to assure universal access to health services on equal terms. The reform aims to introduce a single

⁵⁵ Burcu Yakut-Cakar, “Turkey,” p. 121.

⁵⁶ Ibidem.

⁵⁷ Ibidem.

⁵⁸ Ibidem.

⁵⁹ Ibid., p. 123.

⁶⁰ Ibidem.

⁶¹ Ibidem.

health insurance agency instead of the divided picture that prevailed.⁶² The minimum package of health services will be financed by contributions paid by all who are earning above the poverty line where the poor will be granted means-tested access to the services with their contribution paid by the state.⁶³ Moreover the reform insists that those under the age of 18 will be covered by the health insurance scheme without having to pay premiums.

3.3. Turkey-EU relations: from candidacy status in 1999 to the accession negotiations in 2005

Turkey has a long association with the European Union since the Ankara Agreement in 1963 and the institutional relationship evolved with the signing of a Customs Union between the EU and Turkey in 1995, the recognition of Turkey as a candidate country at the Helsinki European Council in 1999 and the launch of accession negotiations in 2005.⁶⁴ During the period of 1999 to 2004, the EU Commission prioritized the fulfilment of the political criteria which are now an explicit pre-requisite for starting negotiations.⁶⁵ In the period from 2005 to 2008, economic, social policy and different issues become part of the accession negotiations under thirty-five specific chapters.⁶⁶ Table 6 summarizes the evolution of Turkey-EU relations since 1999. (See Appendix) Heather Grabbe emphasizes that the accession negotiations have their own dynamics where the adoption of the *acquis communautaire*, the enforcement and the implementation of the EU rules and standards under specific thirty-five chapters cover a long range of policy areas.⁶⁷

On the other hand, issues related to social security institutions including pensions and healthcare in Turkey have been scrutinized more profoundly by the European Commission since the start of accession negotiations in 2005 in the scope of the screening process under the social policy and employment chapter.⁶⁸ Eventhough the Copenhagen criteria do not include the social security system reform, the economic criteria regarding the existence of a functioning market economy and the capacity to cope with competitive pressure and market forces within the Union required Turkey to address the fiscal imbalances arising from the social security system.

⁶² Sinem Adar, "Turkey: reform in social security," *Journal of European Social Policy*, Vol. 17, No. 2, 2007, p. 168.

⁶³ *Ibid.*, p. 169.

⁶⁴ E. Fuat Keyman and Ziya Öniş, "Helsinki, Copenhagen and beyond: Challenges to the New Europe and the Turkish State," in *Turkey and European Integration :Accession Prospects and Issues*, eds. Nergis Canefe and Mehmet Uğur, (New York: Routledge, 2004), pp. 182-183.

⁶⁵ Heather Grabbe, "When negotiations begin: the next phase in EU-Turkey relations," *Essays-2004*, London: Centre for European Reform Publications, p. 1.

⁶⁶ Ayşe Bugra and Çağlar Keyder, "The Turkish welfare regime in transformation," p. 213.

⁶⁷ Heather Grabbe, "When negotiations begin: the next phase in EU-Turkey relations," *Essays-2004*, London: Centre for European Reform Publications, p. 1.

⁶⁸ Delegation of European Commission to Turkey, "Screening Report Turkey: Chapter 19-Social Policy and Employment," September 4, 2006, p. 2. Available at http://www.avrupa.info.tr/AB_ve_Turkiye/Muzakereler,Muzakereler_19.html. (Accessed on November 15, 2008).

The EU membership process has also evolved since 1999 to 2008 where the accession negotiations on specific chapters including social policy and employment have started in 2005. Moreover, the preparation of Accession Partnerships in 2001, 2003 and 2006 aimed to assist Turkish authorities to meet the accession criteria, even though the main emphasis had rested on meeting the political criteria until 2005. The start of the accession negotiations in 2005 has accelerated the involvement of the EU within the social policy domain in Turkey. The preparation of Joint Inclusion Memoranda (JIM) and the Joint Assessment Paper for Employment Priorities (JAP) by the coordination of the Ministry of Labor and Social Security started in 2005 with the participation and the contribution of different state bodies and agencies as well as social actors.⁶⁹ These documents have insisted on issues related to poverty and social exclusion as well as active labor market policies and specific measures to deal with the problems of vulnerable groups. Although JIM and JAP are prepared through the cooperation of the EU and Ministry of Labor and Social Security as well as the Turkish state bodies and agencies, these agreements were still not enacted in 2008.

The Progress Reports that are prepared by the EU Commission insist on the social security reform more extensively starting in 2005 through the scrutiny process under the accession negotiations chapter on social policy and employment. The budgetary allocations assigned by the EU for Turkey's National Programs including MEDA program and later pre-accession assistance have increased also substantially since 2005. (See Table 8 and Table 9 in Appendix)

Graziano, Jacquot and Palier argue that "the more under scrutiny the countries are the more probable it is for the European Union policies and institutions to be considered seriously and therefore be a fundamental motivation of and or point of reference for the national actors".⁷⁰ The institutional evolution of Turkey-EU relations since 1999, considering different legal and financial resources provided by the EU for Turkey, indicates that the social security system has been more extensively under the scrutiny of the Commission since 2005 with the launch of the accession negotiations. In fact, the Ministry of Labor and Social Security prepared the draft reform laws in 2005 whereby the reform laws were enacted by the TGNA in 2008.

3.4. EU instruments and resources concerning social security reform in Turkey

How has the social security reform been referred to in the EU documents concerning Turkey's accession such as the Progress Reports, Accession Partnership documents and screening reports. The analyses of these various documents aim to characterize the EU's evaluation of the social security system in Turkey and the reform

⁶⁹ Burcu Yakut-Cakar, "Turkey," p. 118.

⁷⁰ Paolo Graziano, Sophie Jacquot and Bruno Palier, "Instructions to the Authors-Europa and Europae," p. 3.

process. Table 7 summarizes different EU instruments and resources concerning social security system. (See Appendix)

EU requires from candidate states to adopt the relevant aspects of the *acquis communautaires* concerning the social policy.⁷¹ The *acquis communautaires* in the social policy includes minimum standards in areas such as labor law, equal treatment of women and men in employment and social security, as well as health and safety at work.⁷² Moreover, the EU has specific binding rules with respect to non-discrimination on grounds of racial or ethnic origin, religion or belief, disability, age or sexual orientation. EU requires from candidate states to develop social dialogue mechanisms in the areas of employment policy, social inclusion and social protection.⁷³ The candidate states need to ratify relevant ILO Conventions such as the ILO Social Security (Minimum Standards) Convention in the area of social policy and employment.⁷⁴ The minimum standards on social protection include “modernizing social protection systems in a way that ensures social adequacy, financial sustainability, and responsiveness to changing needs” as well as “ensuring that everyone has access to high-quality health care” and “eradicating poverty and tackling social exclusion”.⁷⁵ Accordingly the Copenhagen criteria and the adoption of the *acquis communautaire* constitutes legal resources for national actors in Turkey.

The EU uses different institutional and legal instruments to prepare candidate states in the area of social policy. This includes Progress reports, Accession Partnership documents and screening reports. These instruments provide legal, political and cognitive resources for the candidate states such as Turkey. Progress reports, Accession Partnership documents and screening reports provide legal resources by clarifying in detail the content of the necessary reforms for complying with the Copenhagen criteria and the adoption of the *acquis communautaire* for different issues. They also provide political resources such as blame avoidance for national actors as the introduction of the reforms can be legitimized on the grounds for compliance with the necessary conditions for membership to the EU. Finally these instruments also provide cognitive resources such as ideas as communicating the expectation of the EU Commission in the pre-accession process.

Accordingly the progress reports emphasize in general three main issues regarding the social security system since 1999 to 2008: the urgency of controlling the fiscal deficit by reform measures, administrative and management problems under different institutional frameworks and the non-universal character of social protection,

⁷¹Delegation of European Commission to Turkey, “Screening Report Turkey: Chapter 19-Social Policy and Employment,” September 4, 2006, p. 2. Available at http://www.avrupa.info.tr/AB_ve_Turkiye/Muzakereler,Muzakereler_19.html. (Accessed on November 15, 2008).

⁷² Ibid. p. 14.

⁷³ Ibid., p. 2.

⁷⁴ Ibid., p. 6.

⁷⁵ European Commission-□Directorate-General Employment, Social Affairs and Equal Opportunities, “A quick guide to EU employment and social policies,” October 21, 2005. Available at http://ec.europa.eu/employment_social/social_model/index_en.html. Accessed on November 15, 2008)

health-care and social assistance.⁷⁶ The social security reform has been referred under two sections in the Progress Reports: in the section regarding the economic criteria and in the social policy and employment chapter headings of the *acquis communautaire*. The Commission has emphasized the reform measures for controlling the fiscal deficit of the social security system in the economic criteria chapter. The administrative and management problems related to different institutional structures and the non-universal coverage of the social security and healthcare system has been referred under the chapter headings of the social policy and employment. The Directorate General for Employment, Social Affairs and Equal Opportunities is responsible from preparing the section on “Social policy and employment” in the Progress reports, where the economic criteria section was prepared by the Directorate-General for Economic and Financial Affairs.

The Accession Partnership documents constitute another important instrument through which the EU has influenced political and economic reforms as a part of pre-accession strategy. The Accession Partnerships determine the particular need on which pre-accession assistance should be targeted providing a framework for the short and medium term priorities, objectives and conditions determined for Turkey. Four Accession Partnership documents were prepared for Turkey in 2001, in 2003, in 2006 and in 2008 which set out short term and medium-term measures that needed to be introduced in the pre-accession process. The social security reform has been addressed in four Accession Partnership documents as a medium-term priority. For instance, the 2001 Accession Partnership emphasizes as a medium-term priority that Turkey should “further develop social protection, notably by consolidating the reform of the social security system with a view to making it financially sustainable, while strengthening the social safety net.”⁷⁷ The 2003 Accession Partnership stated that Turkey as a medium-term priority Turkey should “ensure the sustainability of the pension and social security system”.⁷⁸ The 2006 and 2008 Progress Reports have mentioned that Turkey should enhance measures to develop social protection by implementing a sustainable and effective social security system as well as strengthening administrative structures for the coordination of social security schemes.⁷⁹ Accordingly the EU has made social security reform as a condition and a priority to be implemented by Turkish authorities through the Accession Partnership documents.

⁷⁶ An extensive analysis of the nine Progress Reports from 1999 to 2008 has been conducted to conclude on these three main issues. Considering space limitation of this article, I do not represent the references and quotes from these different Progress Reports. The Progress reports can be reached at http://www.avrupa.info.tr/AB_ve_Turkiye/Muzakereler,Regular_Reports.html.

⁷⁷ Ibidem.

⁷⁸ European Council, Council Decision of 19 May 2003 on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with the Republic of Turkey, p. 4. Available at <http://www.avrupa.info.tr/DelegasyonPortal,Searchresults.html?Keyword=accession+partnership>. (Accessed on November 25, 2008).

⁷⁹ European Council, *Council Decision of 23 January 2006 on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with the Republic of Turkey*, p. 12. European Council, *Council Decision of 13 February 2008 on the principles, priorities, intermediate objectives and conditions contained in the Accession Partnership with the Republic of Turkey*, p. 12. Available at <http://www.avrupa.info.tr/DelegasyonPortal,Searchresults.html?Keyword=accession+partnership> (Accessed on November 25, 2008).

The Economic and Financial Desk Officer on Turkey at the DG for Economic and Financial Affairs, Dirk Verbeken, has prepared a country focus paper on the pension component of the social security reform.⁸⁰ The country focus paper by Verbeken evaluates the current problems of the social security system, emphasizing that the current demographic advantages will disappear with the changing demographics in the next thirty years and the system will exacerbate the public deficit without the reform, projecting to increase the deficit over 6.5% of GDP by 2050.⁸¹ Verbeken supports the prepared social security reform package suggesting that they are “steps in the right direction” but argues that measures challenging the informality of the economy to build a sustainable and adequate social security system are necessary.⁸² The overall emphasis of the country focus paper by Verbeken is on the fiscal deficit of the pre-reformed social security system.

In December 2004, the European Council concluded that Turkey sufficiently fulfils the Copenhagen political criteria to open accession negotiations and negotiations have started on 3 October 2005 as the Council adopted a strict Negotiating Framework dividing the *acquis* into 35 chapters. The analytical examination of the EU legislation, the screening process as the first stage of negotiations, has started in March 2006.⁸³ The screening process of the chapter on Social policy and employment has been completed by November 2006 by the DG for Employment, Social Affairs and Equal Opportunities and a screening report has been published. The screening report on the chapter regarding social policy and employment has addressed the problems of the social security system and states that “In 2005, Turkey’s social security deficit reached 4.81 % of the GDP, the highest among OECD countries. The main cause of the ballooning deficit is early retirement. In 2006, the minimum retirement age is 43 for women and 47 for men, and 60 % of the retired people are under 60.”⁸⁴ Moreover, the screening report analyses the social security reform package and concludes that it will decrease the fiscal deficit and also increase the coverage of the social security system to all population stating that “The social security system will thus be simplified and reduced in bureaucracy, benefits-liabilities will be equal for everybody, free healthcare will be provided to all children under 18 and the retirement age is to be gradually raised to 65 by 2048... the whole population will be covered by the General Health Insurance.”⁸⁵ However although the screening process of the Social and Employment policy chapters have been completed, this chapter is not opened for actual negotiations, as Turkey did not ratify the Joint

⁸⁰ Dirk Verbeken, “The pension reform challenge in Turkey,” *ECFIN Country Focus, Vol. 4, No. 3, 2007*, Directorate-General for Economic and Financial Affairs of the European Commission, p. 1.

⁸¹ *Ibid.*, p. 2.

⁸² *Ibid.*, p. 1.

⁸³ Delegation of European Commission to Turkey, “Screening Report Turkey: Chapter 19-Social Policy and Employment,” September 4, 2006, pp. 8-9. Available at http://www.avrupa.info.tr/AB_ve_Turkiye/Muzakereler,Muzakereler_19.html. (Accessed on November 15, 2008).

⁸⁴ *Ibid.* 9.

⁸⁵ *Ibid.*, p. 6.

Inclusion Memoranda (JIM) and the Joint Assessment Paper for Employment Priorities (JAP).⁸⁶

EU has also provided financial assistance with the budgetary resources concerning the social security system and the social policy reform. Turkey has been a beneficiary of the MEDA program as part of the Euro-Mediterranean Partnership program since 1996.⁸⁷ A pre-accession assistance program has replaced the MEDA program in order to “provide support for institution building, investment to strengthen the regulatory infrastructure needed to ensure compliance with the *acquis*, investment in economic and social cohesion and the promotion of the civil society dialogue”.⁸⁸ Budgetary Allocations under the Turkey National Programs in the period from 2002 to 2006 have reached to € 1.235.520 billion and the amount for the economic and social cohesion and social policy sectors have increased steadily.⁸⁹ (See Table 8 in Appendix). Although the exact amount of financial assistance used from the EU resources is not available, the budgetary allocations indicate the amounts under specific sectors. Starting in 2007, Turkey has started to benefit from a new Instrument for Pre-Accession Assistance (IPA) where the human resources development component supports activities addressing social inclusion as well as other issues such as employment, education and training.⁹⁰ The planned budget for three years from 2007 to 2009 reaches to € 1.602.3 indicating an increase on the financial assistance provided compared to the previous period from 2002 to 2006; where the yearly amount of allocations has increased from € 126 millions in 2002 to € 566.4 millions in 2009.⁹¹ (Table 9, See Appendix)

The analysis of different instruments such as Progress Reports, Accession Partnership documents and screening reports indicate that the EU has insisted on four aspects of the social security reform in Turkey: measures to assure financial sustainability of the system; institutional restructuring in order to develop institutional capacity; remedying the unequal treatment of different groups in order to create adequate protection; and the introduction of sufficient health care for the whole population. Accordingly the EU has provided cognitive and normative resources as requiring an adequate and universal social protection and health care system addressing the entire population; and political resources as argumentation regarding the need to reform the social protection system considering the demographic changes and its financial imbalances for national actors to justify and frame national welfare reforms. EU has acted as a “reform supporter” of the social security reform. The Commission and Council have indicated in the official documents that these reforms are supported and are necessary for accession.

⁸⁶ Ibidem.

⁸⁷ Burcu Yakut-Cakar, “Turkey,” p. 118.

⁸⁸ EU Commission, *Multi-annual Indicative Planning Document (MIPD)- from 2007 to 2009*, p. 2. Available at <http://www.dtm.gov.tr/dtmadmin/upload/AB/TeknikMevzuatDb/MIPD.pdf>.

⁸⁹ Ibid., p. 8.

⁹⁰ Ibid., p. 16.

⁹¹ Ibid., p. 17.

4. The usages of Europe-the how and who questions

In the context of social security reforms in Turkey, two sets of actors as political and social partner actors have involved with different usages of Europe. The first set of actors is political as the AKP government and opposition political parties in the TGNA. The AKP government has been the initiator of the social security reform. The Ministry of Labour and Social Security and the Ministry of Health prepared the social security reform proposal. The Republican People's Party (Cumhuriyet Halk Partisi, CHP) has been the main opposition party in the parliament since 2002 and has been critical of the social security reform proposals, even rejecting to attend the Parliamentary discussions of the social security reform proposal at the TGNA in 2006. The Motherland Party (ANAP-Anavatan Partisi), Nationalist Action Party (MHP- Milliyetci Hareket Partisi), the Democratic Society Party (Demokratik Toplum Partisi - DTP) have been the political parties that have participated to the TGNA Assembly discussions in 2006. A preliminary analysis of the parliamentary discussions in 2006 and in 2008 indicates that the opposition political parties have rarely engaged in the usages of Europe. Mainly the representatives of the AKP government have made direct references to the EU membership process. Accordingly the analysis of the official documents, public speeches and the parliamentary discussions will focus mainly on the AKP government actor initiating the reform.

The second set of national actors involved with the social security reform is social partners such as business associations and union confederations. In this section, I will analyze the usages of Europe in the official documents and the discourse of these actors concerning the social security reform. The analysis will focus on the period from 2005, when the AKP government has presented the social security reform proposal first to the public, to 2008 when the AKP government has enacted the reform laws.

4.1.AKP government and social security reform: EU and member states as a model and a point of reference for comparison

The reform of the social security system has been referred in the AKP's party program accepted in 2001 as "Social security services, having reached a significant budget size, are active within the organisms of various ministries and they appear scattered. The social security units shall be brought together under the roof of a single ministry and a consolidated social security budget shall be created with the inclusion of social insurance, social services and social aid regimes and sub-sectors. Necessary arrangements shall be made for this budget to sit on a rational basis in terms of norms and standards."⁹² Accordingly the AKP, as a conservative democrat party, has promised to introduce the administrative reform of the social security system, to unify the scattered institutional structure into one scheme and to diminish the fiscal imbalances of the social security system before the general elections of 2002.

The social security reform proposal had started to be prepared by the AKP

⁹² Justice and Development Party, AK Party Programme, 2001. Available at <http://eng.akparti.org.tr/english/partyprogramme.html#5.5>. (Accessed on November 25, 2008)

government with the 2003 Action Plan, under the auspices of the Ministry of Labour and Social Security.⁹³ The Minister of Labour and Social Security in the AKP government (59th government) in 2005, Murat Baseskioglu, has pledged that his ministry was "seeking a reform package that is in accordance with the European Social Model".⁹⁴ Basegioglu stated that "We do not want a social security reform imposed on us or ordered from us; we are seeking a stable and sustainable social security system in accordance with the European Social Model where the experiences of IMF and World Bank can be valuable assets in the reform process. However we will like to enact a reform that is appropriate for our domestic dynamics."⁹⁵

The Ministry of Labour and Social Security has published a White Paper on the social security reform proposal in 2005. Basekioglu as the Ministry of Labour and Social Security has stated in a speech at a conference in 2006 on the social security reform proposal that "we have prepared this reform with a scientific approach confirming to the realities of Turkey far from populism. The reform will not give better results as of tomorrow but will be effective in long term. Turkey is introducing this reform before it is imposed to. If we do not introduce the reform as of today, we have to introduce more harsh reforms 5 years or ten years later as it happened in the European countries."⁹⁶

In the parliamentary discussion of the first social security reform proposal at the TGNA on April 12, 2006, Murat Basesgioglu has defended the reform as "Turkey, in comparison to European countries has managed to lower the societal tensions with its culture of solidarity and social assistance mechanisms. However these traditional mechanisms are not sufficient for tackling the current problems arising with economic and societal changes, we now need modern social security institutions."⁹⁷ In the same parliamentary discussion on the reform package, Baseskioglu has also addressed the public finances of the social security system referring to the EU member countries stating that "In 2005 three social security institutions; BK, SSK and EK, have spent 58.5 billion New Turkish Lira which is 12,1% of our GDP. This percentage is low if we compare it to European countries who spend 25% or 30% of their GDP to the social security....We should not consider 12,1% alot. Our problem is Turkey's high debt stock that influences the macroeconomic stability. If we were not indebted that much, we would be willing to dedicate more resources to the social security system."⁹⁸

The AKP deputy, Mahfuz Guler, who has talked for its party group at the TGNA

⁹³ Türkiye 58. Hukümeti, Acil Eylem Planı. Available at http://www.belgenet.com/eko/acileylem_161102.html. (Accessed on November 25, 2008)

⁹⁴ Aydın İleri, Turkish social security reform no easy task, *Southeast European Times*, April 30, 2007.

Available at

http://www.setimes.com/cocoon/setimes/xhtml/en_GB/features/setimes/articles/2007/04/30/reportage-01. (Accessed on November 25, 2008)

⁹⁵ Ibidem

⁹⁶ *Tumgazeteler*, "Başeskioglu'nun en büyük temennisi," February 10, 2006. Available at <http://www.tumgazeteler.com/?a=1332600>. (Accessed on November 25, 2008)

⁹⁷ Türkiye Büyük Millet Meclisi (TBMM), 87. Birlesim Tutanaklari, TBMM Tutanak Dergisim, Donem: 22, Cilt: 116, Yasama Yili 4, 12 April 2006. Available at

<http://www.tbmm.gov.tr/tutanak/donem22/yil4/bas/b087m.htm>. (Accessed on November 25, 2008)

⁹⁸ Ibidem.

on the social security reform at 88th Assembly on April 12, 2006 has characterized the administrative component of the social security reform stating that “Those who are specialized on the social security systems call for the unity of norms and standards in the social security institutions conforming to the EU standards. In fact, this reform proposal establishes the unity of norms and standards conforming to EU standards if we like to describe this reform in one phrase. The administrative reform as one the most important reform packages of the Republican history, establishes one institution as Social Security Institution removing EK, BK and SSK.”⁹⁹

In the 89th Assembly of the TGNA, the AKP government has responded to the criticisms of the opposition parties on the social security reform package. For instance, the Minister of Labour and Social Security, Murat Basesgioglu, responding to the opposition parties criticisms on decreasing the monthly installment rates, stated that “We are changing the monthly installment rates which are around %3 in the in EK and SSK, the coefficients that are multiplied for yearly installments. This percentage in Turkey is the highest among European countries except Luxembourg. There is no other European country where this coefficient is high as in Turkey.”¹⁰⁰

The reform package as changes in the Social Security and General Health Insurance Law and the Social Security Institution Law were enacted in the Turkish Parliament as of April 14, 2006. However the objections of the main opposition party, CHP, and the President, Ahmet Necdet Sezer in the Constitutional Court have resulted the cancellation of some articles that regulate the harmonization procedures for civil servants leading to the maintaining the privileges of this group over others. After the general election victory in 2007, the AKP government has launched a new process of the social security reform, emphasizing social dialogue with social partners, considering their objections to certain parameters of the reform proposal as well as the Constitutional Court decision.

Faruk Celik has become the Minister of Labour and Social Security in the new AKP government after the general election of 2007. Celik has stated in his speech at the Opening Conference of the “Civil Society Dialogue: Bringing Together Workers From Turkey and EU Through a Shared Culture of Work” at October 21, 2007 that “We did not play a double game. Our attitude, style and policies are quite clear. We have defended the reforms we have realized since we consider them primarily beneficial for our own people. Those who prefer conflict instead of dialogue internally and externally now are in dire straits following the EU reforms we have realized by the support of our nation.”¹⁰¹

⁹⁹ Turkiye Buyuk Millet Meclisi (TBMM), 88. Birlesim Tutanaklari, TBMM Tutanak Dergisim, Donem: 22, Cilt: 116, Yasama Yili 4, 13 April 2006. Available at <http://www.tbmm.gov.tr/tutanak/donem22/yil4/bas/b088m.htm> .(Accessed on November 25, 2008)

¹⁰⁰ Turkiye Buyuk Millet Meclisi (TBMM), 89. Birlesim Tutanaklari, TBMM Tutanak Dergisim, Donem: 22, Cilt: 116, Yasama Yili 4, 18 April 2006. Available at <http://www.tbmm.gov.tr/tutanak/donem22/yil4/bas/b089m.htm>. (Accessed on November 25, 2008)

¹⁰¹ Civil Society Dialogue: Bringing Together Workers From Turkey and EU Through a Shared Culture of Work, “Openning Speech of Faruk Celik,” 21 October 2007. Available at http://workers-together.org/index.php?option=com_frontpage&Itemid=1. (Accessed on November 25, 2008).

The new social security reform package has been started to be discussed in the Parliamentary “Planning and Budget” Commission in February 2008 and the new social reform package has been brought to the Parliamentary Assembly as of March 4, 2008. In the discussion of the social security reform package at the “Planning and Budget Commission” in February 2008, the changes compared to the previous reform package has constituted the main issue. For instance, the changes made on the regulation pertaining to “the Procedures and Principles on the Pay Increase for Actual Period of Service” has been a main point of criticism of the 2006 social security reform package as well as was one of the articles that the Constitutional Court has canceled.¹⁰²

At the discussion in the Planning and Budget Commission at March 4 2008, the Minister of Labour and Social Security, Faruk Celik has indicated on the pay increase for actual period of service that “While we were preparing the regulation on the pay increase for an actual period of service for certain occupational groups, we were very attentive not to make any mistakes that could worsen the current situation in dialogue with our social partners. Accordingly we appointed the Deputy General Director of Insurance Affairs, Celal Özcan, to prepare a study on how the pay increase for an actual period of service has been regulated in the EU.”¹⁰³ Celal Özcan has made a presentation following Celik speech in the Planning and Budget Commission indicating “The pay increase for an actual period of service concerns professions where the occupation risks the person physical and mental health in the long term. Accordingly the person because of his/her occupation with higher health risks will have a lower life expectancy than people with other occupations... After the Constitutional Court decision that cancelled the previous reform of the regulation, we have looked at what is the implementation in the European Union concerning this regulation. We have made a scientific study for a fair and objective regulation for not leading to another cancellation. We have studied the MISSOC 2007 report that analyzes and compares the social security regulations in the EU countries... We have adopted the EU norms and standards while considering the occupational risk for the regulation on the pay increase for an actual period of service.”¹⁰⁴

The Justice Minister and Government Spokesman, Cemil Çiçek, after the government meeting on April 7th, 2008, has stated regarding the social security reform proposal that “The social security reform proposal that is discussed in the Turkish Parliament is related for alignment with the EU *acquis communautaire* as well as our long term economic program.”¹⁰⁵ Cicek has also emphasized that the government will implement its undertakings, obligations towards the EU by introducing the reform laws that are indicated in the 2007-2013 Turkish National Program for alignment with the *acquis communautaire*. Accordingly the 2007-2013 Turkish National Program for alignment with the *acquis communautaire* prepared under the auspices of the Secretariat General for EU affairs and approved by the AKP government indicates that Social

¹⁰² TBMM Butce ve Plan Komisyonu, 4 Mart 2008 Komisyon Tutanaklari, Available at http://www.tbmm.gov.tr/komisyon/planbutce/ssgss/04_03_2008.htm. (Accessed on November 25, 2008)

¹⁰³ Ibidem.

¹⁰⁴ Ibidem.

¹⁰⁵ Secretariat General for EU Affairs, “2008-04-07 Hükümet Sözcüsü Çiçek - Bakanlar Kurulu Toplantısı,” July 04, 2008. Available at <http://www.abgs.gov.tr/index.php?p=41586&l=1>. (Accessed on November 15, 2008)

Insurances and Universal Health Insurance Law and Law on Social Assistance and Non Contributory Payments are considered as legislations beneficial to be enacted in the period from 2007 to 2009.¹⁰⁶ Moreover the National Program also points out towards which EU legislation is envisaged to be complied with the Social Insurances and Universal Health Insurance Law and Law on Social Assistance and Non Contributory Payments.¹⁰⁷ Accordingly the Social Insurances and Universal Health Insurance Law and Law on Social Assistance and Non Contributory Payments will be introduced in order to comply with Directive 79/7/EEC, which aim the implementation of the principle of equal treatment for men and women in matters of social security, with Directive 2006/54/EC, aiming to ensure the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation, and with the European Strategy for Social Inclusion. The law on Social Assistance and Non Contributory Payments will be introduced in 2009 to comply with the European Strategy for Social Inclusion.

The analysis of the official documents, the discourse of the Ministers of Labour and Social Security and the speeches of the AKP government representatives at the parliamentary discussions indicate that AKP government has engaged in cognitive and legitimizing usages of Europe regarding the social security reform. Table 10¹⁰⁸ (See Appendix) represents the usages of Europe by the AKP government in the social security reform process. The cognitive usage is more frequently made especially in 2005 and 2006 as the AKP government representatives have made direct references to the EU standards on social policies and EU member states policies as well as to the necessity of introducing the reforms for membership. The analysis reveals also that in 2007 and in 2008 the AKP government has made less frequent cognitive usage of the EU with the new Minister of Labour and Social Security, Faruk Celik; representing the reform attempts as measures to reach EU member states standards but especially emphasizing the domestic dynamics in the design of the reforms. Legitimizing usage is frequently made by the AKP government in the parliamentary discussion of the reform laws, arguing that special measures of the reform laws are introduced for preparing the country for the EU membership and introduced for satisfying the membership conditions of the EU.

4.2. Usages of Europe by Employer Associations and Union Confederations

In the context of social security reform in Turkey, business associations and union confederations are also involved in the social security reform process. The AKP government claimed that it has used social dialogue mechanisms since 2005 in preparing the social security reform proposals, especially the Economic and Social Council.¹⁰⁹ The

¹⁰⁶ Secretariat General for EU Affairs, *Turkey's Programme for Aligment With the Acquis (2007-2013)- Social Policy*. Available at <http://www.abgs.gov.tr/index.php?p=6&l=2>. (Accessed on November 15, 2008)

¹⁰⁷ Ibidem.

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¹⁰⁹ Ministry of Labour and Social Security, "Ekonomik ve Sosyal Konsey," Strengthening Social Dialogue in Turkey. Available at <http://ab.calisma.gov.tr/web/sd/Databases/sdtreeTR/tabid/199/Default.aspx>. (Accessed on November 25, 2008)

Economic and Social Council has met four times to discuss the social security reforms in 1999, March 2005 November 2005 and January 2008. However ESC as a social dialogue mechanism has been criticized by the social partners and scholars as it is still dominated by the government representatives; as it does not allow the social partners to be involved in the decision-making process; and as it does not meet regularly.¹¹⁰ (See Table 11 in the Appendix for the composition of ESC)

Although the ESC was established in 1995, it was not until the amendment of 2001 that its constitution took the character of a social dialogue institution. The ESC involves representatives of economic and social partner institutions along with government representatives and is chaired by the Prime Minister or one of the cabinet ministers.¹¹¹ The AKP government has presented its social security reform proposal in the ESC meeting at November 2005.¹¹² In this meeting, the social partners have agreed the need to reform the system but insisted that a sub-committee discusses specific measures of the reform. After the Constitutional Court decision on the cancellation of certain articles of the reform proposal in 2006, the ESC has met to discuss the social security reform proposal only once in January 2008.¹¹³ The ESC provides a platform where the social partners can make recommendations to the government. The Minister of Labor and Social Security, Murat Baseskioglu, at the AKP government has announced that the social partners have made 174 recommendations and 109 of these recommendations are reflected to the social security reform proposal during the reform process in 2006. 81 recommendations have been channeled through the ESC, out of which 47 recommendations are reflected to the social security reform proposal.¹¹⁴ 29 recommendations made by union confederations and 18 recommendations made by the employer associations are reflected to the social security reform proposal in 2006.¹¹⁵ Faruk Celik, the Ministry of Labor and Social Security, has informed that they have received 179 recommendations through social partners, where 110 of them were reflected in the reform proposal in 2008.¹¹⁶ Out of 110 recommendations, 81 of them have been channeled through the ESC.

The ESC met to discuss the social security reform proposal on January 2008, just before the government brought the reform laws into the Turkish Parliament. Although

¹¹⁰ Giorgos Glynos, Michael Kaeding, and Ayse Idil Aybars, *Social Dialogue and its Contribution to Social Cohesion in Turkey*, Briefing paper prepared for the European Parliament's Committee on Foreign Affairs, 18 February 2008, pp. 2-5. Available at <http://www.europarl.europa.eu/activities/committees/studies.do?language=EN>. (Accessed on November 25, 2008)

¹¹¹ Ibid., p. 4.

¹¹² Referans Gazetesi, *Reform, Ekonomik ve Sosyal Konsey'in gündeminde*, 02.01.2008. Available at http://www.referansgazetesi.com/haber.aspx?HBR_KOD=87214&YZR_KOD=152. (Accessed on November 25, 2008)

¹¹³ Ibidem.

¹¹⁴ Internet Gazetesi, "Sosyal güvenlik batıyor," 21 July 2006. Available at http://www.internethaber.com/news_detail.php?id=33348/Sosyal-guvenlik-batiyor&interstitial=true. (Accessed on November 25, 2008)

¹¹⁵ Ibidem.

¹¹⁶ Çalışma ve Sosyal Güvenlik Bakanlığı, *Sosyal Güvenlik Reformu*, March 2008, p. 8. Available at [http://www.csqb.gov.tr/images/articles/editor/kitap_film\(1\).pdf](http://www.csqb.gov.tr/images/articles/editor/kitap_film(1).pdf). (Accessed on November 25, 2008).

social partners expressed certain reservations concerning the reform in the ESC, the social security reform proposal was brought to the Turkish Parliament in March 2008 by the AKP government. The Labor platform, an umbrella organization of labor and civil servant unions, decided to protest the reform efforts of the AKP government and launched a two-hour strike on March 14, 2008 for protesting the social security reform proposal that was discussed in the Parliamentary Assembly.¹¹⁷ The AKP government has been accused to impose the social security reform proposal by the Labour Platform, composed of the main union confederations of Turkey such as the Confederation of Turkish Trade Unions (*Türkiye İşçi Sendikaları Konfederasyonu*, TÜRK-İŞ), the Confederation of Turkish Real Trade Unions (*Türkiye Hak İşçi Sendikaları Konfederasyonu*, HAK-İŞ), the Confederation of Progressive Trade Unions of Turkey (*Türkiye Devrimci İşçi Senikaları Konfederasyonu*, DİSK). The AKP government negotiated with the Labor Platform on certain articles of the reform proposal such as 7200 days contribution period instead of 9000 days.¹¹⁸

The usage of Europe is analyzed in the official documents and public discourse of the three main employer associations and three union confederations concerning the social security reform. The Turkish Confederation of Employer Associations (TISK), the Turkish Industrialists and Businessmen's Association (TÜSİAD), the Union of Chambers and Commodity Exchanges of Turkey (TOBB) are the main employer organizations and associations in Turkey. TÜRK-İŞ, HAK-İŞ and DİSK constitute the main union confederations. These actors are also represented in the ESC.

4.3. Employer Confederations and Associations

I will concentrate on three employer organizations; TISK, TÜSİAD and TOBB, which were involved with the social security reform process. TISK, the Confederation of Turkish Employers' Unions, is the central organization of employers.¹¹⁹ The leading sector of the confederation is private industry although public employers' associations are also affiliated to the organization.¹²⁰ TISK has insisted on the social security reform since 2005, emphasizing the need to reduce the imbalances of the system, the urgency to reduce the premium paid by employers as well as tackling the informal economy for increasing the number of contributors to the system.¹²¹

TISK has emphasized the urgency to enact the social security reforms in the

¹¹⁷ Peter Tsagaris, *Turkey's Crisis*, International Socialist Review, June / July 2001. Available at http://www.thirdworldtraveler.com/Europe/Turkey_Crisis.html. (Accessed on November 25, 2008)

¹¹⁸ Bianet, "New Social Security Draft after Negotiations," 27.03.2008. Available at <http://www.bianet.org/english/kategori/english/105903/new-social-security-draft-after-negotiations>. (Accessed on November 25, 2008)

¹¹⁹ Giorgos Glynos, Michael Kaeding, and Ayse Idil Aybars, *Social Dialogue and its Contribution to Social Cohesion in Turkey*, Briefing paper prepared for the European Parliament's Committee on Foreign Affairs, 18 February 2008, p. 3.

¹²⁰ M. Kemal Oke, *Capacity building for social dialogue in Turkey*, European Foundation for the Improvement of Living and Working Conditions, November 2006, p. 3.

¹²¹ The Turkish Confederation of Employer Associations (TISK), *Türkiye İşveren Sendikaları Konfederasyonu'nun Emeklilik Sigortası Kanunu Tasarı Taslagına'na İlişkin Görüş ve Önerileri*. Available at <http://tisk.org.tr/yayinlar.asp?sbj=ic&id=1458>. (Accessed on November 25, 2008)

Parliament in a declaration dated on October 27, 2005 mentioning “The Social Security System is the largest black hole in public finances. The active-passive ratio and the low level of contributors to the system constitute two main problems of the system...Data indicates that the level of contributors to the system in Turkey is 27.4% per cent of the working population where in EU member countries, this level reaches 70 to 80 %.”¹²² TISK has also made recommendations on the social security reform proposal through the Economic and Social Council, which met on November 2005 and through the High Consultation Board of Social Security. TISK recommendations on the social security reform in 2005 has insisted that “In the EU member states, economic stability, sustainable development and the criteria of Maastricht Treaty has required to reduce social security spending. EU member states are obliged also through the Monetary Union to control their budget deficit and inflation on certain standards...These developments indicate that social policies should be reformed considering financial and economic constraints.”¹²³ After the Constitutional Court decision to cancel certain articles of the reform laws in 2006, TISK has asked from the AKP government to establish the cooperation of social partners when preparing the new social security reform proposal in 2007 emphasizing the social dialogue.¹²⁴ TISK President, Tuğrul Kudatgobilik, asked the AKP government at the ESC meeting of January 2008 the reduction on the employer’s social security premiums emphasizing that state’s contribution to the system should become continuous and social security incentive mechanisms should be introduced.¹²⁵ TISK has also organized several conferences, seminars and workshop on social security reform with the participation of scholars, World Bank representatives and employers since 2005.

TÜSIAD, Turkish Industrialist’ and Businessmen’s Association, is a non-governmental voluntary association composed of owners and managers of individual firms, groups of companies and holding companies operating in the Turkish manufacturing and service sectors.¹²⁶ TÜSIAD has insisted on the social security reform, especially on the pension reform since the late 1990’s. TUSIAD has published three reports on social security reform, two reports regarding the pension reforms in 1997 and in 2005 and one report regarding the health care system in 2005. TUSIAD carries out these studies on the social security system through “the Employment and Social Security

¹²² The Turkish Confederation of Employer Associations (TISK), Sosyal Guvenlikte Temel Sorun Kayitdisi Ekonomi ve Nimet-Kulfet Dengesizligi, October 27, 2005. Available at <http://tisk.org.tr/duyurular.asp?ayrinti=True&id=1640>.

¹²³ The Turkish Confederation of Employer Associations (TISK), Turkiye Isveren Sendikalari Konfederasyonu’nun Sosyal Guvenlik Reformuna Iliskin Tasarive Taslaklar Hakkindaki Temel Gorusleri, November 1, 2008. Available at <http://tisk.org.tr/duyurular.asp?ayrinti=True&id=1642>. (Accessed on November 25, 2005)

¹²⁴ The Turkish Confederation of Employer Associations (TISK), Sosyal Guvenlikte Yeni Donem ve Isveren Yukumlulukleri Semineri, 2006. Available at <http://tisk.org.tr/yayinlar.asp?sbj=ic&id=2332>. (Accessed on November 25, 2008)

¹²⁵ The Turkish Confederation of Employer Associations (TISK), The Economic and Social Council Met, January 2008. Available at <http://www.tisk.org.tr/yazdir.asp?id=2789>. (Accessed on November 25, 2008)

¹²⁶ M. Kemal Oke, *Capacity building for social dialogue in Turkey*, European Foundation for the Improvement of Living and Working Conditions, November 2006, p. 11.

Working Group”.¹²⁷ The 1997 TUSIAD report on the restructuring of the social security suggests the introduction of private pension schemes as the third pillar and measures to increase the contribution period and retirement age following World Bank and IMF recommendations.¹²⁸ The 2005 TUSIAD Report, titled “Reforming the Turkish Pension System,” recommends that “the problems caused by the current structure and operations of the publicly managed pension system, the authors of TUSIAD report have come to share the view that reducing the degree of state involvement in the Turkish pension system was necessary.”¹²⁹ The 2005 TUSIAD Report on the pension reform calls for the creation of a new pension system constituted of a three-pillar system with compulsory participation to the first two pillars.¹³⁰ The first pillar to be run by the state intending to provide minimum coverage to every worker who contributed to the system at pre-determined rates so as to make sure that even those who get the lowest returns on their second pillar-retirement plans will have some subsistence level of income. The third pillar will essentially preserve currently available alternatives for the voluntary purchase of individual retirement plans from private companies under the current set up. The Report emphasizes that the development of third pillars of the pension schemes in the EU member countries and other advanced industrial nations indicates the decreasing role of the state in pension plans globally.

The 2005 reports on pension system and health care reforms were presented to the AKP government at the ESC meeting on November 2005. In the ESC meeting on the social security reform on November 2005, TUSIAD President, Arzuhan Yalcindag, has made five main recommendations to the AKP government regarding the social security reform proposals emphasizing the strengthening of the third pillar, reducing employer’s contribution to the system and increasing state’s contribution.¹³¹ TUSIAD supported the AKP government reform attempts through 2008 where the urgency of introducing the reform laws was expressed in the Economic and Social Council meeting in January 2008.

In Turkey, merchants and industrialists are obliged to register with the Chamber of Commerce in their respective region and are categorized according to their sectors.¹³² Therefore TOBB (The Union of Chambers Of Commerce, Industry, Maritime Trade and Commodity Exchanges of Turkey) is the largest and effective civilian economic

¹²⁷ Turkish Industrialists' and Businessmen's Association, Social Security and Health Systems. Available at http://www.tusiad.org/tusiad_cms_eng.nsf/mainpage?OpenForm#. (Accessed on November 25, 2008)

¹²⁸ Turkish Industrialists' and Businessmen's Association, *Sosyal Güvenlik ve Sağlık: Türk Sosyal Güvenlik Sisteminde Yeniden Yapılanma*, 1997, p. 2. Available at http://www.tusiad.org/tusiad_cms.nsf/mainpage?OpenForm. (Accessed on November 25, 2008)

¹²⁹ Turkish Industrialists' and Businessmen's Association, *Reforming the Turkish Pension System, 2005*, p. 13. Available at http://www.tusiad.org/tusiad_cms_eng.nsf/mainpage?OpenForm. (Accessed on November 25, 2008)

¹³⁰ *Ibid.*, p. 14.

¹³¹ Turkish Industrialists' and Businessmen's Association, *Arzuhan Yalcindag'in Sosyal Guvenlik Konulu Ekonomik ve Sosyal Konsey Toplantisi Konusmasi*, November 2005. Available at [http://www.tusiad.org/tusiad_cms.nsf/LHome/72BB94FD6E2937E2C2257354002F012A/\\$FILE/sosyalguvenlik.pdf](http://www.tusiad.org/tusiad_cms.nsf/LHome/72BB94FD6E2937E2C2257354002F012A/$FILE/sosyalguvenlik.pdf). (Accessed on November 25, 2008)

¹³² M. Kemal Oke, *Capacity building for social dialogue in Turkey*, European Foundation for the Improvement of Living and Working Conditions, November 2006, p. 2.

organization in Turkey as being a semi-public organization.¹³³ TOBB participates as a social partner in official, social and commercial institutions and establishments. TOBB has emphasized the necessity to reform the social security system in an official declaration made in 2005. Moreover, the TOBB President Rifat Hisarciklioglu has emphasized after the Constitutional Court decision on reform laws that “The necessary reform should be adopted seeking to unify different social security institutions under one main organization.”¹³⁴ The research indicates that no reference to the EU has been made by TOBB to the EU.

Two other employer associations, Independent Industrialists and Businessmen's Association (MUSIAD) and the Confederation of Turkish Tradesmen and Craftsmen (TESK) have also participated to the ESC meetings on social security reform since 2005. MUSIAD has represented a report concerning the pension system to the AKP government on November 2005 ESC meeting. TESK has emphasized the necessity to reduce employer's contribution to the social security system.

4.4. Union Confederations

I will concentrate on three union confederations; Turk-Is, HAK-İŞ and DİSK, which are involved with the social security reform process as being members of the ESC and Labor Platform. Turk-Is (The Confederation of Turkish Trade Unions) is the largest central organization of trade unions.¹³⁵ The composition of membership in Turk-Is is mainly based on workers in the manufacturing sector as well as in certain public sectors.¹³⁶ Turk-Is has been involved with the social security reform process since 2005 especially through the ESC. The Confederation has presented to the AKP government a report making recommendations on the social security reform proposal through the ESC meetings in November 2005 and January 2008. The Turk-Is 2005 Report on the social security system insists on the insufficient character of retirement wages and healthcare services in Turkey, asking further state commitment and contribution to the social security system.¹³⁷ The 2005 Turk-is Report indicates that “In Turkey, fixed state contribution to finance the social security system and state guarantee of fiscal deficits should be implemented mutually as in the EU member countries.”¹³⁸ Turk-Is has also published a Report in 2005, titled “European Union and Turk-Is” on evaluating the Turkish welfare state and the social security system considering the EU standards. The Turk-Is Report indicates that “The problem of funding must be solved according to the

¹³³ Ibidem.

¹³⁴ Tumgazeteler, “Sosyal güvenlik reformunun iptali kriz sebebi olabilir,” 26 December 2006. Available at <http://www.tumgazeteler.com/?a=1850143>. (Accessed on November 20, 2008)

¹³⁵ M. Kemal Oke, *Capacity building for social dialogue in Turkey*, European Foundation for the Improvement of Living and Working Conditions, November 2006, p. 9.

¹³⁶ Ibidem.

¹³⁷ Confederation of Turkish Trade Unions (*Türkiye İşçi Sendikaları Konfederasyonu*, TÜRK-İŞ), Sosyal Sigortalar ve Genel Sağlık Sigortası Kanunu ve Bazı Kanun ve Kanun Hukmünde Kararnemelerde Değişiklik Yapılmasına Dair Kanun Tasarısı Hakkında Gorus ve Oneriler, 2005 p.2. Available at <http://www.turkis.org.tr/source.cms.docs/turkis.org.tr.ce/docs/file/SSVEGSKTASLAKMET1.pdf>. (Accessed on November 25, 2008)

¹³⁸ Ibidem.

country realities to ensure that our social security system is providing EU level payments and benefits. Protective health service in the frame of social security system is another fundamental right, which must be provided by the state.”¹³⁹ Turk-Is Report emphasizes that “a structure appropriate to the objectives determined by the Nice Summit has to be established in order to be successful in respect to the struggle against poverty and social exclusion” must be endorsed in Turkey.¹⁴⁰ Turk-Is report suggests that “Our social security acts do not make definitions for the concepts like border staff, seasonal worker, student, family member, family assistance payment, death payment, refugee and stateless. The definitions of these concepts must be added to our social security acts in accordance with the EU regulations.”¹⁴¹ The 2005 Turk-is Report emphasizes that Turkish governments need to attain EU standards and policies on the old age, death insurances and survivors benefit.

Turk-Is has presented a report comprising 28 recommendations to the AKP government for the social security reform proposal in the ESC meeting at January 2008.¹⁴² Turk-Is insisted that the AKP government should make changes on the retirement age, the contribution period, the reduction of retirement wages and the population coverage of the health care system. As the AKP government has brought the social security reform proposal to the Parliamentary Assembly in March 2008, Turk-Is protested the unchanged reform proposals. Turk-Is is also a member of the Labour Platform, where the Turk-Is President, Mustafa Kumlu, has acted as the chairman of the umbrella organization during the negotiations with the AKP government. After two hour strikes in March 14, the Minister of Labor and Social Security, Faruk Celik has negotiated as the representative of the AKP government with the Labor Platform concerning their recommendations on the social security reform proposal at March 17 and 24, 2008. Turk-Is has published a declaration stating the recommendations made on the social security reform proposal by the Labor Platform analyzing and demonstrating the accepted and rejected articles by the AKP government after the negotiations on March 24, 2008.¹⁴³ This report indicates that half of the recommendations of the Labor Platform have been reflected to the social security reform proposal by the AKP government. Turk-Is indicated that compromises reached with the AKP government on

¹³⁹ Confederation of Turkish Trade Unions (*Türkiye İşçi Sendikaları Konfederasyonu*, TÜRK-İŞ), European Union and Turk-Is, 2006, p. 10. Available at <http://www.turkis.org.tr/source.cms.docs/turkis.org.tr.ce/docs/file/EUROPEANUNIONANDTURK.pdf>. (Accessed on November 25, 2008)

¹⁴⁰ Ibidem.

¹⁴¹ Ibid., p. 11.

¹⁴² Confederation of Turkish Trade Unions (*Türkiye İşçi Sendikaları Konfederasyonu*, TÜRK-İŞ), *Sosyal Sigortalar ve Genel Sağlık Sigortası Kanunu ve Bazı Kanun ve Kanun Hukmünde Kararnamelerde Değişiklik Yapılmasına Dair Kanun Tasarısı Hakkında Gorus ve Oneriler-ESK'ya sunulan Rapor*, 2008, p.2. Available at [http://www.turkis.org.tr/source.cms.docs/turkis.org.tr.ce/docs/file/MicrosoftWord_ESKTOPLA\[1\]\[1\]...pdf](http://www.turkis.org.tr/source.cms.docs/turkis.org.tr.ce/docs/file/MicrosoftWord_ESKTOPLA[1][1]...pdf) (Accessed on November 25, 2008)

¹⁴³ Confederation of Turkish Trade Unions (*Türkiye İşçi Sendikaları Konfederasyonu*, TÜRK-İŞ), *Sosyal Sigortalar ve Genel Sağlık Sigortası Yasasında Değişiklik Öngören Yasa Tasarısı ile İlgili Emek Platformunun Talepleri Hakkında Bakanlıkta Yapılan Gorusmelerde Kabul Edilen, Kısmen Kabul Edilen ve Kabul Edilmeyen Talepler*, 2008. Available at <http://www.turkis.org.tr/?wapp=AFEAE805-A1ED-42F5-A754-91616903F32E>. (Accessed on November 25, 2008)

the social security reform have been considered sufficient by the Confederation.

Hak-Is (the Confederation of Real Trade Unions) has been an active union confederation during the social security reform.¹⁴⁴ Hak-Is members are concentrated on private industry and municipal sector. Hak-Is is a member of the ESC and its representatives have attended the ESC meetings on social security reform in 2005 and 2008. Hak-Is has made 8 recommendations at the ESC meeting in January 2008¹⁴⁵. Hak-Is President, Salim Uslu has made a declaration criticizing the AKP government when the reform proposal has been sent to the Turkish Parliament, stating “The government has to adopt a cooperative and sufficient social security reform, taking into considerations the views of the social partners... Even we have made our recommendations through the Economic and Social Council, the government did not consider any of these recommendations.”¹⁴⁶ Hak-Is is also a member of the Labor Platform and participated to the two hour strikes for protesting the social security reform proposal brought to the Parliament in March 2008. Hak-Is has negotiated along with Turk-Is on the social security reform proposal with the AKP government, reaching compromises on certain parameters.

DISK (the Confederation of Progress Trade Unions) established in 1967, is known as the confederation of unions with moderate left orientation.¹⁴⁷ Its members are mainly involved in private industry and services and the municipal sector. DISK has been against the reform proposals of the social security system suggested by the AKP. Even though DISK is a member of Economic and Social Council, the confederation has attended only November 2005 ESC meeting rejecting to attend the ESC meeting in January 2008. DISK has presented a Report criticizing the social security reform proposal to the Ministry of Labor and Social Security at the Tri-partite Consultation Board in November, 16, 2007, stating that “ The new proposed reform does not satisfy the needs of the workers as the one in 2006...In the EU member countries, half of the public budget is dedicated to social security and health care where in Turkey the social security and healthcare budget do not reach one fifth of the state budget.”¹⁴⁸ DISK has been critical of the social security system reform, as it would lead to cuts in pensions and curtailment of the worker rights. The analysis indicates that DISK has rarely made references to the EU membership process, norms and standards.

Two other union confederations are also involved with social security reform process, the Confederation of Public Unions (KAMU-SEN) and the Confederation of

¹⁴⁴ M. Kemal Oke, *Capacity building for social dialogue in Turkey*, European Foundation for the Improvement of Living and Working Conditions, November 2006, p. 9

¹⁴⁵ Hak-Is (the Confederation of Real Trade Unions), *Ekonomik ve Sosyal Konsey Toplandi*, January 3, 2008. Available at http://www.hakis.org.tr/arsiv/esk/esk-2008_uslu.htm. (Accessed on November 28, 2008)

¹⁴⁶ Ibidem.

¹⁴⁷ M. Kemal Oke, *Capacity building for social dialogue in Turkey*, European Foundation for the Improvement of Living and Working Conditions, November 2006, p. 9

¹⁴⁸ DISK (the Confederation of Progress Trade Unions), *Sosyal Sigortalar ve Genel Saglik Sigortasi Yasasi Degisik Bicimiyle de Calisanlarin ve Halkin Saglik ve Sosyal Guvenlik Hakkini Karsilamiyor*, 2008. Available at <http://www.disk.org.tr/default.asp?Page=Content&ContentId=427>. (Accessed on November 28, 2008)

Public Worker Unions (KESK). KAMU-SEN and KESK were against the implementation of a social security reform since 2005 as the civil servants and workers in the public sector would lose their privileges.

The analysis of the discourse and the official documents of the employer associations and union confederations regarding the social security reform reveal that the social partner actors have referred occasionally to the EU in order to argue on some characteristics of the social security reform. Employer associations and union confederations that are involved more with the EU membership process, TISK, TUSIAD, Turk-Is and Hak-Is have made more references to the EU in arguing for the social security reform; where DISK and TOBB were less involved in different usages of Europe for arguing on the social security reform. The analysis indicates that the business associations acted in the pro-reform coalition and; union confederations and civil servant unions were the main actors of the anti-reform coalition. Moreover the three employer associations and three union confederations were not equally involved with the usage of Europe in the same frequency and manner. Among the three-employer associations, TISK and TUSIAD have made direct references to the EU norms and standards where the analysis finds almost no usage made by TOBB. Among the three union confederation, TURK-IS and HAK-IS have made direct references to the EU norms and standards where DISK was not involved with usage of Europe. (See Table 12 in the Appendix for the analysis of the usages of Europe by the business associations and union confederations)

Conclusion

This paper has focused on the cumbersome social security reform process since 2005 in order to reveal the extent of the EU influence on this crucial national welfare reform. It demonstrates that the reform attempts have started in the late 1990's and that the World Bank and IMF have been important actors for pushing the Turkish governments to introduce the reform package in order to control the fiscal imbalances. The AKP government has shown political commitment for an overhaul reform of the social security system since 2003.

The analysis demonstrates that positive legitimizing usage of Europe has been prevalent in Turkey validating that discordance allows opportunities to use European resources by the national actors. However the analysis could not conclude on how exactly the "misfit" influence the usage of Europe. EU involved as a reform supporter with the reform process, emphasizing the necessity of introducing the reforms in order to control the growing financial imbalances through the Progress Reports, Accession Partnerships and screening reports.

The pre-reformed social security system has been considered in discordance with the EU norms and standards on social protection. The third research hypothesis argues that the nature of the usages of Europe made by national political actors in national reform process will be different from positive to negative, according to the fit-misfit argument.¹⁴⁹ The analysis demonstrates that positive legitimizing usage of Europe has been prevalent in Turkey validating that discordance allows opportunities to use

¹⁴⁹ Ibid., p. 4.

European resources by the national actors. However the analysis could not conclude on how exactly the “misfit” influence the usage of Europe. EU involved as a reform supporter with the reform process, emphasizing the necessity of introducing the reforms in order to control the growing financial imbalances through the Progress Reports, Accession Partnerships and screening reports.

This study concludes that the social security reform as a national welfare reform in Turkey has been shaped by the intermingling of domestic and different international processes such as the domestic political debate, economic restructuring under the guidelines of the World Bank and IMF and the political and economic changes with the EU membership process. The EU membership process has provided various opportunities for domestic actors, used for strategic purposes in order to push for the reforms.

Appendix

Table 1. Social Protection Expenditures in Turkey in YTL (Turkish New Lira)¹⁵⁰

	2001	2002	2003	2004
Social Insurance Institution-SSK	7,776,555.05	12,639,034.81	17,575,688.54	24,314,312.53
Total health expend.	2,499,055.50	4,515,974.28	6,276,810.58	8,753,475.93
Pension payments	4,864,115.65	7,709,676.64	10,631,531.02	14,816,160.00
Other expenditures	413,383.89	413,383.89	667,346.95	744,676.53
Bag-Kur	3,059,214.00	5,032,102.00	8,061,173.00	9,953,182.00
Total health expend.	2,499,055.50	4,515,974.28	6,276,810.58	8,753,475.93
Pension payments	1,601,689.50	2,484,010.80	4,287,353.40	5,383,036.80
Other expenditures	50,710.00	76,795.00	114,327.00	253,030.00
Retirement Chest	5,015,936.69	7,941,364.68	11,084,026.08	13,033,950.95
Total health expend.	1,089,395.19	1,840,221.23	2,505,626.44	2,755,094.29
Pension payments	3,689,963.93	5,740,351.97	7,772,504.52	9,425,447.46
Other expenditures	20,817.24	49,168.78	68,803.27	64,584.42
Employment Agency-Unemployment insurance payments	n/a	56,273.08	155,099.24	239,337.57

¹⁵⁰ Ayşe Bugra and Sinem Adar, “An Analysis of Social Protection Expenditures in Turkey in A Comparative Perspective”, April 2007, Social Policy Watch, Social Policy Forum, p. 48.

Government health expenditures	2,711,798.21	3,191,133.77	4,777,060.56	4,962,556
General Directorate of Social Services and Child Protection	102,187	182,009	240,280	266,667
General Directorate of Social Assistance and Solidarity	293,517	685,302	431,569	886,906
General Directorate of Foundations	32,769	61,575	59,973	92,475
Social protection expenditures	18,991,976.95	29,247,563.01	41,529,218.07	52,681,945.38
GDP	178,412,438.50	277,574,057.48	359,762,925.94	430,511,476.97
<u>Social protection expenditures / GDP (ESSPROS comparable)</u>	<u>10.64%</u>	<u>10.73%</u>	<u>11.78%</u>	<u>12.49%</u>
Budget transfers to social security institutions	5,523,000	9,684,000	15,884,000	18,830,000
% GDP	3.10%	3.49%	4.42%	4.37%

Table 2. Social protection expenditures based on ESSPROS methodology in Turkey and selected EU countries- In percentage of GDP¹⁵¹

	2002	2003	2004
EU-15	27.4	27.7	27.6
Greece	26.2	26.0	26.0
Portugal	23.7	24.2	24.9
Spain	19.8	19.9	20.0
Turkey	10.8	11.8	12.5

¹⁵¹ Ayse Bugra and Sinem Adar, “An Analysis of Social Protection Expenditures in Turkey in A Comparative Perspective”, April 2007, Social Policy Watch, Social Policy Forum, p. 48.

Table.3-Demographic, labor market, health expenditure, public expenditure statistics for Turkey¹⁵²

	2000	2004	2005	2006	2007
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¹⁵² Data gathered from OECD Country statistical profiles 2009: *Turkey*. Available at <http://stats.oecd.org/wbos/viewhtml.aspx?queryname=18172&querytype=view&lang=en>.

Total population	67 392.503	71 151.009	72 064.992	72 971.474	73 875
Ratio of population aged 65 and over to the total population	5.3770462	5.746818	5.8767994	5.9698	6.0439932
Ratio of inactive population aged 65 and over to the total labour force	15.58857935		17.1144764		
Employment rates total	48.89	46.09	45.93	45.89	45.79
Employment rates: men	71.66	67.874	68.18	68.01	67.924
Employment rates: women	26	24	23.7	23.8	23.8
Public expenditure on health (As a percentage of GDP)	3.1	4.3	4.1		
Total expenditure on health (As a percentage of GDP)	4.9	5.9	5.7		
Public social expenditure (As a percentage of GDP)			13.7		
Life expectancy at birth: total	70.5	71.2	71.4	71.6	
Life expectancy at birth: men	68.1	68.8	68.9	69.1	
Life expectancy at birth: women	72.8	73.6	73.8	74	
Infant mortality	28.9	24.6	23.6	22.6	

Table 4. Age dependency ratio¹⁵³

	2000	2050
EU 15	24	52
EU 10	19	50
Turkey	9	28

Table 5. Share of Informal Employment in Total Non-Agricultural Employment¹⁵⁴

¹⁵³ Population aged 65 and over of population aged 15-64 Dirk Verbeken, "The pension reform challenge in Turkey," *ECFIN Country Focus, Vol. 4, No. 3, 2007*, Directorate-General for Economic and Financial Affairs or the European Commission, p. 3.

¹⁵⁴ Organisation for Economic Co-operation and Development (OECD), *Data on Informal Employment and Self-Employment: 'Is Informal Normal? Towards More and Better Jobs in Developing Countries'*, Paris: OECD, 2009, p.2.

	1995-1999	2000-2007
Turkey	30.9	33.2

Table 6. Evolution of Turkey-EU relations

Period	Main Emphasis of the EU regarding the membership criteria-
1999 to 2004	Fulfillment of the political criteria for the initiation of the accession negotiations
2005 to date	Screening and negotiations under thirty five-negotiation chapters including the chapter on social policy and employment: increasing screening of the EU Commission concerning the social security institutions.

Table 7. EU instruments and resources concerning social security reform

EU Instruments	Type of resources	EU main emphasis on social security reform in Turkey
Copenhagen criteria and the adoption the <i>acquis communautaire</i>	Legal resource	<i>Economic criteria; the acquis communautaires under the social policy and employment chapter; minimum standards in areas such as labour law, equal treatment of women and men in employment and social security, as well as health and safety at work.¹⁵⁵ Specific binding rules with respect to non-discrimination on grounds of racial or ethnic origin, religion or belief, disability, age or sexual orientation. EU requires from candidate states to develop social dialogue mechanisms in the areas of employment policy, social inclusion and social protection</i>
Accession Partnership documents prepared for Turkey in 2001, in 2003, in 2006 and in	Legal resource; Political resource as setting the social	controlling the fiscal deficit by reform measures,

¹⁵⁵ Ibid. p. 14.

2008	security reform as a condition for membership	
Regular reports; Pre-Accession Economic programmes; screening reports	Legal resource; Political resource as clarifying the content of the reforms; Cognitive resource as communicating the expectation of the EU Commission for membership	Measures to assure financial sustainability of the system; institutional restructuring in order to develop institutional capacity; remedying the unequal treatment of different groups in order to create adequate protection; and the introduction of sufficient health care for the whole population.
Budgetary allocations (€) under the Turkey National Programmes 2002-2006; MEDA programme; Instrument for Pre-accession Assistance (IPA)	Budgetary resources	

Table 8. Budgetary allocations (€) under the Turkey National Programmes 2002-2006, broken down by main areas of intervention¹⁵⁶

SECTOR	2002	2003	2004	2005	2006	Total per sector
Political criteria	2.044.000	15.957.000	28.650.200	48.248.180	20.533.125.125	115.432.505
Energy	1.047.000	5.437.000	2.500.000	1.040.00	1.380.000	11.404.000
Telecommunications	2.260.000			1.200.000		3.460.000
Social Policy	7.000.000		17.173.750	7.757.325	5.000.000	36.931.075
Transport	2.299.000	4.264. 000	4.612.500	1.427.500		12.603.000
Environment	15.550.000	5.450.000	12.100.000		12.250.000	45.350.000

¹⁵⁶ EU Commission, *Multi-annual Indicative Planning Document (MIPD)- from 2007 to 2009*, p. 16. Available at <http://www.dtm.gov.tr/dtmin/upload/AB/TeknikMevzuatDb/MIPD.pdf>.

Internal market	2.250.000	11.375.000	11.321.420	3.973.875		28.920.295
Agriculture	17.568.000	6.169.000	6.960.000	28.201.750	60.528.350	119.427.100
JLS	12.207.000	3.832.000	1.840.000		13.025.750	30.904.750
Economic Social Cohesion	40.000.000	45.300.000	77.556.000	117.059.000	182.054.274	461.969.274
Community Programmes & CSD	18.775.000	27.319.000	32.176.780	40.530.620	99.360.322	218.161.722
Public administration		5.740.000	11.15 7.250	13.361.750	3.335.325	33.594.325
Customs		5.406.000	22.552.100		16.532.854	44.490.954
Others	5.000.000	8.851.000	8.120.000	14.900.000	36.000.000	72.871.000
Total allocations	126.000.000	145.100.000	236.720.000	277.700.000	450.000.000	1.235.520.000

Table 9. The Turkey Multi-Annual Indicative Financial Framework¹⁵⁷

	2007	2008	2009	Total
Institution Building	252.2	250.2	233.2	735.6
Cross-border cooperation	6.6	8.8	9.4	24.8
Regional Development	167.5	173.8	182.7	524
Human Resources Development	50.2	52.9	55.6	158.7
Rural	20.7	53.0	85.5	159.2

¹⁵⁷ Ibid., p. 17.

Development				
Total	497.2	538.7	566.4	1.602.3

Table 10. Types of usages by the AKP government

	Elements used	Usages by the AKP government	Frequency of the usage 2006 and 2008 parliamentary discussions
Cognitive usage	<ul style="list-style-type: none"> - Ideas - Acquis communautaire on social policy and employment -EU standards -EU member states policies and basic standards for pensions and healthcare 	<ul style="list-style-type: none"> -Framing the reform as the welfare services are aimed to reach European levels and all population should benefit from it. -Argumentation using the EU member states' policies and reforms as examples, models and references for the reform -Concern for fulfilling requirements to become a member of the European Union 	more cognitive usage in 2006 than 2008
Strategic usage	<ul style="list-style-type: none"> - Institutions - Instruments - Financing 	none	none
Legitimizing usage	the public debate, parliamentary discussions	-reform is necessary for becoming a member in the process.	Legitimizing usage in the same frequency in 2006 and in 2008

Table. 11-Composition of Economic and Social Council¹⁵⁸

Government	Employer	Worker
Prime Minister	Central Organisation of Industry and Commerce Chamber (TOBB)	Confederation of Turkish Trade Unions (Türk-İs)
Deputy Prime Minister	Central Organisation of Employers' Associations (TISK)	Confederation of Turkish Real Trade Unions (Hak-İs)
Minister of State (Treasure)	Central Organisation of Craftsman (TESK)	Progressive Workers' Union Confederation (DISK)
Minister of State (State Planning Organisation)	Union of Agriculture Chambers (TZOB)	Some others who will be determined by the Prime Minister
Minister of State (Foreign Trade)	Some others who will be determined by the Prime Minister	
Minister of State (State Personnel Office)		
Finance Minister		
Agriculture Minister		

¹⁵⁸ M. Kemal Oke, *Capacity building for social dialogue in Turkey*, European Foundation for the Improvement of Living and Working Conditions, November 2006, p. 5.

Labour Minister		
Industry and Commerce Ministry		
Energy Minister		
Deputy Secretary of State Planning		
Organisation		

Table 12. Characterization of the usages by the union confederation and employer associations

	Actors involved	Usage by the employer associations	Usages by the union confederations
Cognitive usage	TUSIAD TURK-IS HAK-IS	-Framing the reform as pensions and healthcare are aimed to reach European levels and all population should benefit from it. -Argumentation using the EU member states' policies and reforms as examples, models and references for the parameters of the reform.	-EU's standards, norms and recommendations constitute main references for shaping the debate on the EU. - Argumentation using the EU member states' policies and reforms as examples, models and references for the parameters of the reform.
Strategic usage	TUSIAD TISK	-Reference to the EU recommendations, economic criteria and member state rules and standards in terms of employer's participation to the social security system, labour costs, tax wedge and state contribution.	none
Legitimizing usage	TUSIAD TISK TURK-IS	-Reform is necessary for becoming a member in long term. -	Emphasis on considering EU norms on social policies in designing the reforms as the aim is to become full member.

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