

Problems of Modernising a Highly Centralised State System:

The Politics of Municipal Privatisation in Turkey

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DECLARATION

I declare that this is my own work and that it has not been submitted for any other degree qualification.

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SUMMARY

This study aims to explore political aspects of privatisation — ‘the private sector provision of public services (PSPPS)’ — of local government services within the highly centralised Turkish state system. It seeks to understand how far ideology is the dominant reason to privatise or not privatise municipal public services.

This study demonstrates that two factors support and encourage privatisation while one factor opposes and tries to block it. The practical economic need and financial weakness of municipalities and influence of external players such as IMF and World Bank both encourage PSPPS, but the opposition of the state bureaucratic and military elites to this transfer of power discourage it.

This study uses mail-back questionnaires from 115 Turkish mayors with 39 supportive expert interviews. In analysing these questionnaire results, basic cross tabulations of the main four variables (mayor’s political party, seniority, the status and population of their municipality) with eleven ‘Headline’ and ‘Key’ statements are used. This study aims to offer a clear picture of the elaborate Turkish local government system within the complex and highly centralised state structure of Turkey, using diagrams and maps.

The outcome of this study is to support its initial hypothesis: party ideology has lost its former central role in explaining the type and character of municipal service provision and politicians’ attitudes towards it. Ideological differences between Left and Right have been greatly diminished, particularly on this question of the privatisation of public services. There is an indisputable convergence of attitudes of all parties’ mayors towards PSPPS which has come to be considered as an economic necessity in the weak Turkish municipal system.

PSPPS is now a fact of the Turkish municipal system of growing importance even though it can develop only slowly against the opposition of Turkey’s entrenched centralist statist elite forces.

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Chapter 1

Introduction: The Private Sector Provision of Public Services (PSPPS)

1.1 The hypothesis

This is a study of the political aspects of the private sector provision of public services (PSPPS) — often called ‘privatisation’ or ‘privatising’ — in Turkey, mainly concerned at the municipal, therefore predominantly urban, levels of local government. It will be concerned with Right and Left ideological approaches; practical issues of service-delivery in an increasingly urbanised and growing population; and the importing into Turkish public affairs of ideological and public management ideas from other political systems — notably Britain and the USA — encouraged by the privatisation policies of such international agencies as the IMF and the World Bank which can influence Turkish decisions quite strongly. The study will show, however, that significant actual change is hard to achieve in the Turkish constitutional system and political culture because of the negative or even veto power of the dominant central elites — notably the state bureaucratic, legal-judicial and military-nationalist elites. It could not be suggested that all wings or types of ‘dominant central elite’ are united in opposition to privatisation ideas for municipal services or, indeed, any other particular reformist theme. These various elites are divided on Left-Right, internationalist-nationalist, authoritarian-liberal and secular-islamist lines. They are, to a considerable extent, competing elites, perhaps united only in their shared assumption that people like them must always guide and control the nation in some combination of benevolent paternalism and ultimate authoritarian sanction.

A particular idea, such as ‘privatising’ municipal or other public services, will therefore receive encouragement and hostility (or perhaps neglect and indifference)

from different elite elements. They are subject to *cross-cutting cleavages* of positive and negative reactions such as Left-Right ideology and bureaucratic (often clientelist) bias favouring the status quo.

This study begins with a hypothesis which will appear to be fully upheld by the evidence to be offered. This support will be particularly strong from the fieldwork undertaken with 115 Turkish mayors and a panel of 39 expert observers of Turkish political and economic affairs.

The hypothesis, formulated at the outset of this study, has been that; (i) the traditional Left-Right ideological and political division over the provision of Turkish municipal public services by state or private sector bodies has lost much of its former importance in explaining the type and character of these services;

(ii) instead, three influences compete to determine this type and character: two favouring private sector responsibility and seeking to reduce the state's role at municipal level while the other opposes these ideas. **These three influences are:**

a) the severe practical problems and weakness of the traditional state structure at municipal level, as they have tried to deal with growing urban populations and metropolitan-scale cities: these have formed a powerful case for city governments to try some new ways of providing essential public services;

b) the continuing pressure on the Turkish central state from powerful international partners and advisers, such as the IMF and the World Bank, to promote private market methods in public service provision, citing the severe problems (and even breakdown) of traditional state services — all to be seen in the context of the emerging global, primarily private sector capitalist, economy;

c) the opposite influence of the entrenched bureaucratic and military elites, combined in their hostility to the loss of state control implied by municipal privatisations of whatever type: the consciously Kemalist wing of these elites (perhaps specifically associated with the Kemalist political parties — the Republican People's

Party and Republican Democracy Party (founded in July, 2002, under the leadership of former Constitutional Court chairman Yekta Gungor Ozden) — which bring the particular force of Kemal Atatürk's basic étatism to bear on their hostility to all privatisations, at both national and local levels.

With national elites seriously divided on the broad theme of privatisation, Turkey's lack of clear movement towards it is not surprising. At national level, state-owned economic enterprises (SEEs) have often been formally proposed for assets sales and the necessary laws formulated or even passed — but the actual change has been postponed. More has been achieved at municipal level (as Chapter 7, below, shows in particular) which fact gives this present study its municipal basis.

Taking each part of the hypothesis in turn (starting with (i)) the rise of political privatisation — the basic ideology of reducing the state and extending the commercial market — with its Left-Right conflict may be noted first. Privatisation as a concept has been proposed and applied since the late 1970s and throughout the 1980s and 1990s, particularly in Britain and the USA as a political and economic tool of a New Right ideology taken up by Right political parties. In Britain the concept was placed on the political and socio-economic agenda some time after the victory of Mrs. Thatcher in the 1979 election. The same applied in the USA under President Reagan. In Turkey, this international example was followed by Mr. Turgut Özal (in office from 1980 to 1991 before becoming President). At that time, Leftist political parties, in these three countries as elsewhere, were totally against privatisation based on the classic Left ideology favouring state activity. In the last twenty-five years, privatisation policies have been implemented at national and local levels in these three countries and have been heavily debated in the political, economic and academic arena. Hundreds of books and articles have been published in favour of or against these policies and their underlying ideology.

Broadly speaking, in Britain and Turkey, the neo-liberal market ideology of the Right has prevailed in that significant privatisation has taken place. In Britain it has

been a dramatic change at both nationalised industry level (asset sales) and local government level (contracting).

The second part of the hypothesis (ii a) is that the economic necessities and difficulties arising from the increasing size of cities have been important contributors to the municipal privatisation policies.

In Turkey almost everybody and every group have agreed on the financial and administrative difficulties of local government and the need for reform. These practical fiscal problems have seriously eroded former ideological positions as the attitude data from Turkish mayors presented in this study show very clearly. Kahraman has claimed that under the current international political and economic circumstances, particularly in the Turkish case, it is not at all easy to define where the line between Right and Left ideologies may be (Kahraman, 2002). In Turkey, the Left-Right division, with its Western origin and basis in class politics, has shortcomings and difficulties in explaining Turkish political life as a whole and (particularly) regarding local government. Turkey also experiences the secular-islamist cleavage and the particular nationalist and étatist political heritage from Kemal Atatürk (Kemalism).

In Turkey, municipalities are mainly divided into two groups: big and small. Small municipalities lack the resources and personnel to make privatising their services either practical or even attractive to the private sector. Big municipalities want to be given more power and resources: decentralisation is more desirable to the big municipalities than the small ones. Significant decentralisation of powers and functions would offer greater freedom to the larger municipalities to arrange privatisation of some kind for their key services. In the relevant law and regulations, compulsory functions and voluntary activities and their priority of provision have been classified according to each municipality's income level, so scale is important.

Local authorities have been the biggest providers of local public services throughout the 20th century. This is still true but, for the last two decades or so, there has been a series of major structural, managerial and functional changes in Western local government systems. British local government is a major example of this trend.

As a result of fiscal and political changes, local authorities in various countries, including Britain and Turkey, have ‘completely lost’ some of their former functions (Wilson and Game, 1998, 82). In Britain in particular, they have become one provider of local services amongst other agencies of the private and voluntary sectors, although nearly always the dominant one.

As a consequence of rising costs of providing public services and reductions in central government funding, local governments have been forced to rethink and find new ways for their service delivery. The crucial challenge facing municipal administration is to reduce spending while maintaining a high quality of service.

Increasingly, since the mid-1980s, municipalities have found it beneficial to use private sector resources in the provision of local public services. Today, central, state and local governments are increasingly applying privatisation policies to the production and provision of public services.

During the 1980s the influence of private sector approaches was felt by all larger local governments. These local authorities responded to new managerial demands with quality improvement, effectiveness and responsiveness. It resulted in a move away from the traditional way of producer-oriented service provision towards a new approach based much more on the needs of service users. Throughout local government generally, a new market-oriented and contract-based management style emerged. The model was seen as being relevant to both process and outcomes and more accountable to consumers and citizens. In terms of different political approaches towards privatisation at local level during the 1980s, Prior pointed out for the British case that ‘enthusiasm for market-oriented, contract-based management approaches was more likely to be found among Conservative councils than Labour authorities’ (Prior, 1995, 91). At the beginning, there was a difference in enthusiasm between Conservative and Labour councils on privatisation policies. But, as a result of economic and fiscal conditions, local authorities of both political parties privatised at least some local public services.

In Turkey, significant support for state decentralisation and privatisation came from the “Anatolian Tigers”: the firms of growing economic power in Anatolia. The necessary infrastructure for economic development could not, in their judgement, be provided from the centre and this increased their demand and pressure, acting as private sector firms, for decentralisation and the transfer of functions and resources to firms such as themselves.

Guardiano *et al.* (1992) argued that privatisation was not a radical or new concept to local authorities. Having a limited budget and being responsible to provide better services meant that local government relied on the private sector for some public services in different forms. They also claimed that privatisation in new forms of public private partnership, such as build-operate-transfer agreements lead to improvement in quality. In the USA case, they also maintained that

increasing numbers of municipal and state governments are recognizing that privatisation is a viable method of controlling cost without sacrificing quality. (...) *economics, not politics, is the practical reason which explains why an increasing number of localities are turning to privatisation.* (Guardiano *et al.* 1992)
(emphasis added)

As emphasised in this passage, this has also been true in the case of Turkish municipalities. In Turkey, privatisation policies were originally adopted by the New Right, similarly to Mrs. Thatcher in Britain and Reagan in the USA. However, later on, during the second half of the 1980s and the 1990s, privatisation policies in different forms have been implemented by Left Turkish municipalities as well as Right. Not political party ideologies but practical difficulties and socio-economic conditions have prompted privatisation decisions.

One striking question from this present study’s panel of expert interviewees is worth an early presentation in this Introduction because it shows so well the dominance of practical municipal problems over ideological traditions. As a Republican People’s Party mayor of the major city of Canakkale (who has since

moved on to become an MP for that party since November, 2002) Ismail Ozay comes from his party's Kemalist background of strong opposition to any central or local privatisation. But he stated in his interview that

Privatisation should not be understood as an ideological concept but as a result of economic necessity. Privatisation is sometimes necessary because state organisations are very clumsy. Many municipalities have their own companies and use them under their political influence. These companies operate more flexibly in the hard commercial world than a municipal department could hope to do (Interview, 1999)

(This and other comments appear in the Chapter 6.8, below, in one of the Quotation Boxes presenting the interview panel's views.)

This individual example of ideology being overtaken by a city mayor's practical need to provide more effective public services is fully typical. The attitudes on this same theme of up to 115 Turkish mayors will be reported fully in Chapter 8, but a snapshot can be offered at this stage as a convincing context to Ismail Ozay's statement. Quite simply 85 per cent of 115 mayors (responsible for mainly urbanised municipalities facing multiple problems) agreed with the statement that privatising local public services is likely to increase their efficiency (only five per cent disagreed) while 64 per cent also expected their cost to fall (with 29 per cent disagreeing). (Clearly, a number of mayors believed that privatised services would be better although costlier.) Chapter 8 will analyse these overall results in full but it is obvious from this majority figure of 85 per cent that many Left party mayors contributed to it. The same opinion was well-represented among this study's 39 interviewees, as the Quotation Box (Chapter 6.8) will show.

The other positive influence on the Turkish prospects for privatisation (part (ii b) of the hypothesis) comes from the powerful advice, influence or even formal requirements of Turkey's international bankers at the World Bank and IMF. As the Turkish economy and currency weaken even further, this pressure may become mandatory. The example of the World Bank's promotion of the privatising by

franchise of Istanbul's water supply and sewerage operation (ISKI) is outlined in Chapter 7.5, below. It is only one important case among many others, as indicated there.

As the main sources of loans and credits, the World Bank and IMF matter most to the Turkish government on issues of macro-economic management, including privatisation at national and local levels. Öniş states that 'in a globalised world where external actors are increasingly part and parcel of domestic politics, the United States, the European Union and the IMF will continue to exercise a major influence over Turkey's economic and political trajectory in the years ahead.' (Öniş, 2003b, 194)

In addition, however, there has been the growing and similar influence of the EU Commission as it deals with Turkey as a potential candidate country. It expects candidates to conform their economic and industrial policies towards basic EU concepts such as the Single Market and the promotion of competition. Protected state economic enterprises (SEEs) or established state monopolies are the opposite of good practice in its eyes.

Some of this influence is conveyed at the important level of the state bureaucratic and associated professional cadres who must address themes such as privatisation at the more practical and detailed levels. An international association of more developed states such as the OECD mainly operates in this way through studies, seminars, conferences and visits, all constantly disseminating ideas and methods for public policies to the officials, consultants and academic observers who will share government decisions and draft laws, decrees or regulations. An example of OECD's work on privatisation was its study *Economic Surveys, 2000-01: Turkey* published in February, 2001 (OECD, 2001). Another recent study by OECD was published in October, 2004 (OECD, 2004).

This international, 'globalised' context of the pressure to privatise is outlined in Chapter 1.3 on PSPPS as a worldwide phenomenon.

The fourth and final part of the hypothesis (ii c) concerns the centralist tradition and the influence of Kemalist elites on overall political life and policy. These two factors explain much about Turkish political life. Since the Ottoman Empire ended in 1922 and the Republic of Turkey began its existence in 1923, the centre-local division has been dominant. This division can explain both general and local Turkish politics (Mardin, 1973). Since the Republic began, secular westernised elites have shared dominant power at the centre: their existence has depended on the legitimacy of the new republican state. All reforms have been undertaken based on the controlling power of the political centre. In fact, these elites have regarded themselves as the only legitimate decision-makers and as knowing without question what is good or bad for the state and the nation. They have seen only themselves as being capable of governing the country and introducing innovations. One such leader, the Provincial Governor and Mayor of Ankara, Nevzat Tandoğan (who was also a member of the governing Republican People's Party) once even went so far as to say, during the 1940s, that 'if Turkey needs a Communist regime, we will bring it' (Koru, 1999b; Özel, 2002). Although unusual in its Leftist character, such a claim has always been typical of Turkey's paternalist elitism — whether expressed by a Marxist, a liberal reformer or a conservative militarist nationalist.

These elites at the centre have always been afraid of the spread of power to the geographical periphery or local levels. However, in the 1980s and 1990s, the periphery was economically strengthened. Moreover, the power of the vote changed the situation against the centre. Today the centre has also agreed to reform local government, but they find particularly ideologically radical groups, such as Islamists (the former Virtue Party) and Kurdish groups (People's Democracy Party (PDP)), to be very strong at the local government level. In south-east Turkey, the PDP controls most municipalities and in many big cities the Virtue Party holds the mayor's office. Thus, the central government machine and the military do not actually want to give more power to local authorities which are under this kind of political control. This creates a conflict between the need for reform and these elites' unwillingness to accept it. Other problems arising from this include the fear of the 'division' of the country felt by the

centre (both politicians and the military leaders in the National Security Council). Whenever the concept of decentralisation is discussed (as many of the interview in this study also show) many agree in principle to the giving of more power and resources to the local level but strongly resist the ‘separation’ or ‘division’ of a united Turkey. This fear mainly results from the victory of the Kurd-supported People’s Democracy Party (which some accused of being the supporting political branch of the terrorist PKK movement in the east of Turkey). In the year 2000, 22 PDP mayors and other municipal officials were taken into police custody on this same charge — (all have since been released).

The power of the Kemalist nationalist wings of the national elites, centred in the senior military cadres, was fully applied during 1960-1 and 1980-83 when military governments ruled following coups d'état. In 1971 and 1997, the military leaders successfully intervened with the leading politicians to insist on a change of government, without the expected parliamentary or electoral process. The last event of 1997 is known as Turkey’s ‘modern’ or ‘soft’ coup. These authoritarian experiences confirm and strengthen the nationalist, centralist and étatist values of these elite formations, whether in the central government bureaucracy, the higher courts or the military itself. The gap between popular demands or expectations and what these wings of the state machine are willing to concede grows even wider. The themes of this present study — PSPPS and the associated decentralisation of powers to elected local authorities — are set back. In fact these centralist forces seem to want to control everything and to allow no truly alternative bases for public policy, whether an advancing private sector, increasingly engaged in PSPPS; a more politically independent local government sector; or more active independent voluntary ‘civil society’ in general.

An element in this elite fear of alternative bases of legitimate political authority has been its hostility to any sign of islamist politics — notably shown in the striking success at municipal level of the allegedly islamist former Virtue Party. The Constitutional Court declared it unconstitutional in 2001, leading to its immediate reformation (as two parties: directly, the Happiness Party and less directly, the Justice

and Development Party). The former Virtue Party was plainly building itself up at local government levels, hoping to win a parliamentary general election in due course and it was this prospect which so concerned the Kemalist-military elite, for whom a strictly secular Turkish state is a basic value. With the dramatic victory of the JDP in the November, 2002 general election (66 per cent of seats, although only 34 per cent of votes) the former Virtue Party's ambition has been realised, although in heavily modified form. The new JDP single-party government has insisted that it is in no way Islamist and is only indirectly a successor party of Virtue. The military leaders stated they would respect the people's will (even though JDP won a plurality, not a majority, of the votes).

1.2 Definitions: Privatisation, NPM and Competition

1.2.1 Privatisation

Privatisation is a relatively new economic and political concept. The word *privatize* first appeared in the American *Webster's New Collegiate Dictionary* only in 1983. It was defined as 'to make private, especially to change (as a business or industry) from public to private control or ownership' (Savas, 1987, 3). So far the concept of privatisation has not been clearly explained in the literature because its use has been so varied and applied to widely differing national political systems. However, it has often been defined as either a narrow or a wider concept. Privatisation, as a narrow definition, is mainly used to refer to the sale of the state's economic *assets* to private firms or individuals as shareholders. As a broad concept, privatisation refers to the transfer of *functions* from the public sector to the private. In this context it is not necessary to change ownership of public assets. According to Grant (1996, 406) privatisation is 'the transfer of public assets to the private sector, by sale, or contracting out'. The main idea was the selling of public assets to private investors. (Any British observer, such as Wyn Grant, would have been drawn to this view after about 1982, when the Conservative government launched an asset sales programme which was to bring in some £50 B of revenue.) However, in the literature a more evolutionary process has been witnessed. In its more modern usage privatisation 'has

come to embrace a wider range of practices from traditional asset sales and contracting for services to emerging forms of public-private partnership and corporatisation.' (Moore and Hudson, 2000, 18). It is this much broader approach which this present study employs with its term 'private sector provision of public services' (PSPPS). This theme is developed later in this Chapter as section 1.2.4.

Despite its practical impact, there was no clear theoretical definition of privatisation during these earlier years, as was noted by Bailey (1987, 138):

One of the concepts in vogue is privatisation. Although the concept itself is unclear, it might be tentatively defined as a general effort to relieve the disincentives toward efficiency in public organisations by subjecting them to the incentives of the private market.

Bailey's early attempt at an inclusive description was predictive of later writings but it clearly fails to be a very firm definition. By contrast, Beesley and Littlechild (1986, 35) defined privatisation as 'the subsequent sale of at least 50 per cent of the shares to private shareholders.' However, Steel and Heald convincingly argued a few years later (following Bailey) that, 'Privatisation is an umbrella term for a diverse set of policies, albeit linked through an underlying judgement in favour of strengthening the "market" at the expense of the "state"' (Steel and Heald, 1990, 21).

While in its narrower meaning privatisation has been understood as the sale of public assets, the concept clearly points to something more. In this sense there is no need for the total or even majority sale of the public share, but it refers to the *transfer* of the public sector's functions to the private sector. In this context, the concept of privatisation covers several arrangements intended to ensure or improve service delivery by the public sector. The distinctive part of the broader meaning is expressed as follows: 'Privatisation can take place even [when] there is no change in the ownership of public assets. Thus, public enterprise may remain in existence but may be required to adapt a more commercial approach' (Swann, 1988, 3).

This study will follow the practice of both the literature and politicians themselves and apply the term 'privatisation' to general policies, particularly the most

often applied technique of 'contracting out'. As just noted, the preferred term in this study is a broad one: 'private sector provision of public services' — 'PSPPS'.

In general terms, privatisation is seen as an economic concept and instrument to improve performance by using market forces. With privatisation the motivations of management are expected to move towards the private sector's understanding of better quality customer-oriented service provision. However, this process must be related to politics in one way or another. The decision-making process about introducing and implementing privatisation policies is itself political. The chosen methods for privatisation of public services are dealt with by the political processes of party and government policy-making followed by the legislative function and the legal rule-making designed to provide a regulatory framework for the privatised functions.

Beesley and Littlechild mentioned that some political actors have always argued ideologically that 'political freedom depends on private property, ... because the larger the government sector the larger the threat to liberty' (Beesley and Littlechild, 1986, 36). This idea is associated with the desire for a 'smaller' state and therefore the concept gained its political and ideological meaning. The issue of how big the state should be is more an ideological and a political question than an economic one — although economists will claim that the answer will directly affect the performance of whatever scale of private sector is permitted to operate. Privatisation is a concept which mixes together politics, ideology, economics, sociology, practical politics and public administration. Privatisation can be applied to create a 'smaller' state with its economic functions diminished and so (it may be claimed) its threats to liberty and freedom also reduced.

1.2.2 New Public Management (NPM)

'New public management' (NPM) or 'managerialism' and 'new managerialism' are all terms used to explain the same concept and to illustrate 'the structural, organisational and managerial changes which have taken place in the public services since the late 1970s' (Farnham and Horton, 1996, 259). As Farnham and Horton point

out, there is an ongoing debate about the appropriateness of the term ‘managerialism’ in the public sector but it is widely accepted that the concept of NPM or managerialism has changed both the organisational cultures of public services and their practical operations in many countries at least to some extent. As with privatisation policies, Britain is perhaps the most striking example of actual change and for the same reason: the dramatic impact of Thatcherite Conservative policies during a fourteen year period (1983-1997) under two Prime Ministers.

NPM has been a new concept of the last two decades. The 1980s and the 1990s have witnessed a wave of private sector management ideas being offered to the public sector. In Britain NPM emerged in the second Thatcher term (1983-1987) as part of the desired transition from traditional style public administration to some different public management form. The period was significantly influenced by free market ideas and private sector practices and the management ideas of the private sector were widely applied in the public sector. NPM thinking emphasised the following points, as underlined by Leach and Percy-Smith (2001, 27):

- the need for delegation to operating managers, with significant discretion and flexibility in the delivery of services;
- the introduction of elements of competition between service providers;
- leaner, flatter management hierarchies, with more discretion for front-line workers;
- flexibility in pay and conditions, including where possible performance-related pay;
- more consumer choice and diversity in provision.

This change of period was described by Keen and Scase (1998, 1) as ‘a move from bureaucratic and professionally dominated “administration” to a more flexible, customer-oriented, private sector style of management and service provision’.

The idea of transformation of the public sector as proposed by NPM ideas and the shift towards different forms of privatisation was not limited to Britain, but spread internationally and had a world-wide impact (Brereton and Temple, 1999).

Because the New Right ideology favoured economic liberalism, the free market economy and free enterprise, the private sector has been perceived as the model of

economic efficiency and rational management. Privatisation and private sector management understanding were seen as the best treatment for the allegedly wasteful, inefficient and monopolist public sector.

As seen in almost all areas of public life in Britain, NPM has had a dramatic impact on the wider public sector. With extensive use of asset sales nearly all of the formerly public sector industries have been transferred to the private sector. Its essential impact has been an attempted re-orientation of public services from traditional public administration-based, hierarchical bureaucracy towards, at least partly, customer-oriented, private business-minded, efficiency, effectiveness and quality intended to provide more ‘professionally’ managed services.

In the national British civil service, NPM has changed to some extent the traditional ‘Whitehall’ culture which was based on the combination of policy-making and administration by perceiving more clearly the qualitative principle of service efficiency. The size of the civil service was also dramatically reduced by twenty per cent between 1979 and 1989 (Farnham D. and S. Horton, 1996, 264) in the cause of devolving service functions, mainly to new departmental executive agencies (which remain as civil service) but also, to ‘non-departmental public bodies’ (NDPBs or ‘quangos’ — quasi-autonomous non-governmental organisations) which mainly do not count towards civil service numbers.

In local government also the impact of NPM has been strong. With the imposing by law of the compulsory competitive tendering (CCT) process on the provision of municipal services, local authorities lost their monopoly role and risked becoming ‘enablers’ rather than providers if the competitive tenders led to an outside (probably commercial) contractor taking over their former functions. A similar impact of NPM on other areas of the public sector, notably the National Health Service has also been quite dramatic. (Farnham D. and S. Horton, 1996, 265). Formally private bodies such as universities and some colleges have formed only one example of the influence of NPM in significantly reforming their operations.

1.2.3 Competition

Taking Britain as a leading example, promoting competition was a basic aim of the former British Conservative government's policies in different forms throughout the public sector. In the case of CCT it was compulsorily implemented in the provision of local government services and also in the National Health Service. The introduction of competition into the public services had been announced in the white paper *Competing for Quality* (1991) as resting on

a belief that subjecting in-house provision of services to competition would expose the true cost of carrying out work and lead to greater efficiency in the use of resources and, hence, to better value for money for local authorities and for the tax payers who contributed to local authorities' finances (quoted in Leach and Percy-Smith, 2001, 160).

Competition was regarded as an essential principle at the heart of providing better local government services during the Conservative's CCT regime and this idea now continues under the Labour government. Competition is a concept of free market ideology rather than of the traditional hierarchical bureaucratic state administrative structure. The centre-left Labour government was against the compulsory element of CCT but has emphasised the competition idea even more strongly than the Conservative government did. That government stressed '*the three Es*' (*economy, efficiency and effectiveness*) as the main principles of service provision. However, the Labour government has insisted not on them but on '*four Cs*': *challenge, consult, compare and compete* to provide better services under the name of its replacement of the CCT regime: Best Value.

Labour's white paper on *Modernising Local Government* defined *compete* as 'demonstrating that the preferred means of delivering the service has been — or will be — arrived at through a competitive process' (DETR, 1998b, para.4.8); It embraced 'fair *competition* as a means of securing efficient and effective services' (DETR, 1998b, para.7.18). This white paper also stated that privatisation was not required in

the Best Value approach to providing local public services. However, it did emphasise that competition would ‘continue to be an essential management tool for securing improvement and an important means of demonstrating in a transparent way that Best Value is being obtained’ (DETR, 1998b, para.4.16). It was also asserted that ‘fair competition … should encourage new providers and therefore new options for delivering efficient quality services’ (para.4.17).

It should be noted that all of these four concepts (privatisation, NPM, competition and CCT) are closely related. As the core objective of this study is to analyse the search for better service provision in the Turkish case, it will study the privatisation of municipal services which so many local officials believe can be a solution to the problems of better local public service provision.

In Britain continuing reforms have been introduced to achieve this improvement. These reforms became part of ‘a long tradition of institutional change’ in British local government. It was ‘an almost obsessive search for *structural* solutions to the perceived problems of local government’ (Wilson and Game, 1998, 307-308, emphasis in original). Service provision was one of these perceived problems and the intention of the Conservative government was to find solutions. In the 1991 white paper *Competing for Quality*, the perception of the Conservative government (now headed by John Major) and the new role of and expectations from local government were drafted as follows:

The government’s model for local government in the 1990s and into the 21st century is that of the enabling authority. The task of local authorities lies in identifying requirements, setting priorities, determining standards of service and finding the best way to meet these standards of service and ensuring they are met (quoted in Wilson and Game, 1998, 308).

After determining the main tasks, the white paper followed on with the solution of market-oriented service provision which ‘implies a move from the traditional model

of local authorities providing virtually all services directly and a greater separation of the functions of service delivery from strategic responsibilities.'

As part of British privatisation policy, CCT has been used in local government reforms of service provision. 'NPM' has been the British solution for the whole structural and behavioural problems of the public sector and public services delivery, but the term itself has been mainly used to refer to reforms in the civil service. Competition is used as a tool to gain expected better provision of services by creating a competitive environment for the public sector, with the private and voluntary sector also invited to provide services.

1.2.4 The policy continuum of marketisation

The original popular term 'privatisation' soon became vague, intended to cover changes where public assets are not transferred but only differently organised and managed, as well as the fewer cases where they are actually sold into the private sector. 'Marketisation' has been a useful alternative general term in the academic literature to try to cover all of these initiatives (Braddon and Foster 1996, 2). The International Labour Organisation Joint Meeting in 2000 on the impact of decentralisation also emphasised the broad and varied nature of this trend:

Privatisation is a term that has been associated with the transfer from the public to the private sector of assets in terms of ownership, management, finance or control. ... The range of action indicates that privatisation is increasingly defined broadly to include all efforts to encourage private sector participation in the delivery of public services (ILO, 2000, 5)

No list of their various forms can claim to be definitive but the following spectrum is a fairly complete one, developed from a 'report for discussion' at this Joint Meeting (ILO 2000, 5). This spectrum runs from the least to the most pro-active policies favouring marketisation in some form.

- a.) Making cuts in public service provision with at least a part intention to encourage private sector provision, possibly with some incentive offered to private sector providers or users;
- b.) ‘Liberalisation’: some form of legal or regulatory relaxation of the public sector’s historic monopoly of a public service to allow some private sector participation — but without any of the further steps listed below;
- c.) ‘Internal markets’: requiring divisions or branches of public sector organisations (civil service, appointed public bodies, elected local authorities) to establish mock market mutual relationships which involve their pricing their internal service relationships for ‘purchase’ — but with no further steps as listed below.
- d.) Imposing new or extra fees on service users to provide extra income for the public service;
- e.) ‘Corporatisation’ of any public sector organisation (beyond imposing some internal markets) by introducing the operating methods and labels of a private sector firm (directors, accounting, auditing, ‘purchasing’, ‘sales’, etc.) — but with no transfer of assets out of the public sector;
- f.) Contracting out of parts of public sector services to private sector firms (although the term usually includes contracting with groups of existing public sector staff who make an ‘in-house bid’ for the contract).
- g.) Public-private partnerships, drawing in both private sector capital and managers to run a joint operation for agreed rewards to both sides;
- h.) ‘Build-operate-transfer’ (BOT) agreements for private sector firms to provide and run public services and facilities for an agreed period and profit, followed by full transfer to the public sector (when they could be re-privatised in some form).
- i.) Outright sales of public sector assets and operations to private shareholders as the new owners. These sales may be part or complete asset sales; the subsequent regulatory public framework varies — compare (e.g.) a natural monopoly essential service such as trains or air traffic control and numerous competitive firms offering mobile telephone services.

1.3 Outline of Chapters 2-10

This section will briefly indicate the coverage of this study, following this Introduction.

Chapter 2 is concerned with the mainly West European context of this study, outlining firstly the considerable problems of drawing political lessons from the literature on comparative PSPPS in these countries when it is mainly an economics or business studies literature. A passage on the global level of ‘privatisation’ interest follows, referring to international economic and political convergence and globalisation trends. Notes on the distinct cases of the UK and USA come next, with the final section on the Turkish response.

Chapters 3 to 6 all offer ‘Turkish political context’ before the practical forms of municipal PSPPS and the data analysis of the surveyed mayors are reached in Chapters 7 to 9. Chapter 3 describes the highly centralised structure of Turkish local government, covering the constitutional and legal framework — and Turkey’s tradition of regarding itself as unique and exceptional to more general political categories. The structure is presented, aided by diagrams and maps showing in particular the largest metropolitan centres. Chapter 4 deals with the central-local relations which arise from this heavily centralised and controlled system. Sections describe these relations during and since the reformist years (1983-1993) under the influence of the neo-liberal, pro-privatisation and decentralising party leader, Turgut Özal and how the privatisation theme related to the prevailing central-local relations.

The ‘Turkish political context’ is then further explored in Chapter 5, which describes the ‘Özal era’, 1980-1993, when Turgut Özal launched a reformist drive (as deputy PM, PM and finally as President of Turkey) to privatise the state-dominated economy while also promoting the independence and modernisation of local governments. The memory of this innovative politician (an admirer of both Mrs Thatcher and Thatcherism) still influences the reformist cause in both of these strongly inter-connected fields of Turkish government and politics.

Nachmani described this state-driven economy of Turkey as follow: ‘Turkey’s economy is a strange combination of enormous successes and huge failures. The country keeps swinging back and forth between prosperity and recession. Success, prosperity, inflation, stagnation and recession — a most peculiar mixture hardly explainable by experts and academics — characterise the economy in the past decade. “Economists scratch their heads over how Turkey sustained what the textbooks declared unsustainable, long term chronic inflation,” writes Andrew Finkel in *Time*’ (Nachmani, 2003, 75).

Özal’s achievements are reflected in Chapter 6 where the main Turkish political parties’ policies and statements on municipal privatisation and increasing the democratic independence of local government are reviewed. As already noted, above, there are not great differences within a generally positive position. Even the formal inheritors of Kemal Atatürk’s étatist and tutelage style of centralised authority (the Republican People’s Party and Democratic Left Party) claim a positive attitude towards both ideas — although there may be a temptation for any party to support an idea which polls show is popular, knowing the chances for actual reform are modest.

Chapter 6.8 adds some published expert analysis on these party positions. Further expert or elite views on all four aspects of the ‘Turkish political context’ appear in Chapters 3-6 in ‘Quotation Boxes’ drawn from the 39 interviews with academics, senior government officials, political journalists, *et al.* conducted as the subsidiary part of this study’s fieldwork. (These are open, attributed interviews: only one of the 39 interviewees declined to be identified).

Actual PSPPS measures in Turkey have been much more common and varied at municipal level than at national level (where the stakes are higher in the eyes of the conservative Kemalist elites and their capacity to resist stronger). Chapter 7 reviews the methods and issues of municipal PSPPS, following a brief coverage of the ‘traditional ways’ of service delivery: direct municipal provision by a council or a consortium of councils. Semi-independent municipal corporations are common. They are supposed to combine flexible operation with accountability to the parent local

authority (the same theory as Whitehall's executive agencies in Britain). Contracting-out has also been a popular method, as in many other countries, perhaps also influenced by Britain as Turkey has been.

Chapter 8 contains the data analysis from the mail survey of municipal mayors (N=115). The four standardised variables presented are the mayor's party; his seniority (terms in office); the status of his municipal authority (Metropolitan, District) and its population band. The basic information appears in an extended 'Principal Table' in Appendix 1. A particular analysis is offered (8.4) of the 56 mayors who reported that they had privatised at least one municipal service and the 58 who said they had not. Part 8.5 is employed to compare Left grouping mayors with all other parties' mayors in terms of their attitudes to PSPPS and of practices in their municipalities. This section has particular importance as one of the main hypotheses of this study is to demonstrate diminishing differences between Left and non-Left parties' PSPPS practices at local government level. The following section (8.6) contributes the detailed analysis of the three Left parties' mayors' PSPPS practices versus their political parties' formal policy positions on PSPPS. Further analysis of the Left, by comparing Left grouping mayors with the Virtue Party mayors is offered in section 8.7. The JDP, as one of the successors of the Virtue Party, is in power at present and the RPP has been the opposition in the parliament since the November, 2002 election, while other parties were wiped out of the parliament.

Chapter 8 concludes with a note on the survey and statistical methods used as advised as suitable for survey responses of a 'near consensus' character.

Chapter 9 reports the recent fieldwork in the Izmir Province and offers some national statistics putting municipal privatisation into a national context.

Chapter 10 is a summary of the study with conclusions showing that the original hypothesis, outlined above, is confirmed.

Chapter 2

PSPPS (Marketisation) in International Context

2.1 Problems of comparative European review of PSPPS (marketisation)

Any particular country's public sector may have one or more 'privatisation' (or 'marketisation') options imposed on some part of it, whether within the central civil service, government bodies or elected local government. Each of these three broad aspects of the state administration will vary as between countries. The laws, traditions and operating styles of national civil services also vary, as do those of official agencies and local governments. Taking local government systems, Goldsmith's work on international comparisons has produced a proposed four-part scheme of broad types: they are presented here as two pairs, one rooted in the public sector and individual service orientated, while the other pair are more strongly open to and connected with the potential participation of the private sector in public service provision (Goldsmith 1990, also 1992, 393-410).

This typology has been reproduced in the ILO Joint Meeting discussion report (ILO 2000, 6) and is set out here (in slightly amended form to show the two pairs of types rather than as four separate ones).

The first pair of local government types are (i) *the clientilistic or local patronage type* and (ii) *the welfare state type*.

(i) is described in the Joint Meeting report as "Local politics based on political leaders that are supported by their local communities in return for the benefits they generate for their local citizens...". These local patrons enjoy roles or linkages at provincial or national levels, allowing both individual and collective benefits to flow down to their clients. The political leaders try to monopolise the supply of these

benefits and need to keep full control of their local (particularly municipal) distribution. Private sector interference through any kind of marketisation would be a most unwelcome challenge.

(ii) This welfare state type is in sharp contrast to (i) because the social benefits in question (access to public housing, school places, official permits, pensions and perhaps health care) are legally based universal rights although influenced by the local bureaucratic delivery system. When more highly developed, this system, if fully bureaucratised and based on formal entitlements, is supposedly based on objective needs. Personal favouritism and political bias are supposed to be absent; all allocations flow from the qualified managers of a trained official workforce (often with strong public sector trade unionism in place).

In normal conditions of shortage of these social and economic benefits, some mixture of these clientilistic and welfare state types is common (despite their basic differences of intention) because formal measures of entitlement and need cannot allocate between many equal demands: personal or political links to patrons are considered by the officials who know the patron politician's wishes. But whether sharply distinct from each other, as they are in theory, or drawn closer together by the practical need to distribute scarce resources, these two types are united in hostility to any private sector market intrusion. Neither the politician-patron nor the senior public bureaucrat will willingly let in a business-based commercial market offering an alternative to their established public service. Any real marketisation of this tradition would require strong national political force to be applied and sustained.

Goldsmith's second pair of types is: (iii) *the economic development type* and (iv) *the market-enabling type* of local government authority. They are much more similar to each other than types (i) and (ii) are. They both recognise their service relationship to the private sector of their local economy — local 'business'. The ILO Joint Meeting report suggests that "The main task of (type (iii)) local government is to promote economic growth via partnerships with the private sector and through other alliances..." (ILO 2000, 6). Type (iv) is even more business-orientated by offering a

“minimal State” at local level, mainly engaged in negotiating and issuing contracts for the private sector’s provision of publicly-funded services, plus a measure of local economic promotion, co-ordination and perhaps regulation — all intended towards the best possible local business performance, much like type (iii).

For these two local government types, marketisation would be either broadly welcome (type (iii) — as bonding the local government more closely with its local economy) or represents the central purpose of this view of local government (type (iv)) which is to contract out and oversee the strictly limited number of public services which such a minimal authority would authorise. Goldsmith (1990, also 1992, 393-410) detected, even ten years ago, a tendency among local government systems moving from traditional, service-orientated, first pair of types towards the more economically justified second pair, as economic globalisation pressures build up.

‘Marketisation’ within national and municipal public authorities take varied forms (as have been listed in Chapter 1.2.4) while local government systems themselves can adopt at least these four general types. If any quite broad comparative assessing which types of marketisation have arisen so far in which types of local government system had been attempted, it would probably show an elaborate range of research results (Lindstrom 1998). Many of these could be expected to carry qualified conclusions warning that some specific example of a market initiative should not been seen as typical or explanatory of either that type of marketisation or that type of local government because of some particular exception or special conditions. The wider political context affects both national and municipal marketisation as it does any other field of policy innovation. The experience of marketisation in Western Europe and some other developed countries reflects this contingent relationship to wider national politics.

The published academic reviews of ‘comparative marketisation’ not only so far lack any ‘matrix’ analysis as that mentioned above (with types of marketisation cross-referenced against types of local government system) but also sometimes even fail to distinguish between national, provincial and local level marketisation initiatives. These

comparative reviews or lists may offer rather general notes on each country, with national level examples getting the most attention, notably highly visible asset sales of state industries such as transport or telephones. For example, Bach (2000, 10) lists fourteen European countries plus the USA, Canada and New Zealand. In these seventeen cases offering information on “trends in privatisation in selected industrialised countries”, only eight specific mentions of local government experiences appear (the same number as for internal quasi-commercial reforms or imposing more autonomy on public bodies). By contrast, fifteen countries have the national privatising (asset sales) of state-owned industries listed. Some, such as the UK and New Zealand, have many examples of this latter policy to offer, while Italy and Spain each have six. The local government examples in Bach’s list are nearly all of contracting out of support services such as catering and cleaning. (Turkey is not in this particular list.)

The ILO Joint Meeting’s paper (ILO 2000, 28) comments on Bach’s list that it illustrates the “ever-growing variety of approaches to privatisation which goes beyond the question of ownership. The approaches vary further according to the economic sectors in which privatisation takes place”. On the former of these two points, we may comment that ideas for non-asset sales marketisation grew up from the outset alongside proposals to sell assets and are not historically later variations or extensions of asset sales. The incorrect idea that they have been a later ‘variety’ might have been gained because they received much less national political attention than the dramatic controversies over selling off national airlines or energy monopolies or (as in France, Belgium and Austria) state-owned banks.

Summing up the available comparative information, the Joint Meeting’s paper on the impact of decentralisation and privatisation on municipal services (ILO 2000, 106) concludes that “it is very difficult to identify definitive trends” for this impact. There are only quite poor comparators: the apparently same elements in several countries prove to be dissimilar in practice and reality. But some ‘trends’ or points are offered on the privatisation theme. Each is mentioned next, with some additional comments.

- a) The methods of financing municipal services vary but some ‘participation’ by the private sector is becoming a commonly necessary means of financing the modern service levels demanded by users: the taxpayer cannot (or will not) offer the full cost;
- b) Public-private partnerships (or other forms of joint provision) have become common because the private sector is unwilling or unable to take a full service role — or the local or national governments are unwilling to transfer the full service responsibility;
- c) Even when the full service delivery has become a private sector responsibility, that does not amount to full control of the policy or funding arrangements behind that delivery effort. The role of the local government or central state as the legal patron (the ‘statutory authority’), patron, promoter, ‘banker’ (reserve potential funder), operational referee and regulator remains important and quite likely dominant. Legally, the private sector provider is the public body’s agent and contractor. Politically, the imperative that services should be universally and equitably (even ‘equally’) available may be powerful, with a distinct ethical basis. This is despite any trend (noticed by Goldsmith ten years ago and mentioned above) towards economically, rather than socially, orientated local government systems.
- d) Competition to deliver municipal services is mainly being achieved with contracting out (to private sector firms) or by in-house contracting to existing staffs. It seems to improve efficiency but may reduce a ‘public service ethos’ within the service whose weakening might in turn reduce the quality or overall effectiveness of a service. (Its ultimate effectiveness may be taken to include the users’ subjective satisfaction with or respect for a service. The public’s judgement that the providers’ public service ethos has weakened would diminish the service’s perceived effectiveness even though its cost-efficiency had manifestly improved.)

The basic conclusion of the ILO Joint Meeting’s paper refutes the idea that developed states (mainly European) are losing their capacity to control because of marketisation or the style of new public management which comes with it. But any

firm conclusion on this political aspect of the issue would seem risky until a lot more comparative research has been completed. This would need to cover not only all significant European countries but also others with relevant experience (notably the USA, New Zealand, Canada, Australia, Korea, plus of course, Turkey). As noted above, this work is difficult because national and local government systems are difficult to compare while the many forms of marketisation take their character so much from their particular national context. Formal categories such as a contract or a public-private partnership may differ between countries, not least in their immediate context as legal instruments which national law and court judgements might treat differently.

Parker (2003, 125) sums up his quite detailed review of privatisation measures in the EU countries by stating that, "...the privatisation literature tends to be dominated by concern with economic efficiency. Issues to do with power and control in social welfare terms are secondary issues in this literature or, much more frequently, are ignored altogether." If this strongly expressed description is justified, it can only be the result of the literature having so far been produced mainly by economists rather than political scientists, public policy or social policy specialists or others with a political priority in their enquiries. A mainly economic comparative literature naturally offers mainly economic conclusions or findings. Parker (2003, 125-6) suggests that, for the EU countries he reviewed, these economic conclusions may be outlined as follows:

- i) There have been "some marked differences in both the pace and the content of privatisation programmes";
- ii) In particular, the political economy motivations for these programmes have varied: a concern to end perceived inefficiencies in state-owned industries in the UK and France has been much weaker elsewhere, particularly where a state enterprise had originally been "created to overcome inefficiencies in private capital markets";
- iii) One consideration in common in a number of countries has been a need for some marketisation reforms as "...a response to increased market liberalisation

required by the development of the European Single Market and supporting Commission directives”.

iv) Another shared motivation has been the need to reduce the public finances burden of loss-making state entities as part of meeting the requirements of the Maastricht treaty, prior to joining the Euro zone. (Feigenbaum *et al.* 1999; Martin 2002)

v) A few countries with undeveloped private capital markets have tried to stimulate them by selling state undertakings into these markets, hoping for this secondary benefit from the asset sales. However, this secondary benefit has not appeared in some countries. A government may accept the private market’s general claim that it can bring much more sophisticated economic oversight and discipline to any business if it is in the market with the market test of its share price always open to influence. But if the government sells the shares to preferred bidders, rather than offering them on a truly open market, those new owners may well not apply this capitalistic regime so that the external monitoring and discipline of market ownership never emerges. The more open and aggressive ownership regime familiar in Anglo-American capitalism is not typical of the more restrained, corporatist style of ownership in parts of the Continent.

Parker adds: “The result may not be the active trading in shares and hostile take-over bids that many economists have argued are essential if enterprises are to be managed efficiently in the private sector. Management in the newly privatised firms may face long-term and sometimes passive investors, investors not very dissimilar to those management faced when firms were state-owned.” Parker cities and supports the conclusion reached earlier by Eisner (1993) that marketisation of state enterprises and public services during the 1980s significantly reduced the “societal regime” (aimed at social welfare improvements) and expanded the “efficiency regime” (advancing the market and cutting back the state). Parker concludes that:

the subject of privatisation in the EU deserves far more critical attention from European economists and others than it has so far received, centring on the longer-term effects on the competitiveness of European industry and the implications for social welfare. (Parker 2003, 126)

This final reference to “the implications for social welfare” reminds us of the inherent difficulty already mentioned above. If understanding these implications is the research goal, it can only be reached by appropriate comparative studies by scholars of politics, public policy and social (including health) policy rather than by economic, industrial or management studies. Until this is achieved, the understanding of marketisation in Europe or the other developed economies beyond economic, financial markets, commercial or business management issues will remain unclear. Issues of social distribution of public services and public or social welfare as a whole will therefore also remain unresolved and continue as the subject of rival ideological claims and counter claims.

2.2 The global context

The international ('globalised') context of PSPPS — as also of the widely noticed political 'convergence' of the Left and Right ideologies which lies behind the trend towards privatisation — is of background interest in this present study. It is important for a study of any one political system, such as Turkey's, to appreciate not only the influence of any major country which has led the way (in the case of privatisation and NPM, Britain) but also the wider political climate favouring the same policy developments.

It is not too strong to say that, starting in Britain and some other advanced economies in the 1980s, privatisation in its various forms has since affected nearly all countries. Today countries in all parts and at all levels of economic development are debating or actually applying these policies.

Writing in the early 1990s, Vincent Wright compared that time with perhaps fifteen years earlier. Since then a

sporadic and limited phenomenon of the 1960s has become widespread and frequent, almost routine. It has been calculated that between 1985 and 1993 governments in 100 countries raised some \$328 billion by selling state-owned firms to private investors. In 1992 alone the proceeds amounted to some \$70 billion. All European countries, without exception, and *whatever their political complexion*, are privatising and at an accelerating pace (emphasis added) (Wright, 1994, 1).

This wave did not stop within the more developed countries but spread to the developing countries throughout Central and Eastern Europe as well as the Middle East, the Far-East and South-East Asia.

Privatisation began in the early 1990s in former Communist bloc countries with command economies: Czechoslovakia, Hungary, Poland, Romania and the Russian Federation (Major, 1993, 23-40; Engerer, 2001, 188-226). The forms of privatisation varied. In Poland there were mass distribution of low-value ownership vouchers to the public and more normal sales of assets from larger state enterprises to both resident and non-resident individuals and private interests. Some state holdings were liquidised with the proceeds transferred. In the former Czechoslovakia and the Russian Federation vouchers ('coupons') were sold to the public (Engerer, 2001, 207-8) while Hungary saw some 260 state enterprises 'self-privatise' by selling their equity, with a private financial consulting firm acting as advisor and executor (Engerer, 2001, 201).

Political opposition delayed the process in Romania after an initial mass distribution of vouchers. But the IMF renewed its pressure and a modified scheme made slow progress after 1995: two years later, larger-scale sale of assets began (Engerer, 2001, 218). Similarly large-scale asset sales have dominated privatisation policies in Russia itself (characterised by the absence of public competitive tendering) while the banks in Czechoslovakia were sold to partly foreign interests (Engerer, 2001, 194,200).

In Asia, some states have provided the market reforms and even stepped into the market in bold and innovative ways in the name of promoting market processes and strength. Privatisation, the promotion of markets and of ‘globalising’ effects are, in such a context, all features of the one main idea of instituting successful capitalist enterprise. Globalising pressures from outside each country are taken to be obliging each one to reform its economy in order to survive (Common, 2000, 135).

In the early 1980s in the South-East Asian countries, the state was ‘powerful, overbearing and repressive’. Starting from about 1986, in ten years, in Indonesia, Malaysia, and Thailand significantly civilian control and more democratic politics both advanced. In Vietnam, Laos and Burma government experimented with pro-market reforms, including privatisation, the private sector was strengthened and foreign investment encouraged (Clarke, 2000, 149).

The influence on Turkey from all these external sources is not different from many other countries’ cases: the advice and pressure from the World Bank and IMF is widely applied. A brief outline, drawn from an extensive academic literature will be sufficient to locate the Turkish issues of this study in their wider context.

The hypothesis to be examined is that traditional Left-Right debates about the proper role of the state have fallen away in the face of practical public service challenges in Turkey, notably at municipal level. But they have been weakened by the international convergence of Left-Right conflict on to some middle ground, more suitable for social democratic or welfare capitalist ideas, seeking to combine the enterprise of private sector commercialism with the social priorities of public sector distribution of services and benefits. The term ‘convergence’ has been very generally applied to several different, but possibly connected, themes, even extending to national and international political systems (such as USA and USSR in the cold war era) ‘converging’ (Rosenu, 1969). More recently, convergence between East and West Europe since the fall of communism has prompted academic interest (Dallago *et al.*, 1991 and Domanski, 2000). Convergence within the EU has been an active field of study arising directly from the Commission’s fundamental policies of promoting

harmonisation, a ‘more perfect union’ and a Single Market to its member states (Mather, 2000 writing about the UK-EU relationship; Wollmann, 2000).

Economic aspects of convergence between nation states have been a traditional theme, not only the USA-USSR comparison or the wider capitalist-communist relationship but within and between particular states (Crouch and Streeck 1997; Audretsch *et al.* 1989). Of particular interest to the Turkish case are studies of possibly converging political cultures within Europe. A volume edited by the political economist, Lord Eatwell, reviewed West European systems for evidence of conflict or convergence between political cultures. He concluded that ‘individuals are increasingly undergoing a complex process of political dealignment and realignment. Old mainstream parties and ideologies are losing their appeal and the media are increasingly helping to set the agenda’ (Eatwell, 1997, 10). In terms of any ‘converged’ European political culture, he concluded that there were still important national variations but suggested that there was a potential to create a more effective European political culture (p.11). This idea has been at the heart of Turkish politics as the long-standing negotiations with the EU Commission on becoming an official candidate country go on. Whether the Turkish national elites will lead the population towards or away from some vision of a European political culture, including actual decisions to apply to and join the EU, is the fundamental issue of the country’s political affairs.

Privatisation debates in Turkey, at both national and municipal levels, are part of this wider climate of, at least, potential change in political ideologies, ‘culture’ or actual policies. Whether the results of the ‘convergence’ of economic and political systems are the same as the results of economic ‘globalisation’ — or belong in a different category — is hard to determine from their respective literatures (Giddens, 1999; Hutton and Giddens (eds) 2000). Both ideas imply a standardised outcome but the many and varied writings are unclear whether there are two different standardised outcomes (one ‘converged’ and one ‘globalised’) or they are essentially the same thing. Mittelman (1996, 3) has defined globalisation as

A world wide phenomenon ... a coalescence of varied transnational processes and domestic structures, allowing the economy, politics, culture and ideology of one country to penetrate another. ... Driven by changing modes of competition, globalisation compresses the time and space aspects of social relations. In short, globalisation is a market-induced, not a policy-led, process.'

A similar description from only a few years later came from Wollmann when he described 'the internationalisation of socioeconomic and political challenges and institutional response to them' (Wollmann, 2000,) but he was addressing the convergence theme rather than globalisation.

The main point to report from this present study is the strong evidence that the practical difficulties of delivering urban municipal public services are drawing the principal responsible politicians — the mayors — towards 'non-political', pragmatic solutions despite their (and their parties') former political positions. The review of Turkey's political parties (Chapter 6) will show no great differences at their national level in their programmes and policy reports. At the working municipal level, this study will present strong evidence in support of its hypothesis that traditional Left-Right conflicts no longer explain how local public services are provided. Problem-led practical reactions from public officials such as mayors are in the foreground of any more general convergence or globalising which may be going on. This universal background is difficult to determine or to link directly with practical problems such as municipal public services. While the main purpose of this study is to present evidence of a changing Turkish political economy and political culture, manifested at municipal level, this broad background outline also has its place.

2.3 National notes

It would be beyond the scope of this present study to pursue the details of other nations' experiences marketisation or the national academic or political literatures which have influenced either those countries themselves or the many other countries

(including Turkey) which may be called ‘respondents’ rather than initiators or examples.

The UK and the USA have been initiators of marketisation, with their actual influence on the world more in the form of practical, large-scale example (UK) or as ideologically-based political and economic neo-liberal theory and influence (USA). A ‘note’ on each follows with section 2.2.3 commenting on Turkey as one ‘respondent’ country on this theme among many others.

2.3.1 The distinct case of the UK

Britain has applied privatisation policies at local government level for various public services and implemented these policies earlier and more broadly than many other countries. Up to the mid-1970s, the perception of local government as the major service provider was not seriously questioned, even though it lost many of its functions during the second half of the Twentieth Century (Loughlin *et al.* 1985). Local councils have lost much of their independence on taxation, finance, management and responsibilities for providing various local services. Local government has steadily become the local administration for delivery of centrally determined services. Pratchett and Wilson have called this situation ‘local governance’ meaning ‘the shift away from a system in which local authorities were the key actors in their localities to one where decision-making authority and service provision is shared among a range of agencies.’ (1996, 2-3) This was a transformation from ‘professional bureaucracy’ to ‘enabling’ authority (Gray and Jenkins, 1998, 390).

After the election of 1979, the Conservative government made its first major privatisation step by the enactment of the ‘right to buy’ among council and New Town tenants. Later, the government favoured local authorities having only a strategic role in the businesslike management of public housing. Also in education, police and health services, the provider role of local authorities was reduced during the 1980s and the 1990s by Conservative governments.

Forman and Baldwin, (1996, 354) reckoned that at least 150 Acts of Parliament had been put on the statute book since 1979, ‘which were designed in one way or another to diminish the powers of local authorities.’ By 1997 this number had grown to 210 (Wilson and Game, 1998, 100).

Particularly after the 1980 Local Government Act, with the implementation of Compulsory Competitive Tendering (CCT) in local manual services (and then in white-collar services) the local authorities lost part of their role as major providers of services and became more ‘enabling authorities’: ‘steering, not rowing’. Local authorities might remain having the ultimate responsibility of service provision but not as direct provider using their workforces. Instead, ‘they would stimulate, facilitate, support, regulate, influence and thereby *enable* other agencies and organisations to act on their behalf.’ (emphasis in original) (Wilson and Game, 2002, 23) These authors stated that the ‘enabling authority’ became a new vogue word, but it seemed a rather general term with various interpretations made of it. They (113) also support this view that ‘councils have lost completely some of their responsibilities. Others have been and continue to be exposed to private sector competition.’ Therefore, to explain this new reduced role of local government as service provider is explained by the term ‘community governance’ (113). However, despite all these limited responsibilities, they (115) say that ‘local government in Britain, even after all the constraining legislation of recent years, the transfer of services, the property sales and the enforced competition, is still extremely big business. Its combined and current spending in 2001 was well over £80 billion, or more than a quarter of all government expenditure.’

Local government is dependent for much of its income on the centre while the centre needs local authorities to implement its policies and for the delivery of nationally determined services (Cochrane, 1993, 21). However, it is entirely clear that the centre is the dominant part of the state in Britain. According to Stoker (1991, 150) post-1945 central-local relations in Britain had been based, broadly, on negotiation and compromise but the Thatcher government developed a regime of control based on arbitrary and non-negotiated goals and targets for local authorities to seek. Clive Betts (Labour leader of Sheffield City Council) criticised this policy as an

attempt by central government to control local government. ... They had a view about the public and the private sector: they believed the private is good, public sector is bad. They developed more and more mechanisms of control to ensure that local government followed their policy line' (Kosecik, 2000, 51).

CCT was the chosen method for the introduction of market disciplines into the operation of the local authorities during the 1980s and the 1990s until the election of a Labour government in 1997. The Local Government, Planning and Land Act, 1980, introduced competitive tendering into the construction and maintenance of local authority buildings and highways. The Transport Act, 1985, extended it to public bus undertakings and the commercial operations of some local authority-owned airports. The Local Government Act, 1988, made refuse collection, street cleaning, building cleaning, grounds maintenance, vehicle maintenance, catering, schools and other welfare catering, sports and leisure management all subject to full and formal CCT. The Environmental Protection Act, 1990, extended competition towards waste disposal. The last important Conservative legislation was the Local Government Act, 1992, which brought further competition into housing management and 'white collar' activities of services such as legal, personnel, IT and finance (Wilson and Game 2002, 329; Leach and Percy-Smith, 2001, 161-162).

Contracting a service can be done with or without competition and the service can be awarded to an in-house team. It does not have to be actually contracted out. Wilson and Game (1998, 339) emphasised that it was 'the *competitive tendering* — the cost comparison — that was compulsory, *not* the contracting out of the service, which may or may not result, depending on the competitive bids.' (emphasis in original). Indeed, in the first round, some 80 per cent of contracts were awarded to in-house teams such that private sector interests complained of unfairness. There are some factors which discourage tendering and contracting out. The prospect of tighter controls over contractors and less flexibility in their discretion in providing the service discourages the private sector from competing for local government services.

Another limiting reason is the political antagonism of a local authority to competition. One survey confirmed this idea in that it was mostly Conservative councils who had moved quickly to award contracts to the private sector. Another important limiting factor was the practical availability (including geographical location) of contractors (Nichols, 1995, 25-27). Kieron Walsh (1995a, 41) argued that, at the beginning, there had been some problems in implementing British competitive tendering, but it was not correct to stress or exaggerate them. In general, the quality of services had exceeded the standard specified in the contracts in about 90 per cent of cases and had become more uniform as the private companies gained more contracting experience. Walsh has also argued that, with the introduction of market discipline into local government and particularly after the introduction of white collar CCT, the local authority 'becomes more of a nexus of contracts than an integrated hierarchical organisation' (Walsh, 1995b, 11). One important effect of competition on the structure of a local authority, as stated by Walsh (1991) and Shaw *et al.* (1994), is the establishment of a successful in-house team (Direct Service Organisations-DSOs). To keep them competitive and to win contracts, in-house teams were more aware and conscious of the challenge of providing quality services.

One of the main benefits claimed for privatisation is the increase in and encouraging of competition. Absence of competition is the alleged cause of the inefficiency of services in local government. Making service decisions by municipal officials and politicians, who are mostly unconnected to the business environment, is said to damage efficiency (Carnaghan and Bracewell-Milnes, 1993, 19). To cope with the private sector, local authorities needed to develop managerial and organisational skills. This required them to separate the roles of client and contractor. The unexpected result of these changes in their methods has been the strengthening of local authorities by winning most of the contracts (as noted above, 80 per cent in the first wave) and keeping them in house (Wilson and Game, 1998: 346-7). However, the cultural impact has been that the division into 'client and contractor' caused 'the loss of corporate identity as a series of separately accountable units operated within a single council' (Wilson and Game, 1998: 348). Moreover, Michael Kane (1996, 63) criticised the

quality variation as between services. He claimed that CCT caused a conflict between cost and quality.

The new Labour government elected in 1997 had claimed to want to renew the local government system including its financial structure and to change the contracting system. For this purpose, it published six consultation papers to encourage discussion. In 1998 it published a White Paper, *Modern Local Government: in Touch with the People* (DETR 1998c). The government claimed to favour strong local democracy and a radical change in the relationship between central and local government expressed by the ideas of 'best value in service delivery' (DETR, 1998a, 5-6).

The government relaxed CCT and then exempted some 40 'pilot councils' from it (DETR, 1998b, 6). It also replaced CCT with a 'Best Value' system based not upon the lowest bid, but on the best likely result. Best Value was introduced in the Local Government Act 1999 (Wilson and Game, 2002, 338). It was implemented for all English local authorities in April 2000 and three months later was extended to Wales. The replacement of CCT with Best Value reflected its only partial success in making local services more efficient and economical. Labour considered that CCT was rigid, prevented innovation, was biased in favour of the private sector and was requiring a form of contracting no longer felt to be good practice (cited by Leach and Percy-Smith, 2001, 174-175). After reviewing the practice of the pilot authorities in their early years of implementation of Best Value, a regime was centrally determined but applied more flexibly. The change in delivering services was gradual and took account of both the institutional relations of central and local authorities and the newer market disciplines which CCT and Best Value approaches had introduced.

The new Labour government marked the end of the road for CCT but not for privatisation and market principles in British local government. Best Value procedures were soon replaced in turn by 'comprehensive performance assessments of authorities' as proposed in the December 2001 White Paper, *Strong Local leadership — Quality Public Services*. It was based on Best Value experience and judgments of 'inspectors, auditors, civil servants and ministers'. The new performance framework categorised

all local authorities into four groups: high performers, strivers, coasters and low-performers (Wilson and Game, 2002, 345-7). As with BV, although not CCT, the emphasis is on the best results rather than any particular mode or method, such as the contract.

Considering overall marketisation in the UK, at national and local levels, the record does indeed make the country distinct in the scale and likely lasting character of the public-private transfers of various kinds. Bortolotti and Siniscalco conclude this recently published world-wide analysis of the difficulties and limitations of privatization by finding that, ‘the UK may represent the closest approximation to this ideal model’ — that is, coming closest to meeting the restrictive conditions for the success of privatizations which their comparative research suggests have stood in the path of these policies. They summarise these practical conditions into four:

- (i) ‘markets should be competitive or suitably regulated;
- (ii) private purchasers of public assets should have legal protection against future expropriation’;
- (iii) group interests hostile to the transfers should be politically denied any disabling veto power’;
- (iv) governments should not interfere with privatized undertakings’ (Bortolotti and Siniscalco, 2004, 120).

Even the UK record does not quite meet this ideal type, mainly in the large numbers of special (‘golden’) shares carrying particular powers retained by the government (135-136).

2.3.2 The distinct case of the USA

The USA’s position and experience on marketisation in its various forms is quite different from the UK, other European states or, for example, New Zealand. There has been a relatively modest level of actual change in American government at local, state or federal levels. As Bach (2000, 10) notes in his comparative listing of

seventeen countries, the USA has shown, “Limited sales of state assets due to small size of the state sector; contracting out at municipal level.”

On the actual sales, Bortolotti and Siniscalco (2004, 29) record a total of B\$ 12.2 up to 2001, one third of it in the energy sector (began with the sale in 1978 of Total Petroleum). Concerning municipal contracting out, Jeffrey Greene had earlier commented that, ‘the decision to privatise has been especially intense at the local government level. That is, local governments have turned to privatisation due to expediency rather than ideology (Greene, 2002, 5).

The USA was the source of such private sector innovations as commercial (‘for profit’) schools, colleges and prisons which sought to take over existing public buildings and systems to run them commercially or to build and run newly-created facilities (or both). They have actually achieved these novel reforms only rarely, usually when the public service was facing operational or budgetary failure. With such a small public sector of service provision compared with almost all other developed countries, American governments — particularly at federal level — have had little to sell to the private sector even if their controlling politicians wanted to. A few major operations such as the US Post Office or the National Parks (at federal level) or advice and support services to farmers (at both federal and state levels) would hardly attract profit-seeking commercial purchasers, even if there was a political will to sell them. Apart from their being deficit (‘loss-making’) operations, these services and many others provided by government in America contain some of the strongest public sector trade unionism in the world — despite the overall low level of trade unionism in the country (about 15%) and its general weakness. Actually seeking to apply PSPPS to the most strongly unionised public sector workforces such as police or firefighters’ supports staffs, school board administrations or prison staffs has normally been beyond the reach of even the most convinced neo-liberal politicians.

The USA has been the main source of ideologically based pro-privatisation writings, whether arising from Milton Friedmanite (‘Chicago school’) economics, the

business-based ideas for ‘new public management’, or more traditional conservative belief in low taxes and hostility to ‘Big government’.

The ideological and practical overview of American writers such as Savas and Williams *et al.* promoting privatisation has provided the political case for PSPPS. Savas listed its advantages as initiating competition and superior management quality; limiting the public payroll; responding more flexibly to new service demands; making true costs more visible and therefore more open to economies; and being more robust against strikes and organised labour’s pressures because the service is less likely to be a monopoly provider (Savas, 1987, 109-111).

Writing about American local government, Williams *et al.* (2000) have claimed that, ‘the biggest reason implementation of privatisation and competitive bidding strategies have been slow to start can be simply stated: *public employee unions!*’ (emphasis in original). Being strongly in favour of privatisation, these authors rejected the argument that privatisation causes job losses and described it as the ‘Myth of State Employee Job Loss’. They argued that in the USA ‘several nationwide surveys have found little evidence of unemployment among government workers after privatisation and competitive bidding programs have been implemented’.

The USA has experienced quite widespread further contracting out of routine support functions, mostly at state and local government levels, beyond what was there before the pro- marketisation campaign. But most other developed countries with capable private sector operators have a similar record. In America, it was more likely that such functions (refuse collection and disposal; building maintenance; school buses) had for long already been contracted out as a support to the local private sector economy so that there was, in some parts of the country more than in others, less opportunity for further transfers.

Given its relatively small public sector, the scope for responding to this ideologically-based academic and political literature has been outside, rather than inside, the USA itself. American anti-statist and writing and influence have enjoyed world-wide currency and some positive reception, notably in the UK and New Zealand

and to varying degrees across Europe and extending to, for example, Turkey. Turkey has been typical in its Right politicians' enthusiasm, its Left politicians' hostility (for a period of time) and in its limited practical reaction along these partly USA-inspired, pro-market, anti-public sector lines.

2.3.3 Turkey as a respondent to the international PSPPS (marketisation) movement

The Turkish economist Sinasi Aksoy (1994) has recalled that the aspect of both globalisation and international economic convergence which concerns this study — PSPPS — originated in the 1970s not only as a major instrument to cut back the state and expand the private market for their own ideological sakes, but also as a means of reducing the chronic and growing fiscal burden on Western states which was known to the academic literature at that time as the 'fiscal crisis of the state' (O'Connor, 1973).

Aksoy has also noted the obvious prominence of privatisation policies in the advice and pressure applied to many developing countries by the World Bank, IMF and other, private sector, lenders and investors (Aksoy, 1994, 39) These international agencies and commercial banks have been widely perceived as the principal means for encouraging, even forcing, globalised policy solutions on to debtor countries — with privatisation in its various forms the leading policy. This is particularly so where the debtor country maintains considerable state-owned economic activities. The Turkish journalist, Taylan Erten, is only one of many writers who see privatisation as the main tool of globalisation: he also maintains that the World Bank and IMF use this tool to destroy the developing countries' economies (Erten, 2001).

Turkey's experience of such pressure is typical of developing countries, of course, although chronic economic and financial weakness produces extreme cases. These produce in turn extreme reactions from critics: one Kemalist academic political commentator, Sina Akşin of the University of Ankara, has condemned the globalising influence of the World Bank and IMF as imperialist and the cause of the Turkish economic crises of November, 2000 and February, 2001 (consisting of recession,

balance of payment weakness, hyper-inflation and currency crash). In his view Turkey is becoming an economic colony of a global, imperialist, capitalist force (Akşin, 2002).

This outline commentary on the diverse universal theme (or themes) of general political or ideological ‘convergence’ and ‘globalising’ economic trends and pressures must conclude with a simple question about There are grounds for expecting Turkey’s political economy and political culture to gradually conform more closely to the emerging Western model of developed countries in which the market advances and the state’s direct economic activities retreat. These grounds include the general effects on Turkey of globalising economic trends and converging political values, replacing classic Marxist or socialist assumptions, on the one hand and traditional capitalist, free market assumptions, on the other hand, with a more compromised social democratic or welfare capitalist centrist accommodation — whether of any particular design from Germany, France, Britain (the ‘Third Way’, Giddens, 1994, 1998, 2000) or from Democrats such as Bill Clinton or Al Gore in the USA.

By themselves, such general international thinking, or even actual practice, may not make a mark within a country with Turkey’s geo-political location, strong nationalist sentiment and tradition of Turkish ‘exceptionalism’ (drawn from Kemal Atatürk’s claims to govern apart from or above other countries’ political ideas and labels: see Chapter 3.1). But rather sharper and more specific influences on the rival wings of Turkey’s dominant elite brought into the system by the World Bank, IMF, EU Commission negotiators and international banks and other prominent Western firms, as investors and trading partners, may be expected to have significant consequences. A committed and united governing elite could reject all such influence and pressure — at least for a time — on the lines of a Zimbabwe or Cuba. But that is hardly Turkey’s case: there are ‘modernising’ and Westernising wings of the elites as well as conservative and inward-looking nationalist wings.

Writing on Turkey’s PSPPS, the leading Turkish political economist, Can Aktan, has noted that

contemporary economic thoughts developed by scholars in academia during the last three decades and their reflection in political circles, such as conservative capitalism in the USA and United Kingdom, have been the major reasons behind the privatisation movement (Aktan, 1992, 202)

The Özal government of 1983-1991 pioneered PSPPS ideas, drawing in particular on British and American practices and insights. Given its free market ideology, it was obviously attracted to the political, economic and fiscal reasons for privatisation of public services as reducing the state's involvement in the economy; improving efficiency; reducing Public Sector Borrowing Requirement widening share ownership in general and encouraging employee share ownership (this particular list offered as an example, by Johnson (1991, 145).

As contemporary politicians and fellow neo-liberal market thinkers, Thatcher and Özal met during their prime ministerships. Probably Özal was influenced by Thatcher's privatisation policies (sales such as British Airways and contracting, for example, in health services). The privatisation of Turkish Airlines and of Turk Telekom was on Özal's agenda although not achieved (either then or as yet). Despite these policy failures at the national level, Özal and his governments did more than simply introduce PSPPS ideas to the Turkish political scene and public policy agenda.

At local level privatisation by competitive tendering was intensified during his years, although the compulsory statutory element seen in the UK was not achieved in Turkey any more than in many other countries. However, a heavy encouragement towards privatisation of local government services was offered by Özal himself at every opportunity during his visits to municipalities. New legal and economic regulations were made to give more resources to local authorities to encourage them in privatising their services. Within their limits, Turkish municipalities attempted to privatisate their local services such as refuse collection, street cleaning, water and gas supplies and meter-reading as well as recreation and planning. Education was exempted from this local privatisation because education is a national government service. However, it was also marketised in that the Özal government allowed more

private schools, colleges and even some universities to be established. They are now functioning in the private sector and providing superior educational services forming an important percentage of national education. These steps all intensified under the Özal governments, although there were already some private schools, mainly established by the joint ventures of Turkish and foreign investors (such as the Galatasaray Lycee and St Joseph's College (with French investors) in Istanbul and the American College for Girls in Izmir).

The British Labour government since 1997 has also particularly affected other Turkish politicians beyond the Özalists. Under the new British banner of 'Best Value' (removing the compulsory element of CCT) privatisation can be seen more broadly than as a matter of specific political ideology and more as a practical mixture of economic and social necessities at national and local level. The strong opposition of the traditional Leftist ideology to privatisation in Turkey, has been weakened, as will be seen in Chapter 6, by the practical example of the British Labour Party and its European Left counterparts. The British example, plus Anglo-American rightist arguments, have helped to make the Turkish approach also more pragmatic.

Chapter 3

The Turkish Political Context (i): The Centralised Structure of Local Government

3.1 The constitutional and legal framework of local government in Turkey

While studying Turkey and analysing its socio-political structure, one basic point should be kept in mind. Turkey is a unique country that is difficult to explain by generalised theories of economics and politics. Its peculiar nature has been recognised by Pope and Pope (1997):

Turkey is a country of such fertile complexity that we have seen almost any theory about its politics and society sincerely argued and apparently conclusively proven. Each passing year throws up new areas of controversy, making it clear that no one person or institution can claim to know everything about this ancient land (Pope and Pope, 1997, x).

O'Toole, (1995) had already made a similar point: Turkey is a country that cannot be easily pigeonholed. Pope and Pope (1997, 2) added: 'We also learned not to force on Turkey an easy categorisation: European, western, eastern, Islamic, fascistic, anarchic, whatever. It has something of all these elements, of course. But Turkey is a category all its own.' Kemal Atatürk strongly encouraged the Turkish 'exceptionalism', insisting that both the country's traditional and revolutionary characters were unique and not to be explained by theories or labels created elsewhere. He declared in 1921, during the transition from the old regime to Modern Turkey:

Gentlemen, our government is not a democratic government, neither is it socialistic. In fact, from a scientific viewpoint, it is one which has no resemblance to governments described in books. Yet it is the only government causing the manifestation of the sovereignty of the nation

and of the national will. If we were to describe it from a scientific and social viewpoint, we would call it a “popular government”.

Atatürk concluded that, from a social science point of view, the Turkish government system ‘does not resemble a democracy or socialism or any other form’. By asking ‘So what, gentlemen?’ he laid down his famous statement that ‘We should be proud of not resembling anyone and not attempting any comparisons. *Because we resemble only our very own selves!*’ (Translated by Öz, TDN, 29 October 2000)(Emphasis added)

Turkey is a formally democratic and secular unitary nation state. In the Constitution of 1982 the executive, legislative and judicial powers are separated. The Turkish Grand National Assembly (TGNA), which has 550 MPs, exercises the legislative power. The President and the Council of Ministers exercise executive power in a single-chamber system. The President is elected by the Assembly for seven years and, to ensure his independence and political neutrality, cannot be elected for a second time. The Council of Ministers consists of the Prime Minister and departmental ministers.

During the last period of the Ottoman Empire and the beginning of Modern Turkey, not only the provincial administration of the country but also other administrative institutions were much influenced by the French system. During the late eighteenth and the nineteenth centuries, hundreds of students were sent by the Ottoman Empire to Europe, particularly to France. They were expected to bring back Western developments in the field of science, industry and technology and to rescue the Empire from its decline. Most of these reformers were educated in France, thus they preferred the French system when reforming the old institutions of the Ottoman Empire (Ortaylı 1980; 1985). Two examples are the central advisory bodies, the Council of State (the *Danıştay*) and the Audit Court (the *Sayıstay*) (see Diagram 3.1). These two institutions are adapted from the French system. According to article 155 of the 1982 Constitution:

The Council of State is the last instance for reviewing decisions and judgements given by administrative courts which are not referred by law to other administrative courts. It shall also be the first and last instance for dealing with specific cases prescribed by law. The Council of State shall try administrative cases, give its opinions on draft legislation submitted by the Prime Minister and the Council of Ministers, examine draft regulations and the conditions and contracts under which concessions are granted, settle administrative disputes and discharge other duties prescribed by law...

As this text suggests, there are separate administrative courts in Turkey to deal with administrative disputes.

According to article 160 of the 1982 Constitution:

the Audit Court shall be charged with auditing, on behalf of the Turkish Grand National Assembly (TGNA) all the accounts relating to the revenue, expenditure and property of government departments financed by the general and subsidiary budgets; with taking final decisions on the acts and accounts of the responsible officials; and with exercising the functions required of it by law in matters of inquiry, auditing and judgement. ... No applications for judicial review of such decisions shall be filed in administrative courts...

Indeed, in modern times, foreign models for the administrative structure are still taken into consideration when adapting to globalisation and Europeanization, particularly when modifying Turkey's system to fit with the prospective needs of the EU.

Article 123 of the Turkish Constitution of 1982 states that “The organisation and functions of the administration are based on the principles of centralisation and local administration.” The articles more directly related to the local government system are 126 and 127 of the Constitution. According to the 126th article, in terms of central administration, Turkey is divided into Provinces on the basis of geographic and economic conditions and public service requirements. Provinces are divided into lower-level administrative Districts and Sub-districts. (All are marked in the Diagram 3. 1)

The 127th article defines local administration bodies as follow: “Local administrative bodies are public corporate entities established to meet the common local needs of the inhabitants of Provinces, municipal districts and villages whose decision-making organs are elected by the electorate as described in law The formation, duties and power of local administration shall be regulated by law in accordance with the principle of decentralisation.” Municipal Law No. 1580 of 1930 also made similar definitions about municipalities. According to article 1 of this law, municipalities are created to meet the common needs of residents.

The division of Turkey into Provinces mentioned in the 126th article was rooted in the “Law of Special Provincial Administration” in 1913 and all rights and obligations were set up in this law. There are currently 81 Provinces and some 792 Districts in Turkey. Each Province is administrated by a *Vali* (Provincial Governor) and each District by a *Kaymakam* (District Governor). The *Valis* and the *Kaymakams* are all senior officials appointed by the central government. The *Valis* have more power: the *Kaymakams* are responsible to the *Valis* and come under their jurisdiction. However, they have similar authority; they are the heads of their districts and every other authority (police, education, health and others) is responsible to them.

In terms of local administration and their functions there are many related laws. The most important are the Municipal Law No 1580 of 1930 just mentioned and the Metropolitan Municipal Law No 3030 of 1984. The number of municipalities according to their status is shown in the following Table 3.1:

Table 3.1 Distribution of municipalities according to their status

STATUS	NUMBER
Provincial municipality	65*
Metropolitan municipality	16*
Metropolitan District municipality/	58
Metropolitan Sub-Division municipality	31
District municipality	792
Town municipality	2254
Total	3216

* In Turkey there is a parallel administrative structure of a province as can be seen in the Diagram 3.2. below. In total there are 81 Provinces. Each of them has the SPA (Special Provincial Administration) as a local government unit. SPAs are one of the three main local government units (the others being municipalities and Villages). SPAs are separate and different from Municipal administrations. Moreover, each of the Provinces has a municipality at its centre. These are either a Provincial or a Metropolitan municipality. Sixteen of the 81 Provinces have Metropolitan municipalities and the other 65 have Provincial municipalities at their centres.

(Updated from Canpolat, (1998) 8 and relevant web pages of the Ministry of Interior (2002).

Local governments, established to meet the common local needs of the inhabitants of provinces, municipalities and villages are popularly elected every five years. Villages have populations of less than 2000. According to the Municipal Law of 1930 municipalities have been created in local areas with over 2000 population. However, due to population movements, there were 398 municipalities under this officially minimum population limit by before 1998 (Canpolat, 1998, 8). In 1984, a new period opened for local government with the establishment of a Metropolitan municipal system in the three biggest cities of Turkey: Istanbul, Ankara and Izmir. Thus, two different local government systems have been created in Turkey. Supervised by the Metropolitan municipalities there are also District municipalities. The Metropolitan municipality Council can modify the budgets of District municipalities (before submitting them to the *Vali* (Provincial Governor) for final approval). The

nation also experiences confused ‘Provincial local government’ because the Province is a unit of both central and local government. Within local government, municipal councils are the most important. In general, all local authorities suffer from strong central control and the lack of revenue. However, since 1984 during the ‘Özal era’ (outlined in Chapter 1 and to be described in Chapter 5), significant effort was made both to increase the revenues of municipalities and to reduce the degree of central control. Özal’s Motherland Party government emphasised not only the need for an overall market economy but also for decentralisation to the Metropolitan municipal system. This move was part of a drive for further overall democratisation. The Motherland Party government asserted that local governments, in particular municipalities, could play a critical role in this process.

It is necessary to describe the broad picture of the central government and its agents at local government level (the General Provincial Administrations and Special Provincial Administrations) as well as the local authorities themselves. The GPAs and SPAs are important as supervising authorities. All the budgets of municipalities, including Metropolitan Municipalities, are in practice valid only after confirmation by the *Vali*, acting through them and the *Kaymakam* at District level. Within a budget, all expected income and expected expenses are included. The approval of the *Vali* or *Kaymakam* is significant in terms of local efficiency and effectiveness and is often resented by municipalities as a negative influence. The *Valis* control of municipal budgets covers all financial planning for privatisation schemes making him and his agencies — the GPAs and SPAs — of potentially high importance for a local authority intended in privatisation policies.

Moreover, the General Secretary for each Metropolitan Municipality (the most senior official) is appointed by the Ministry of Interior not the municipalities themselves. This shows the importance of the interference of the central government into local administration. Even creating or abolishing a neighbourhood and changing its name or boundaries require the approval of the *Vali* (Keleş, 1994, 326).

Not only the SPA but also the GPA is also important in participating in local issues. If there is any conflict between a Municipal Council and a Mayor or a

Municipal Executive Committee, the Provincial Administrative Committee of the GPA (see Diagram 3.2) is the authority to decide on the conflict (Eryilmaz, 1999, 144).

I don't agree that bureaucracy in Turkey is clumsy and inefficient: it has been eroded for the last twenty years or so. Globalisation is one influence against it (Ayman Guler, academic, 1999).

I don't believe that national lawmakers want free and democratic local government. This tutelage began under the *Tanzimat* era (1839-1876) and lawmakers enjoy their power and don't want to let it go. (Altinok, serving senior civil servant 2000)

Apart from the Özal era, the central government has never been sincere about transferring its power (management, budget and influence) to the municipalities. (Altinok, serving senior civil servant, 2000)

The central government's tutelage over local authorities makes finding qualified personnel impossible. To encourage the successful official by giving them any bonus, the permission of the Ministry of Interior is needed. The amount of occasional bonuses cannot exceed their monthly net salary. The Turkish legal structure does not trust local government administration (Eraltug, serving senior civil servant at a Metropolitan District municipality, 1999).

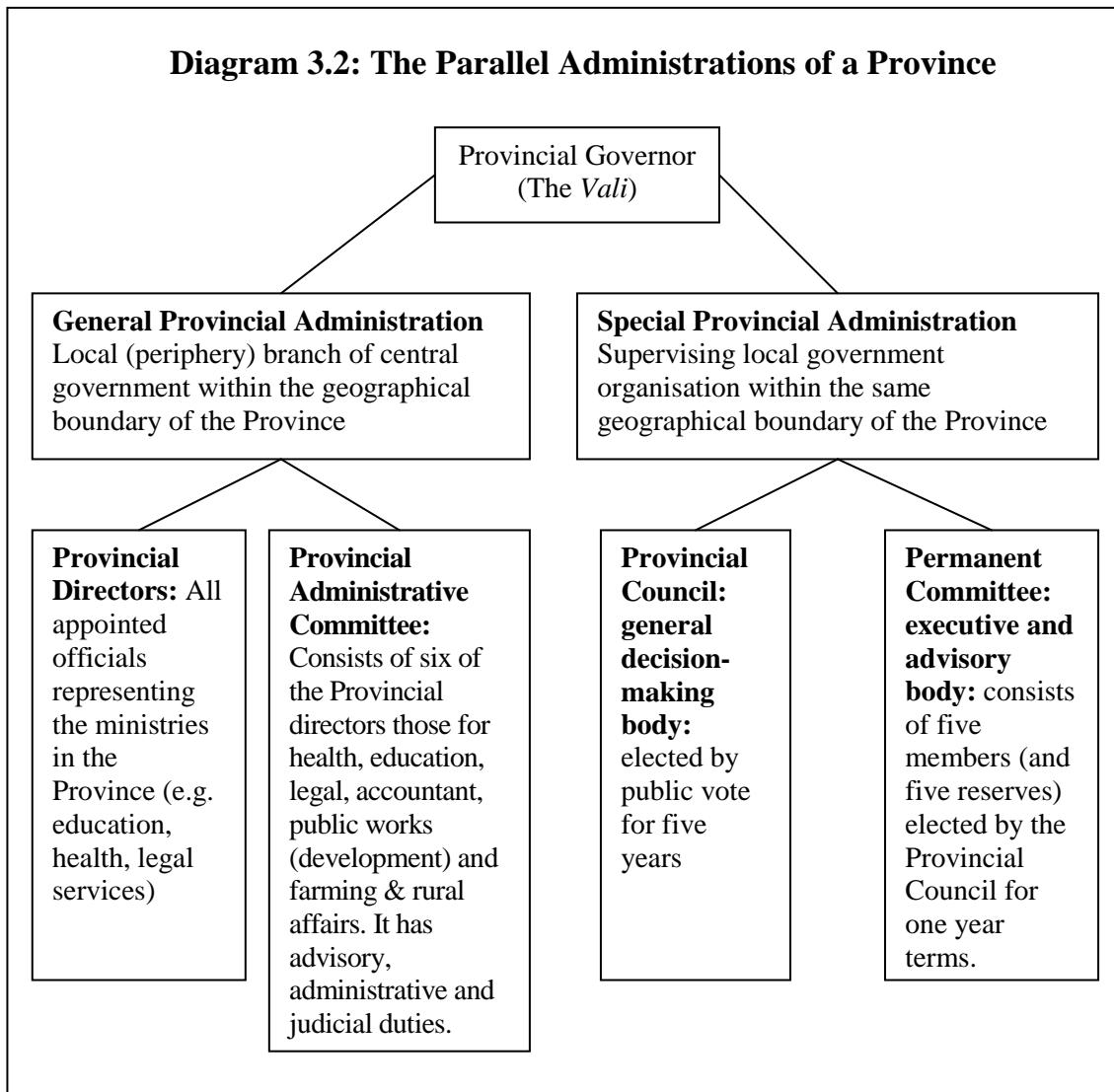
The Municipality Law of 1930 is out of date and weak in providing necessary local government services, particular social services. Some local social funds receive some funds from the municipalities but the overall control and spending authority is given to the Vali (Eraltug, serving senior civil servant at a Metropolitan District municipality, 1999).

3.2 Organisational structure and functions of local government

Local government is divided into three: Municipalities, Special Provincial Administrations (SPAs) and Village administrations. This present study will analyse the municipal administration system and delivering of better services in the cases of municipalities. It will therefore review the organisational structure of Special Provincial Administrations and Villages only in brief and then focus on the municipalities in more detail.

3.2.1 Special Provincial Administrations (SPAs) and Village administrations

The present structure of Special Provincial Administrations (SPAs) was created as long ago as 1913 (by the Temporary Act of the General Administration of Provinces) under the Ottoman Empire. The law continued in use even after the foundation of Modern Turkey in 1923 and only in 1987 did a new law (3360) amend it. This was named the Law on Special Provincial Administration. There is no formal process for creating SPAs because, with the establishment of the General Provincial Administrations (GPAs) as branches of central government, the SPAs are also automatically created. Citizens have often confused the GPAs with the SPAs because the Provinces are both a part of the general administration, constituting or representing central government at local level, and a part of local administration, as seen in Diagram 3.2.



As seen in this Diagram, the Provincial Governor (*Vali*) is the chief executive and head of both organisations. Throughout the history of Modern Turkey, the number of SPAs has been both increased and decreased many times. In 1957 the number increased to 67 and remained the same until 1989. Between 1989 and 1996 it was increased to 80. Since the earthquake in August 1999, Duzce (the epicentre, which was badly destroyed) has become the 81st Province as a political gesture. Most of the big districts have been promised the status of Provinces during electoral or political campaigning during Demirel's prime ministership. If these promises are now to be kept, the number of SPAs can be expected to reach 100 in the near future.

Functions and responsibilities of SPAs

SPAs have the widest responsibility among local government bodies. They contain many municipalities and villages within their boundaries. The functions and responsibilities of SPAs include health, education, culture, agriculture, animal husbandry, environment, sports, tourism, economic and commercial activities. Over time some of their tasks have been transferred to ministries and other newly-established appointed central bodies. For example, SPAs have had the duty to construct and support schools, but this duty has been transferred to the Ministry of National Education. In terms of health and social welfare, the SPAs were authorised to construct hospitals, mental hospitals and hospices within the boundaries of Provinces. However, these responsibilities have been transferred to the Ministry of Health and responsibility for orphanages transferred to a national quango (the Social Services and Children Protection Institution). None of these responsibilities have been formally removed from the Law of Special Provincial Administration and this causes huge confusion of responsibilities and duties between the SPAs and the other central administrative organisations in the Province. The main authority now has been undertaken and financed by the Ministries in Ankara. Without their prior authorisation and support it is difficult to construct new works such as schools or hospitals. However, some *Valis* attempt to construct them, despite having an insufficient share of central government funding by also raising donations from the public.

The Provincial Council is the decision-making body of the SPA. Its members are elected as representatives of the districts for five years and the number of members depends on the number of districts and their populations. At the first meeting after the election, the council elects two vice chairmen. The Provincial Governor (*Vali*) chairs the Council, but if he is absent the first vice- chairman does so. The council approves its budget and makes decisions regarding the institutional and local services of the Province. The decisions of the Council can be valid only by ratification by the *Vali*. If the *Vali* does not want to ratify he appeals to the Council of State (*Danıştay*, see

Diagram 3.1) within twenty days. The Permanent Committee deputises as the decision-making organ of the SPA and advisory and executive arm of the SPA. Its five titular and five reserve members are elected by the council from among members for one year. The titular members must be representatives of different districts. The Provincial Governor (*Vali*) chairs the Committee, but may authorise one of his vice-governors to do so. Among the duties of the Committee are reviews and approvals of fiscal matters, submitting its advice and views related to local service projects and making decisions on tendering of services and goods (Eryilmaz, 1999, 130-2). One important point of the tutelary power of the centre is that the Committee cannot even discuss issues unless the Provincial Governor has authorised them to do so.

Article 126/2 of the Constitution provides that; 'The administration of the Provinces is based on the principle of wide devolution of powers.' Obviously, this provision has led to the enlargement of the power of the *Valis* and they enjoy considerable discretionary powers. The *Vali* represents the central government. He usually acts in accordance with the advice and decisions of the Provincial Council, but is not responsible or answerable to the Council. However, he must present an annual report to the Council and if the Council does not find this satisfactory, he may be formally reported to the Ministry of the Interior on a two-thirds majority vote of the Council. This is the only potential sanction held by the elected council over the appointed *Vali*. The political consequences of such a report depend on the Minister of the Interior. Usually nothing happens to the *Vali* until a new Council of Ministers (a new national government) or a new Minister of the Interior comes into office. As an administrative and political tradition, most *Valis* and District Governors (*Kaymakams*) are changed with a new government, even if it is of the same party or governing coalition as the previous one. These senior officials are not dismissed or made redundant by this tradition but simply moved on to different Provinces and Districts. However, some of them are given government appointments while they await a new assignment. This produces an important circulation of this senior bureaucratic elite which disseminates methods and practices around the country.

Some observers do not also consider SPAs as local government units due to their dual structure. It contains both central and local government units and is headed by an appointed *Vali*. Its executive body, the Permanent Committee, contains appointed official alongside the elected members. In the 1960s, in its explanation of a new draft law, the Ministry of the Interior claimed that the SPAs should be abolished because they had lost their *raison d'être* for the following reasons: a) most of their functions had been transferred to other organisations; b) they were the mediatory to spend the fund transferred from the centre; c) SPAs were having difficulties paying their own personnel because their own revenue was not sufficient to pay their personnel; d) planned development needs to be organised at regional level; e) community development is also needed to be organised at district level, not province level (Keleş, 1994, 149). Even though the same claim has been expressed since then and official reports and projects have been prepared (for example, the KAYA project on re-structuring of public administration) political instability in the 1960s and the 1970s prevented progress towards this goal. Changing political parties in the government had different priorities and some even supported strengthening the SPAs.

Regarding Village administrations, there are more than 35,000 with an average size of 650-700 people. The main legal document regulating Village Administration is the Law on Village Administration of 1924 (Law No. 442) (one year after the creation of Modern Turkey). It states that a Village Administration is formed where at least 150 people live. The organs of the village are Headman (*Muhtar*), Village Council and Village Assembly (composed of the entire local electorate). The Village Assembly elects both the Headman (*Muhtar*) and some members of the Village Council for five years. The Village Council consists of these elected and some non-elected members. The latter members are the prayer leader (*imam*) and the village schoolteacher. An example of the centralist control over these *ex-officio* members of the Village Administration is that if there is more than one prayer leader (*imam*), the District Governor (*Kaymakam*) appoints one of them to the village council. Despite being elected, the headman represents central administration and supervises the planning and operation of village projects and services.

The Village Administration has become the least important local administration, particularly following the huge flows of migrants from rural areas to cities. In contrast, municipalities have gained more importance. Functionally, SPAs and Village Administrations have lost their local administrative identity. As seen in the following table (Table 3. 2), in terms of revenue SPAs have become very much weaker and less important than municipalities and lost significance within the formal local government system.

Table 3. 2 Local Governments' Revenue as a % of GNP

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Bank of Provinces	1,15	1,24	1,31	1,37	1,23	1,41	1,49	1,69	1,71	1,85
Metropolitan municipalities	0,39	0,42	0,43	0,48	0,52	0,51	0,55	0,58	0,60	0,65
(Other) Municipalities	1,01	1,09	1,15	1,20	1,07	1,21	1,28	1,43	1,44	1,56
SPAs	0,14	0,15	0,16	0,17	0,16	0,20	0,21	0,26	0,27	0,29
Total	2,69	2,90	3,05	3,22	3,98	3,33	3,53	3,96	4,02	4,35

Source: YYAEM (2004b)

Moreover, from a financial point of view, municipalities have come out as the most important parts of the local government system in Turkey. Their share has represented over 90 per cent of the total local government expenditure. The other two units (SPAs and Villages) have spent the remaining less than ten per cent (Önder, *et al.*, 1993, 47).

3.2.2 Municipalities

3.2.2.a Administrative structure

During the Ottoman Empire most of the municipal services (construction of mosques, schools, bridges, libraries, guest houses, water supply, urban development, health, and education) were carried out by individuals and voluntary local foundations (*vakıfs*). However, the gradual increase in the need for public services in city life led to the establishment of more orderly organisations. The first municipal body was

established in Istanbul in 1854 (*Istanbul Sehremaneti*). Since the creation of Modern Turkey in 1923, the first and still most important legislation regulating the duties and responsibilities of municipalities has been the Municipal Act of 1930 (Act No. 1580). Under this Act, municipalities have been created in local areas with over 2000 population. However, when the population of the municipality has fallen to less than 2000, the municipality will in fact not be abolished.

As a result of some incident in the eastern municipalities (requesting more money as a salary and giving half of it to the PKK) the salaries of mayors are now determined by the central government rather than by the municipal council. (Aksu, [Motherland Party] former mayor of a Provincial municipality, 1999)

According to my ten years experiences as a District Governor and a Deputy Vali (Provincial governor) the tutelage tradition is only a symbolic meaning. When a mayor is elected he becomes a prince or governor-general and nobody touches him for five years. It is very rare to control mayors through either the municipal council or the judicial system. (Altinok, serving senior civil servant 2000)

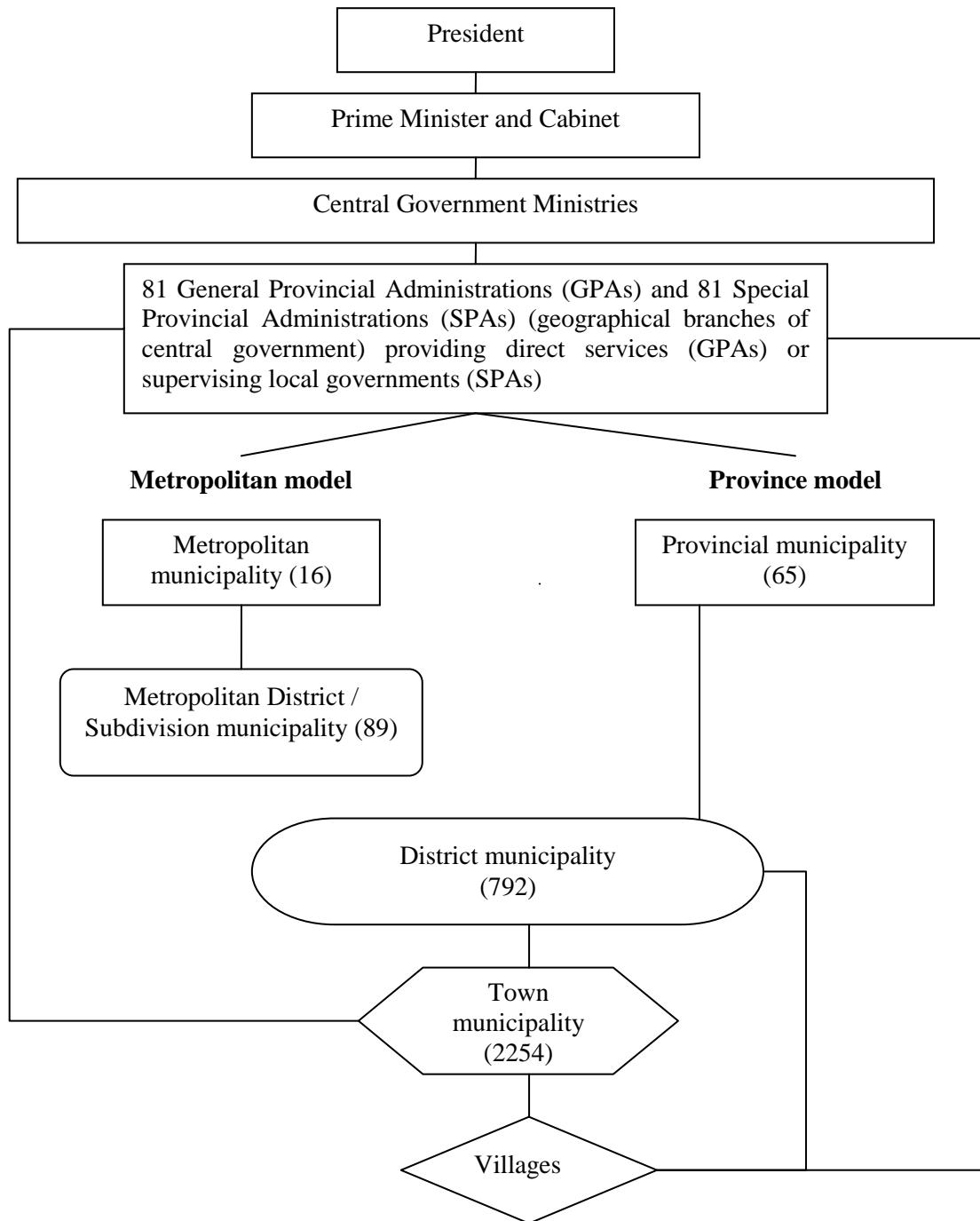
The granting of central government funds based on local populations must change. Metropolitan and Metropolitan District municipalities are serving much more than their official quoted population. Moreover, municipalities encourage the same bureaucratic practices as are seen in central government (Eraltug, serving senior civil servant at a Metropolitan District municipality, 1999).

Municipalities cannot achieve efficiency with the classic bureaucratic and hierarchical structure. ... Mayors should be elected with a two-ballot system, as in France. They should need at least fifty per cent overall majority support (Ergin, serving senior civil servant at a metropolitan municipality, 1999).

The above Diagram 3.1 showed the highly centralised Turkish state structure and the following Diagrams will attempt to demonstrate the municipal system of Turkey. The following Diagram 3.3 will show the Metropolitan and Provincial municipal system within the central government system together with the lower tier municipal and administrative structures. Diagrams 3.4 and 3.6 presents the structure of the joint

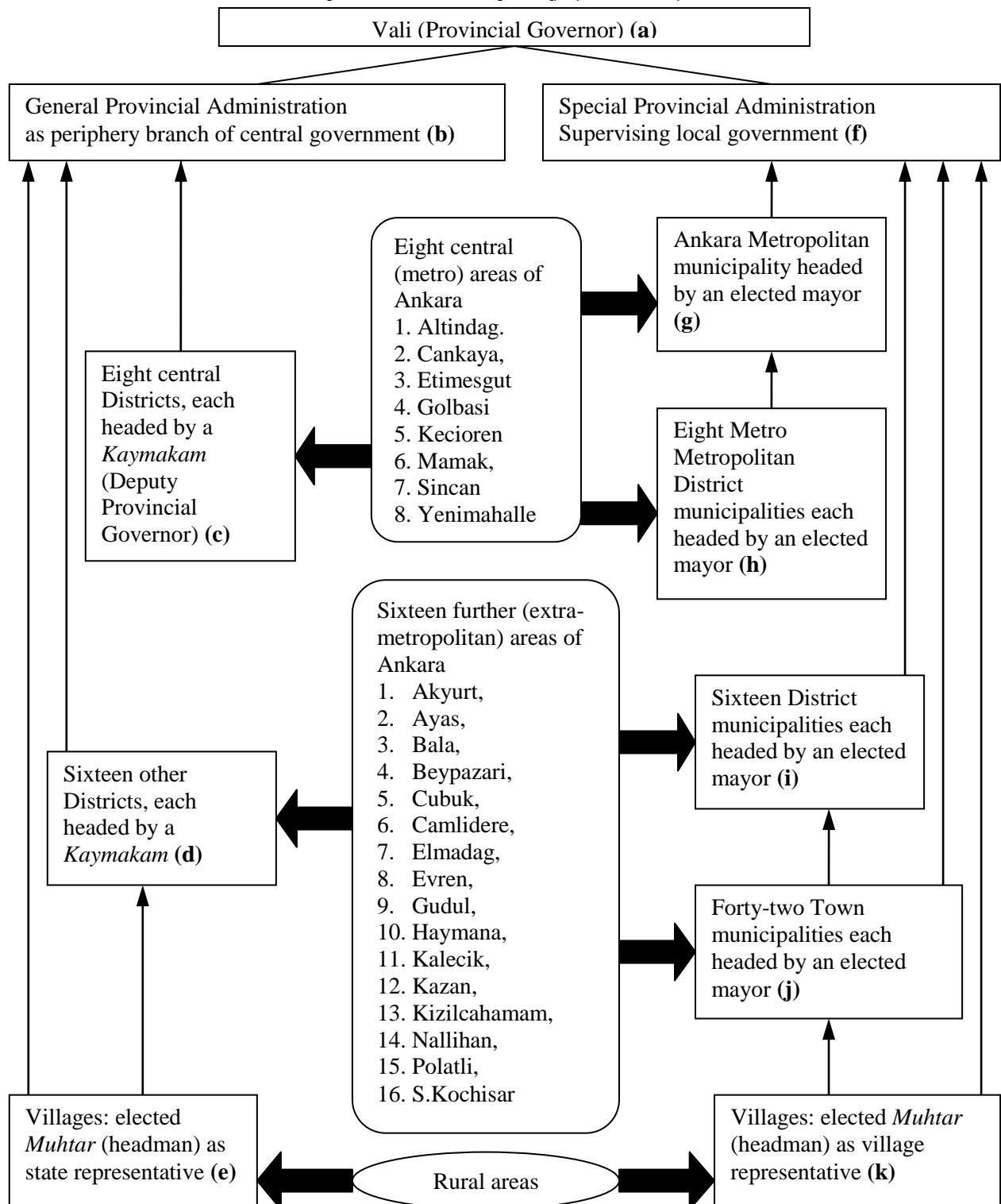
municipal and administrative system with examples of one Metropolitan municipality (Ankara) and one non-Metropolitan municipality (Denizli) illustrated by two maps. In both Diagram 3.4 and 3.6, the supreme position and tutelage power of the central government over local authorities exercised by its agent (the appointed *Vali* — Provincial governor) is clearly illustrated in the top section of each Diagram at (a)

Diagram 3.3 Turkish Local Government: the Metropolitan /Provincial Divide



Note: All of Turkey has *either* the Metropolitan *or* the Province model as shown. The 16 metropolitan areas contain one two-tier system in their central parts (the Metro municipalities and the Metro Districts) and another in their outer parts (District municipalities and Town municipalities). The Province model comprises a single system in three tiers as shown. In both models Villages lie outside and are supervised directly by the SPAs within the Province or by Deputy Governors within the District jurisdiction.

Diagram 3. 4: The administrative structure of a Metropolitan municipality (Ankara)*



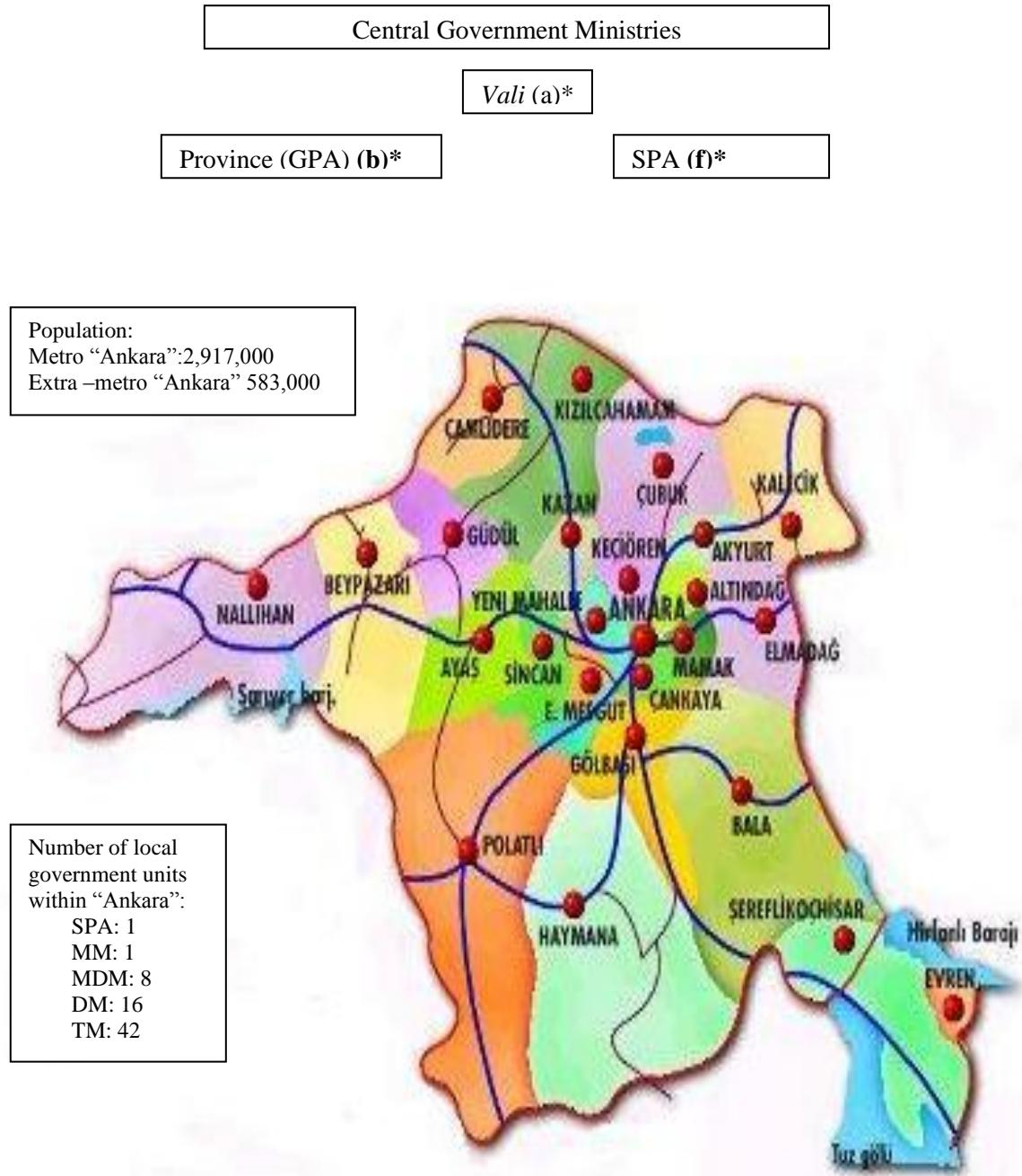
* see notes (a) – (k): next page

Notes on Diagram 3.4

*Ankara is the capital city of Turkey but, unlike many other capital cities in the world (e.g. Tokyo or London) it has no special administrative model. It is one of the sixteen Metropolitan municipalities. In terms of local government, it has a Metropolitan Municipal system and in terms of central government operations it is regarded as a normal General Provincial Administration among 80 other Provinces.

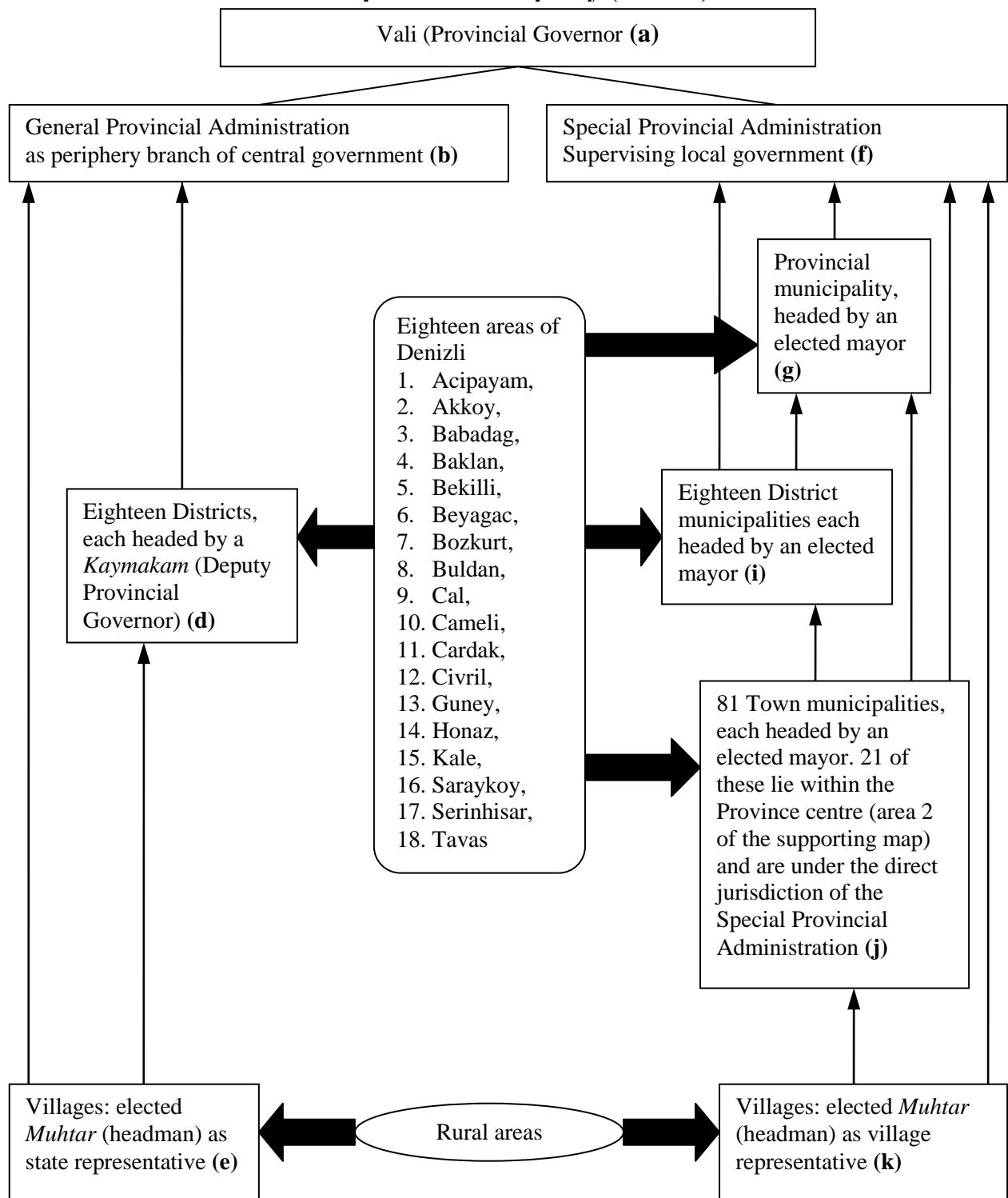
- (a) Responsible to the government mainly through the Minister of the Interior, the *Vali* (Provincial Governor) is the executive head of both of the superior bodies of the Province's dual system (GPA and SPA); the local extensions of the central government [(c) (d) and (e) below] and the elected local governments (mayors and councils) [(g) (h) (i) (j) and (k) below].
- (b) The GPA controls its three tiers of subordinate bureaucracies through an extensive team of *Kaymakams* (deputy Provincial Governors) in executive charge of Central Districts and other Districts [(c) and (d) below]: a total of 24 within the GPA of Ankara.
- (c) and (d) These 24 agencies of the GPA provide central government services at the District level alongside the municipal services provided by the local governments: (g) (h) (i) and (j).
- (e) The GPA provides services at Village level, using the elected *Muhtar* at its representative.
- (f) The SPA supervises and exercises controls over the two pairs of two-tier local authorities found within a Metropolitan municipality such as Ankara: (g) and (h) (metropolitan authorities) and (i) and (j) (the extra-metropolitan authorities). The SPA also has direct supervision over the Village *Muhtar*.
- (g) As noted above, Ankara is one of sixteen Metropolitan municipalities, based on eight central 'metro' areas of the city.
- (h) Each of these 'metro' areas also has a Metropolitan District Municipal council with an elected mayor. The 'metro' centre of the conurbation therefore has two-tier local government, with a two-tier system of elected mayors.
- (i) The sixteen non – metro urban areas each have a District municipality headed by an elected mayor.
- (j) Almost all of these sixteen District municipalities have a lower level tier within them: the Town municipalities. Some 42 of these are distributed across most of the sixteen Districts, some Districts containing as many as six. Each Town municipality has an elected mayor, repeating the two-tier pattern of metropolitan Ankara in most of these sixteen areas. Within Ankara Town municipalities are small units: from about 1000 to about 13,000 residents.
- (k) Ankara's incorporated area is partly rural and so includes some Village authorities under an elected *Muhtar* (headman) who resembles a French mayor (as part of Turkey's adopted Napoleonic tradition) in being both an elected representative and the agent of the central state: he is supervised by both the General and the Special Provincial Administrations, as Diagram 3.4 shows.

**Diagram 3.5: in support of Diagram 3.4
Province of Ankara (capital city of Turkey)**



- c:** Cankaya Central District, a branch of central government headed by a *Kaymakam*.
- h:** Cankaya Metropolitan District municipality, headed by an elected mayor (There are eight MDMs in Ankara)
- d:** Haymana District, a branch of central government headed by a *Kaymakam*
- i:** Haymana District municipality, headed by an elected mayor (There are 16 of DMs in Ankara)
- g:** Ankara Metropolitan municipality, headed by an elected mayor.
- j:** Several Town municipalities headed by elected mayors.

Diagram 3. 6 The administrative structure of a non-Metropolitan municipality (Denizli)*



* see notes (a) – (k): next page

Notes on Diagram 3.6

* Denizli, with 230,000 population, is a medium sized city in Turkey. It is one of the 65 non-Metropolitan cities. In terms of local government, it has a Special Provincial Administration and a multi-tier system. In terms of central government operations, it is a normal General Provincial Administration among 80 other Provinces.

(a) (b) (d) (e) (f): see the corresponding Notes on Diagram 3.4

(g) This is the top level of the three-tier elected mayor system.

(i) Eighteen District municipalities each headed by an elected mayor.

(j) The sixty Town municipalities lying outside the Province centre (area 2 of the supporting map) lie within the eighteen District municipalities, completing a three-tier elected mayor system.

(k) see note (k) on Diagram 3.4

The number of municipalities has increased in line with population growth. When Modern Turkey was established in 1923 there were only 421 municipalities. However, by 1955, following the early years of urbanisation and migration to the big cities, it had nearly doubled to 809. The trend continued and at present in Turkey there are 3215 municipalities (Canpolat, 1998, 8). Today more than 70 per cent of the population lives in municipalities whereas it was only 26 per cent in 1930. Among the local authorities municipalities are gaining greater importance in line with urbanisation. While the criterion for the establishment of municipal authorities is still based on population, their variety has become rather mixed and confusing. Until the 1980s there was a simple structure of municipalities. On the basis of their locations they were divided into three types as (a) Provincial (*İl*) municipalities, (b) District (*İlçe*) municipalities and (c) Town (*Belde*) municipalities. According to the 1930 Municipal Law they all had the same duties and responsibilities. Depending on the revenues of municipalities, they had obligatory and optional duties. Obligatory duties have been divided into three based on different income levels. However, over time this classification became meaningless because of huge inflation. As a result, all duties defined by law became obligatory for all municipalities. Nevertheless, only a few municipalities can actually manage to perform their duties because of insufficient resources.

Following the creation of the two-tier system in Turkey in 1984, there are two main systems and five different types of municipalities. We will review the structure of their responsibilities as two main systems.

3.2.2.b The traditional municipal system

Looking across European countries, in terms of duties and responsibilities, there appear to be three main systems or traditions to be noted. First, is the concept of general competence: local authorities have a general right to undertake any activities in the interest of their citizens unless these activities are assigned to other bodies or they are forbidden from doing so. This system operates in the Netherlands, Switzerland, Italy and the Scandinavian countries. The second system is used in Britain where local

authorities cannot undertake services without authorisation. The *ultra vires* rule is one of the most significant features of British local government system. It means that they have no independent competence: they can do only what Parliament has authorised them to do (Forman and Baldwin, 1996, 344, Wilson and Game, 1998, 88). The third system is the 'list principle'. It is similar to the British practice, but the specific responsibilities and duties of municipalities are listed. In Turkey this third principle is in operation. For example, the 15th article of the Municipal Law No. 1580 listed 76 duties of municipalities (Keleş, 1994, 193). However, in this law the general competence principle also appears. With the condition of completing the compulsory duties assigned by law, municipalities have been free to perform any kind of activity and service for the benefit of their residents. These listed duties and responsibilities can be classified into five major groups: (1) public works such as construction and maintenance of urban roadways, bridges, parks and green areas; provision of water, sewerage and public utility gas services; (2) protective duties such as garbage collection and waste disposal, cleansing, fire and rescue services, preventing environmental pollution, protection of natural and historical assets; (3) social responsibilities such as recreational, sport and cultural facilities, creating health and social welfare facilities; (4) regulatory services such as urban planning and implementation, mapping land development and opening up of new settlement areas, market sales to protect the consumer and to regulate the market in fair competition and to producing bread to regulate the market (a Turkish tradition); (5) providing or managing public transport services.

In brief, municipalities have undertaken various services related to human life 'from the cradle to the grave'. However, as a result of unhealthy and unplanned rapid urbanisation, Turkish municipalities have suffered serious infrastructure, transport, traffic and environmental problems. Furthermore, lack of resources, political pressure and instability prevent municipalities from providing better and effective services. We will discuss the financial difficulties and the influence of central tutelage over local authorities in the next part of the chapter.

Municipalities have traditionally consisted of three main organs: the Mayor, the Municipal Council and the Municipal Executive Committee. The mayor as the chief executive is the head and representative of the municipality. He is elected by public ballot for five years. The Municipal Council is also elected by public vote and is the main decision-making body. The mayor is its chairman. The number of members in the Council varies from 9 to 55 depending on the municipality's population; (the number can be more for Metropolitan municipalities). The Council approves the annual budget, plans, projects related to public works and city planning and determines taxes, rates of duties, fees and tariffs on various services. The Executive Committee is a decision-making body. Also chaired by the mayor, it consists of the appointed heads of municipal departments and members of the Council elected from within their own numbers for one year. The number of elected members cannot be less than two or more than half of the appointed members. The Executive Committee prepares transport tariffs and fees, determines fines, checks budgets and manages personnel.

3.2.2.c The Metropolitan municipality system of Turkey

As a newly created country, Modern Turkey desperately needed manpower for development and security following the loss of population in a long period of successive wars since the last decades of the Ottoman Empire (the Balkan Wars, First World War, the War of Independence). Thus the state encouraged population growth until the 1960s. As a result of this policy, the population had increased from 13.6 million in 1927, to approximately 21 million in 1950, 45 million in 1980 and over 65 million by 1999 (SIS, [State Institute of Statistics] 1994, 15). When the population was believed to be sufficient this official encouragement ended in 1965 (Hale, 1981, 24). After the Second World War, with the founding of the Democrat Party in 1946, a two-party system emerged in Turkey moving to a multi-party system from 1950. In 1950 the Democrat Party won the election and became the governing party. After that, the priorities of the state regarding social and economic policies changed. Modernisation in agriculture, investment in roads, hospitals and factories was begun. As a result of these developments since 1950, Turkey, quite apart from population growth, has experienced a sharp and explosive urban growth. During the first decades of the

Turkish Republic after 1923, Istanbul was the biggest city in the country with 700, 000 residents and Izmir was second with more than 100, 000. Before 1950 the population of the cities grew relatively slowly: the urban population of the cities increased from 2.2 million in 1927 to 3.9 million in 1950. By 1990 33.3 million people lived in cities (SPO [State Planning Organisation] 1994, 8). The number of cities also expanded sharply. In 1950 only five cities contained more than 100, 000 people; however, by 1990 there were 43 (Keleş and Hamamci, 1993, 57). In 1960 there was only one city, Istanbul, with over one million inhabitants; by 2004 this number had increased to seventeen cities.

As this statistical information shows, Turkey has experienced a huge flow of people from rural areas to cities. Indeed, for instance, the influx from other regions to Istanbul alone is still continuing at 400, 000 annually (Pickford, 1995, 75). Istanbul now is a city (though more like a series of villages) of over twelve million. This flow of migrants to larger cities resulted in more urban problems including 'the emergence of the phenomenon of Gecekondu or 'overnight' [housing settlements] in a massive proportion' (Heper, 1989, 5).

The 1980s witnessed the intensification of problems particularly in big cities. The traditional municipal system could not cope with these developments and a new administrative structure was required to provide better services and to answer the public's increasing needs. Based on the 1982 Constitution (Article 127), Metropolitan municipalities were created in Istanbul, Ankara and Izmir under the Metropolitan Municipal Act No. 3030 of 1984. This number increased to eight, by adding Adana, Bursa, Konya, Gaziantep and Kayseri, in the following years. There are a number of District municipalities within each Metropolitan municipality. In 1993, by the Decree No. 504, seven more Metropolitan municipalities were created: Antalya, Diyarbakir, Erzurum, Eskisehir, Izmit, Mersin and Samsun. Lastly, by the Decree No. 593, in 2000, the most recent Metropolitan municipality was created in Sakarya, so the total number became sixteen. However, the Decree No. 504 introduced a new local administration unit, 'the Sub-division municipalities', in Metropolitan cities. This innovation changed the need to establish District municipalities set out by the

Metropolitan Municipal Law No. 3030 of 1984. The main reason for this regulation was to reduce bureaucracy and the cost of establishing District administrative organisation (Eryilmaz, 1999). This study covers them, as they are Metropolitan District municipalities with the same functions although under different names.

With the Law No. 3030 a ‘two-tier’ system was introduced which divided responsibilities and functions between Metropolitan and Metropolitan District municipalities. Article 6A of Law No. 3030 assigned to the Metropolitan municipality the determination of goals and objectives, overall policy-making and implementation. These are as follows:

- strategic planning of major infrastructure investments and facilities;
- city master plans and approving and supervising the implementation planning within master plans drawn up by District municipalities;
- co-ordination contracting for all activities related to transportation, including the construction and maintenance of major roads, bridges and squares;
- construction, maintenance and operation of passenger and cargo terminals and multi-storey parking lots;
- establishment of recreational, social and cultural facilities, such as green fields, parks, sport centres and the protection of the environment and environmental health;
- provision of basic services related to sewerage, water supply and heating;
- establishment and running of public health laboratories and other facilities related to enforcing sanitary requirements on food and beverages;
- reservation of lots to be used as cemeteries and their operation;
- solid waste disposal;
- construction and operation of wholesale markets and slaughterhouses;
- operation and co-ordination of municipal police and fire services;
- conducting those economic activities which will impact on the whole metropolitan area.

The same article (6-B) of Law No. 3030 provided that all municipal functions (except those in paragraph A) can be performed by Metropolitan District municipalities. It adds that providing recreational facilities and the construction of wholesale markets and slaughterhouses may also be undertaken by the District municipalities. The functions directly allocated to District municipalities may be summarised as follows,

- construction and maintenance of non-major secondary roads;
- health and veterinary services;
- street-cleaning and waste collection;
- supervision of prices and control of markets;
- environmental and public health controls;
- granting building permits, control of buildings.

By the amendments made by Decree No. 572 of 1997, the municipalities (for Metropolitan 572/3, for other municipalities 572/4) have been assigned more duties regarding disabled people such as:

- establishing training and living centres for disabled people;
- providing free or discounted suitable transportation for the disabled and taking other necessary measures to make their life easier.

Overall, it is compulsory to follow the standard set by the Turkish Standard Institution (TSI) (the official organisation responsible for setting standards and adapting International Standards into the Turkish system) during the implementation of all the responsibilities listed above. (Ergüder, 1989, 32-33; Keleş, 1994, 254-6; Gülseven, 1999, 22-23; 110-112).

The Metropolitan municipalities are composed of the same three parts as the traditional municipalities: Metropolitan Mayor, Metropolitan Council and the Executive Committee. The Mayor is elected by public vote for five years. He is the chief executive and co-ordinator for the Metropolitan Area and represents the Metropolitan municipality. He has power of review and veto over all decisions taken

by the Metropolitan Council and Metropolitan District Councils. When he vetoes Council decisions they can override his veto only by a two-thirds majority.

The Metropolitan Council, chaired by the mayor, is the main decision-making body. It is composed of the Metropolitan Mayor, Metropolitan District Mayors and one-fifth of the Municipal District councillors. They are also elected by public vote for five years. The Metropolitan Council has important responsibilities, which indicate its senior position and tutelage power over its District municipalities. Among them some can be mentioned as follows:

- resolving disputes, either between Metropolitan and District municipalities or among the Metropolitan District municipalities;
- scrutinising the infrastructure plans and budget drawn up by Metropolitan District councils and approving them with or without alterations;
- making changes and transfers within the parts of budgets prepared by Metropolitan District councils.

The Metropolitan Executive Committee is both a decision-making and an implementation body. It is chaired by the Metropolitan Mayor or a deputy chairman determined by the Mayor. It consists of the secretary-general of the Metropolitan municipality and the heads of the municipal departments of legal affairs, urban planning and development, public works, finance, personnel and administration. The Ministry of Interior appoints the secretary-general upon the recommendation of the Metropolitan mayor. The Metropolitan Executive Committee has the same responsibilities as the Executive Committees of the traditional municipalities. Furthermore, they have extra responsibilities and duties assigned by the Metropolitan Municipal Law No. 3030.

The Metropolitan District municipalities have the same structural organisation as the traditional municipalities. However, because some of their responsibilities have been transferred to the Metropolitan tier, they have less power.

3.2.2.d Problems and weaknesses

Before concluding the Chapter it will be useful to mention the various problems which Turkish local governments face. Yalçindag (1997) classifies the problems of local authorities. He considers the heavily centralist state tradition as the main problem which also leads to other problems which he lists as follows:

- administrative tutelage and lack of independent functions;
- inadequate financial resources and excessive centralism in local government finance;
- lack of qualified officials;
- limitations in the employment of modern management techniques and organisational principles;
- weakness of citizen support and consciousness;
- limited level of public participation;
- insufficient transparency in the administration;
- insufficient legal and audit control of local authorities;
- increasing social expectations for more and better services;
- limited implementation of privatisation programs (Yalçindag, 1997, 48-53)

After this coverage of the structure of the local government system in Turkey the fourth and final section of this Chapter will focus on former President and Prime Minister Mr Turgut Özal and his privatisation policies and attempts to reform the administrative structure — the so called ‘Özal era’.

3.3 Conclusion

This Chapter has attempted to outline the heavily centralised state structure. It was mainly adopted from the French tradition during the last decades of the Ottoman Empire and has lasted to present day. To clarify the position of local government within this centralised state structure, figures, diagrams, tables and maps have been employed. This Chapter has showed that three types of local authorities (SPAs,

municipalities and villages) are all politically and financially dependent on the central state. The dual management of provinces by powerful appointed *Vali* is a controversial issue, causing continuing debate in the political arena. Özal's attempt in the 1980s to strengthen the municipalities by creating Metropolitan municipal authorities and empowering them with more financial resources was successful to some extent. However, it also caused confusion of power within its structure between Metropolitan and Metropolitan District municipalities. The Chapter has also noted that the villages authorities are the weakest part of the local government system and (together with the SPAs) their position as the agents of central government has resulted in questioning of their identity as legitimate local government authorities.

The next Chapter will focus on central-local government relations in a highly centralised Turkish state tradition, beginning with its historical roots. It will also review this issue in the Özal era as well as the present situation.

Chapter 4

The Turkish Political Context (ii): Central-Local Government Relations

Before we analyse central-local government relations it is necessary to consider the wider political system in Turkey and its principal rooted centralist characteristic. The first part of this Chapter will look at the historical development of central-local relations. Within this, the official state ideology of 'Kemalism' will also be explained. It is a dominant character of Modern Turkey and it has been influential in every way. As Köker (1993, 8) has emphasised, Kemalism has exercised autonomous power in the country's political and social development. This has included privatisation policies. When Özal introduced these at national and local levels in the 1980s, the then Left party — the Social Democratic Populist Party, later Republican People's Party (Kemal Atatürk's party) — opposed to it because it departed from the principle of statism (one of the six pillars of Kemalism).

The second part of this Chapter will deal with central-local relations during the key period for the history of issue of the municipal privatisation — the years of the 'Özal era' (1980-93). The third part will describe the central and local governments' powers on the privatisation issue. The fourth part will analyse the political aspects of c-l-r concerning privatisation. The fifth and last part will present quotations from the 39 interviewees of this present study, their opinions on c-l-r and the shortcomings of the system.

4.1 The history of central-local relations in a highly centralised state

In contrast to some of its more pluralistic European counterparts, the Ottoman Empire was autocratic with a very limited array of freedoms and had no concept of an independently active civil society (Özcan, 1997). A strong centre was the main part of

the multi-national structure of the Empire. From the beginning of the Ottoman Empire, the centre — the Sultan and his close circles, the commanders (*pashas*) and the clergy (*ulema/ilmiyye*) — held state power. It was an absolute monarchy. The state (Sultanate) was represented by the physical person occupying the throne. The Sultan was the absolute ruler and possessor of divine power (Arsel, 1966).

Attempts towards actual reorganisation of the administrative structure, as well as modernising social life, started with the '*Tanzimat Fermani*' (*Tanzimat* (Reorganisation) Proclamation) of 1839. The *Tanzimat* period (1839-76) was known as the Ottoman era's reformist and modernising period. In this period there was an attempt to institutionalise local government in order to achieve more regular and fairer taxation, better delivery of services and to develop order and economic power. But these, rather than the development of local democracy were the objectives (Ortayli, 1978, 8).

Faced by increasing demands for more local independence in the Empire beyond Turkey, the centre sought to preserve itself by concentrating its power. Therefore, local autonomy was hated by the centre in Istanbul, 'since devolving power to the non-Turkish provinces threatened the regime's very existence' (Danielson and Keles, 1985, 72). Modern Turkey has therefore inherited a highly centralised governmental system from the Ottoman Empire and its rulers' efforts to concentrate power in the centre have continued.

Danielson and Keles (1985) have concluded that Ottoman Turkey had no tradition of independent municipalities enjoying local autonomy and providing their services in a western sense. They quoted Weiker (1981, 228) who wrote that 'there was little or no concept of a city as an entity with the responsibility of providing its own governmental services'. With respect to local autonomy, Weiker claimed that Turkey was 'one of the world's most centralised states' (cited in Danielson and Keles, 1985, 72).

Ortayli described the municipal role in the late Nineteenth Century Ottoman Empire as developing no personality of its own, due to the fact that the municipal organisations were understaffed and could not provide the services while also being under the total tutelage of central government. Pressure from the centre on to local government became the traditional practice in Turkey (Ortayli, 1978, 22).

During the nationalist liberalisation and independence period, a new National Assembly, independent from Istanbul, was created in 1920. This Assembly issued a new Constitution in 1921 under war conditions. It provided for local government to be democratic and autonomous. However, it was not long-lived due to the promulgation of the 1924 Constitution which followed the war of independence and the establishment of the Republic of Turkey in 1923. The early years of the new Republic witnessed heavily centralist administration. For instance, the mayor and members of local councils were all appointed by the central government under a new law of 1924 (Ersoy, 1992).

Until 1944 Turkey was ruled by the *étatist* practices of Kemal Atatürk's single party regime. In this period, it was difficult to distinguish local government as a separate administrative level. In 1930 a Municipal Law was enacted which replaced the previous law of 1924. In this new law, equality among municipalities was introduced (except for Istanbul and Ankara) in which the mayorships and governorships were united and were put under the absolute control of central government, even though all municipalities (other than Istanbul and Ankara) a mayoral and council election was introduced (Tekeli, 1978, 52).

The multi-party system, after 1946, did not bring any significant change in the structure of municipalities, with the exception of ending the exceptional status of Istanbul and Ankara. Anti-democratic rules, such as approval of the elected chairmen of the city council by the Ministry of Interior, continued. Keles has pointed out that the perception of municipalities as simply provincial extensions of the central government prevailed (Keleş, 1988).

After the military coup of 1960, the Constitution of 1961 was adopted. In this constitution democratic rights and freedoms were extended. The single majority election system was introduced for mayoral election: this was aimed at strengthening the mayors. However, to prevent abuse by these executive mayors, the city council was also strengthened (Tekeli, 1978, 190-191). Government approval of mayors' appointments by governors or the President of the Republic was removed. However, Ersoy underlines that widespread administrative and financial controls were controversially introduced in this period so that local government continued to experience clear subordination to the heavy tutelage of the centre (Ersoy, 1992, 328).

Central government's clear superiority over local administration continued under the new Constitution of 1982:

The central administration has the power of administrative trusteeship over the local governments in the framework or principles and procedures set forth by law with the objective of ensuring the functioning of local services in conformity with the principle of the integral unity of the administration, securing uniform public services, safeguarding the public interest, and meeting local needs, in an appropriate manner (Article 127).

Turkey had experienced another military coup in 1980 and all democratic rights and freedoms had been suspended. In 1982 this even more centralist new Constitution was prepared and adopted. Local government initiatives were further weakened. The Ministry of Interior was even authorised to suspend local governments until a final decision was reached by the courts (Ersoy, 1992, 328).

Pointing out the suppressed position of local government, Gozubuyuk has written that, although local government exists in Turkey, it is entitled to very limited authority compared even to British local government (Gözübüyük, 1985).

At the end of 1983, a newly elected civilian government led by Turgut Özal announced its philosophy of government as liberalisation, private ownership and democratisation. The new government promised to strengthen local government and to

reduce centralist tendencies. Accordingly, in 1984, (by Act no 3030) metropolitan municipalities were established in the three largest cities and later expanded to sixteen metropolitan municipalities with a minimum population of 400,000. However, the tutelage relation has continued in a lightened form. A real positive change occurred in the financial structure aiming to improve the financial capacity of local governments through various enactments.

Since the Ottoman Empire, the importance of the *étatist* culture and strong respect for the state have been dominant factors in Turkish society. Halil Inalcik has written: 'Within the Islamic community of peoples, Turks have had a special state tradition...[which] can be defined as recognition of the state's absolute right to legislate on public matters' (cited in Heper, 1987, 131).

Reviewing the unusual socio-political structure of Turkey, a leading student of politics, Serif Mardin has written that:

Turkey is not in the usual sense a developing country. It is a state, the fabric of which has endured for a number of centuries. Consequently, its political culture embodies elements which go far back into history (Mardin, 1966, 375).

The limited nature of the modernisation process needs to be understood. Neither the driving force of commercial and industrial capitalism, operated by a new bourgeoisie, nor an industrial revolution, creating an urban working class, was experienced in the Ottoman Empire, in contrast to Western Europe (Gönensay, 1992, Mardin 1994).

Turkey has not yet achieved a pluralist, democratic political structure. The most important influence on central-local government relations and regulating the role of all public administration is the nature of the political regime. Modern Turkey has experienced four attempts at constitutional regimes (1921, 1924, 1961 and 1982). During this long period, Turkey has mostly experienced one-party regimes, military coups and intermediary regimes (under military control while transforming back towards limited democracy). Attempts at political reform favouring local government

have been practiced in the periods of relatively democratic and stable civilian government. The 'Özal era' of local government reforms (starting from the local government election of 1984) resulted from one of these relatively democratic and politically stable periods.

The Turkish centralist administrative structure was historically similar to the French. However, during the 1980s and 1990s, the French system has been widely revised and improved. In Turkey, however, even though there were major changes in the social structure, the administrative structure did not change in more than minor respects.

The different historical development of the Ottoman Empire compared to Western Europe is striking. The lack of an industrial revolution and a commercial and industrial bourgeoisie has been seen as one of the main reasons for the continuing highly centralist administrative structure. In their absence, there has been instinct of needing to 'save the state from destruction' shared by the wealthy and military elites, bureaucrats and intellectuals. For this reason, power was increasingly concentrated in the hands of a rising class of Ottoman imperial bureaucrats (İnan, 1983).

Heper (1974) has suggested that the main target of Atatürk's regime was to strengthen the state during the modernisation of political and social life. According to Küçükömer (1969) Kemalism had little or no public support for its modernisation project, thus the reforms were carried out by a heavily centralised bureaucratic structure (cited in Mutlusu, 1997, 412). Similarly, Kuzu (1993) has maintained that, because of the weak, underdeveloped economic structure, there were no organised interest groups and no institutionalised and legitimate opposition in the country. Thus, depending on a very narrow civilian-military elite bureaucracy, the government sought to shape the political regime and the society.

However, Göymen (1999, 54) explains this process as a normal one of the newly established Republic which also was struggling with economic problems. In his words:

The gravity of the economic and financial situation of the young Republic; major challenges in the form of widespread war, devastation and epidemics; the lack of capital accumulation and indigenous entrepreneurship and the need to consolidate the political system, further reinforced the centralist tradition.

Local government ‘was no more than a new administrative agency of the central government to conduct affairs in the localities’ (Göymen, 1999, 53) in both the Ottoman Empire and the Republic of Turkey.

The Republic of Turkey was established by high ranking officers and bureaucrats of the Ottoman Empire applying an ‘authoritarian top-down’ politics. They were following the French Jacobin approach based on the assumption that a (mostly Western-educated) state bureaucratic elite could transfer people from bad conditions to good ones without their specific consent. According to Kemalism, the state required that the military-bureaucratic secular elite must instruct the message of Westernisation and modernisation (Özcan, 1997). Kemalism remained for a long time as a dogma; nobody dared to question it (Ahmad, 1994, 109). It still is an official national ideology and a cornerstone of the state (*Financial Times*, 1997). Writing earlier, in 1993, Köker (1993, 8) claimed that Kemalism was continuing to exercise autonomous power in the political and social development of Turkey. Despite the striking success of the different values represented by the JDP government, in my judgement, this statement as true or even truer today, some years later.

A leading student of constitutional law, Mustafa Erdogan, criticises the practice of Kemalism for attempting to contain all goods within an approved concept of ‘contemporarism’. This concept traditionally rested on the ‘six pillars’ of Kemalism: republicanism, nationalism, populism, etatism, laicism and reformism. But the contemporarism of Kemalism is not a dynamic understanding of modern life. Ernest Gellner has stated that Kemalism

‘contains a deep commitment to Westernisation, and that Westernisation is conceived in nineteenth –century terms. It is held to include the values and institutions believed at the time to contain the secret of western economic and military power’ (Gellner, 1994, 82)

From the school curriculum, official radio and TV broadcasting, to the press, the armed forces, the presidency, ‘civil society’ (including NGOs) – everything and every institution has a duty to conform to this aim (Erdogan, 1997).

Democracy in Turkey did not emerge by itself: it was conferred or perhaps imported by the military. It has been argued that the Turkish military is unique in the sense that it sees itself as having, as Jenkins has written an ‘almost sacred duty’ to protect an indigenous Kemalist ideology (Pinkney, 1990, 14; Jenkins, 2002, 6). Thus, it seems that the military claims the right to protect democracy and Kemalism from anti-democratic religious reactionary and separatist ethnic forces. Cizre-Sakallioglu and Yeldan (2000, 496) describe this powerful position of the military in Turkish politics as follows:

As the founding institution of the Republic, the military sees itself as the guarantor of last-resort of the national interest which is defined — with differing emphasis at different times — as confronting reactionary Islam, ethnic secessionism, and the communist challenge. The Turkish military can be said to have a “political autonomy” (see Cizre-Sakallioglu, 1997: 151-66), an ability to go above and beyond the constitutional authority of elected governments to uphold the precepts of the state ideology known as Kemalism.

As a result of the military coups of 1960, 1971 and 1980, the Turkish army has strengthened its authority and legal status within the Turkish Constitution under the roof of National Security Council. This strong structure of the military has been criticised by the EU. Nachmani cited Henry Barkey (2000) as stating that the very existence of powerful National Security Council, through which the military exerts its influence over the Turkish politics, is perceived by the EU as a violation of its norms’ (Nachmani, 2003, 71).

Turkey is a modern secular nation state. There is no official state religion, but 99 per cent of the population are Muslim. Since the introduction of a multi-party system (1946 onwards) Islam has increasingly become a political basis to catch votes from the conservative segments of society. During the 1980s and the 1990s both moderate and radical Islamic groups appeared. Turgut Özal and his Motherland Party played a major role in these developments due to his own sympathy to Islam. It was alleged that he was a member of *Naksibendi tarikat* (a Muslim religious brotherhood). He was also known as a modernising politician and moderate Muslim democrat leader.

The authoritarian tradition in public administration persists today. A recent public opinion survey research carried out by Konya University in late 2000, found that 25 per cent of respondents feared any personal interaction with the state (Alkan, 2000). This perceived lack of officials' respect for the public has been admitted and criticised by some high office-holders. The former President of the Court of Cassation, Sami Selçuk has pointed out the problem and the need for reform. In his most recent speech (7th September 2001) while still the Court's President, he characterised and criticised the Constitution of 1982 saying that 'it looks like police regulations' and urged a complete new civilian constitution rather than simply making amendments. (*Turkish Daily News*, 2001c). Mehmet Ali Birand (who has published books on the army and politics) supports Selçuk and claims that 'the 1982 Constitution is the shame of Turkey':

The influential circles who govern Turkey are resisting change – I do not know whether it is because they are afraid or because of some other reason. They worry about giving freedom to the society whom they are used to seeing as slaves. They do not want society questioning and demanding its rights. (Birand, 2001).

Local government has been struggling with these problems, mainly resulting from political and centralist administrative tutelage and financial difficulties. Municipalities became unable to provide even basic services. In the 1970s, the Republican People's Party candidates won the municipal elections in several of the biggest cities and began to question central-local government relations (Göymen,

1999). Urbanisation problems intensified even further during the 1980s and at this stage privatisation of municipal services began to be seen as a new financial and economic resource and a possible solution for the problems of local government. These emerging new ideas favouring privatisation stemmed from new Right ideology. In the 'Özal era' (1983-93) there was also a change in the balance of central-local relations in favour of local government. However, as will be seen in the next Chapter, this change could not be maintained and after Özal the dominant role moved back toward central government.

In our bureaucracy if something is in the regulations it can be done, otherwise it cannot (Ersoy, [Virtue Party] mayor of a Provincial municipality, 1999).

The Valis [Provincial governor] should be elected by the public and even the chief of police in a province needs to be chosen by the local authority. (Korkutata, [Virtue Party] former Member of Parliament, 1999).

One significant example of the tutelage on municipalities is that they cannot buy a service car without ministers' approval (Korkutata, [Virtue Party] former Member of Parliament, 1999).

Top bureaucrats in the central administration do not want to transfer authority and power but desire to collect more in their own hands. This causes a clumsiness of the state and slows down the bureaucratic process. (Sancar, municipal trade union representative, 1999).

There should be a 'Local Government Constitution' with local councils empowered and authorized with responsibilities as long as they do not contradict that constitution. Local authorities should create local taxes and conduct local referendums (Tasdelen, [RPP] former mayor of a Metropolitan District municipality, 1999).

4.2 Central and local governments' legal powers on PSPPS

Kemalist republicanism has given a leading regulatory role to the state not only in the economy but also in other spheres of the life. This understanding has been voiced by the famous Turkish political maxim of 'Government for the people, in spite of the people'. Its author was F. R. Atay, columnist of the semi-official newspaper of the Republican People's Party, *Ulus*. After losing the election against the Democrat Party in 1946, he explained the duty and the mission of the RPP as follow: 'The RPP as the party of idealist reformists assigned itself to govern for the people in spite of the people (25 July 1946)' (cited in Mert, 2002).

However, this attitude started to change during the Özal era of 1980-93. During the 1980s and the 1990s the trend was towards decentralisation, partly resulting from the technocratic argument that decentralisation is an efficient way to solve the problems of distorted and rapid urbanisation. This approach was integrated with the ideological drive of the new Turkish conservatives who aimed to decrease the étatism in the economy through privatisation (Köker, 1995). In legal terms, they soon found that this policy was likely to be challenged constitutionally. This highly formal constitutionalist style is part of Turkey's Buonapartist tradition and influence. More recently, powerful military influence has also insisted on its approach to formal constitutionalism as a means of disciplining the civilian politicians. Acts or regulations regarding the privatisation of public services must first define the concept of privatisation and then fit it within the framework of the constitution.

The general concept of privatisation is fragmented and diverse (as noted in Chapter 1) so that there is no one definitive version of its objectives and methods. One central question is whether the ownership of public assets actually changes hands.

For instance, a report prepared for the Turkish chambers of trade (TOBB) perhaps rather strangely did not accept the sale of public land and houses to the occupiers and residents as privatisation. The report defined privatisation as the sale of a public function, company or corporation from the public sector to the private, thus reducing public sector operations rather than assets (TOBB, 1993, 17).

This approach leads us to look at the Turkish constitution which automatically regulates all forms of nationalisation and collectivisation. However, it does not regulate forms of privatisation because the concept is not recognised. The constitution allots the legislative function to the (single chamber) Parliament but, in the common way, disallows legislation which would breach the constitution. Laws providing for privatisation of any kind do not, therefore, either clearly conform to or breach the constitution as it is silent on the subject. In a strongly constitutionalist system, this lack of connection is a problem.

According to the constitution, the state is described as a ‘social’ state. For this aim, development plans and state economic enterprises (SEEs) are mentioned in the text as tools which can be used by the government. Regulating economic life is to a large extent intended to secure its good health and to prevent private monopolies. As noted above, the constitution contains no general article to prohibit the privatisation of state assets. But there are some exceptional provisions preventing particular privatisations. Article 169/2, for example, states that ‘ownership of State forest shall not be transferred to others.’ Regarding natural resources, the constitution gives the government permission to transfer the rights to explore and exploit them to individuals or public corporations but only for specific limited periods (Art. 168 of the 1982 Constitution). As a result of the constitution’s near absence of provision, the legal base of proposed privatisations has not been well established. There has been no proper link between privatisation and the constitution or any organic acts which could regulate privatisation in parallel with the principles of public law.

In Turkey, privatisation policies were regulated and operated during the ‘Özal era’ (between 1980 and 1993) by various acts, decrees and regulations. In 1994 a specific law was passed: the Privatisation Law (Law No. 4046). In the first article of Law 4046, its purpose was stated as to regulate the principles of privatisation aiming at the improvement in productivity in the economy and reduction in public expenditure by a long list of SEEs. Their operations, assets and associated corporations were to be

privatised. The same article specified that the objective of privatisation within local governments was reducing the public expenditure of their commercial subsidiaries. Article 26 of the law of 1994 was dedicated to privatisation of units of municipalities and provincial administrations. According to the article, the privatisation of

commercial organizations owned by the municipalities and provincial administrations and their shares in all participations, irrespective of the percentage of the shares owned, shall be determined and executed by their authorised organs, in accordance with the principles in this Law (Privatisation Law No. 4046, article 26).

The same article also includes an example of the central government's control over local government's commercial activities. Prior approval by the central government would be required for all local governments and their associated bodies establishing a commercial organisation to engage in commercial activities or to participate alongside private capital within existing companies.

The law of 1994 clearly considered privatisation as the main tool for reducing public expenditure. However, in Turkey, as well as other countries, support for privatisation policies is not limited to its economic results. There are other social and political aspects and aims which are also considered important. In the UK, for example, according to Painter (1991, 192) not only reducing public expenditure but also limiting the power of trade unions was an important motive. The same logic was behind the privatisation policies in Turkey. The next section will focus on the political aspects of central-local government relations concerning privatisation policies in Turkey.

In the Turkish municipal system the mayors are very powerful against the municipal council. The council does not know of every action and decision. The mayor manages the municipality himself. If the council had the power to check any arbitrary decisions of the mayor, the municipalities could become more democratic. (Uysal, serving senior civil servant, 2000).

Central government encourages local authorities to privatise their services: we can call this exploitation of local authorities by central government (Sancar, municipal trade union representative, 1999).

Central government maintains unnecessary tutelage over the municipalities. This should be abandoned in favour of effective legal control. A new understanding of the municipalities must be introduced: they should collect taxes and other service charges and spend only that amount or they will suffer. Every municipality should plan for their projects and personnel accordingly (Uysal, serving senior civil servant, 2000).

If central government is in favour of privatisation but local government is not, and if their controlling political parities are different, then the local authorities can suffer pressure and experience difficulties (Keles, academic, 1999).

Municipalities are struggling with a central bureaucratic system that limits their ability. Working hard and ensuring public engagement through privatisation can do some limited good things (Aykan, [Virtue Party] mayor of a Provincial municipality, 1999).

The most important problem for municipalities is not money but mentality. Self-funded and self-governed municipal services must be developed. In fact, many functions and services depend on Ankara (Akcali, [TPP] former Member of Parliament, 1999).

Since Özal, central political influence on local authorities has increased. Central government and MPs want to interfere with local authorities. Their influence over local authorities must be diminished (Ergin, serving senior civil servant at a Metropolitan District municipality, 1999).

As the Virtue Party we claim that in Turkey local government must provide fifty per cent of the local services rather than just over ten (at present). This must be done by transferring authority and financial power to local authorities (Korkutata, [Virtue Party] former Member of Parliament 1999).

The state is suspicious of local government and does not trust it: the state considers it as a rival (Eryilmaz, academic, 2000).

In Turkey no government has kept its word about empowering local governments. Özal was the one exception: he did transfer financial resources and legal power to municipalities. However, after him these policies were gradually weakened (Durak, [Motherland Party] mayor of a Metropolitan municipality 1999).

Mayors are too strong within the system: they hold all authority. Without them, the system would simply stop. Mayors should have only representative, ceremonial duties as in Britain (Aksu, [Motherland Party] former mayor of a Provincial municipality, 1999).

There must be serious changes in municipal structures and some services must be transferred to municipalities including education, health, state hospitals, and traffic services (Aslan, municipal trade union representative 1999).

In terms of central-local government relations, some people have fancied to go back before the 1980s and even to the 1930s. These people are in National Security Council, higher judiciary organisations and other top bureaucracy. They are against development, transformation and democratisation (Aslan, municipal trade union representative 1999).

Central government helps local governments to get central funds but this can be subjective and depending on their party relations. Some municipalities can get more funds (e.g. for the environment) while others get nothing. There are no reasonable, agreed criteria to distribute these shares (Aytac, retired senior civil servant, 1999).

The main problem of municipalities is not finding the money and resources but spending it in the right way. The current municipal structure contributes to this problem (Karayalcin, [RPP] former mayor of a Metropolitan municipality 1999).

If Ankara cannot shrink, Turkey cannot grow. If municipalities cannot also shrink, their services also cannot grow (Durak, [Motherland Party] mayor of a Metropolitan municipality, 1999).

4.3 Political aspects of central-local government relations concerning PSPPS

The evolution and current status of the Turkish political system provide a good example of a central authoritarian system. As part of the country's centralist structure and tradition, privatisation of local government services has been closely regulated by the central government. The central bureaucratic elites, as most of this study's interviewees stated, do not wish to transfer their power and responsibility to local government level (see the Quotation Boxes in Chapter 3 to 6). As political organisations, ministers and their elite administrators want to use (or abuse) power at elections. As a former provincial governor (*Vali*), Mr Fethi Aytac (1999) stated that, in the draft reform bills, the government's General Directorate for Rural Affairs had been proposed to be abolished with their responsibilities transferred to the Special Provincial Administration (the highest level of local government unit headed by the appointed *Vali*). He criticised the central administration for opposing this reform in order to continue to provide services to rural areas where many votes could be influenced. The closing of this Rural Affairs directorate would cause the loss of jobs, mainly seasonal, and an adverse electoral effect could be expected. The central government does not want to take that risk and so leaves the structure as it is.

Another limitation which affects the success of privatisation policies is the limit of only one year for the contracting out of services to the private sector. A private company needs to invest in machines and other equipment in order to win the contract. But when it expires after only one year, if the company cannot keep it a serious loss results. This one-year limit is an important reason for a company to avoid seeking a contract for public service provision.

To attract more private firms into the competition for service provision this term could possibly be extended to three-to-five years. However, the central government could hold the power to terminate a contract, claiming that the private

firm had not been successful in a reasonable term such as one or two years. The full contracted term could not be guaranteed, so the private firm will not commit itself.

Both the political and legal aspects of local services' privatisation in Turkey have been in difficulties from the beginning around 1984. The issue has been regulated by different laws, decrees and governmental regulations reflecting political policy changes. However, frequent changes in the legal regulations and the responsible authorities, as well as in the system and methods of privatisation, have caused continuing political and legal problems. The novelty of the privatisation issue and the results of experience in the leading countries such the UK and USA and EU influence have produced frequent changes in Turkish privatisation laws, but without notable improvements.

4.4 Conclusion

This Chapter has outlined central-local government relations in the heavily centralised Turkish state system which is rooted back to the Ottoman Empire. Despite reform attempts, central-local government relations have kept their dominant centralist structure throughout the Twentieth Century. Major changes to this centralised structure were attempted during the Özal era (1980-1993) particularly in his first term as Prime Minister (1983-1987). The next Chapter will analyse the Özal era with his attempts to change the economic structure of Turkey and his policies towards the liberalisation of the Turkish economy and political system.

Chapter 5

The Turkish Political Context (iii): Theory and Practice of PSPPS During and Since ‘the Özal Era’ (1980-93)

5.1 Özal’s inheritance of state-dependent state-owned enterprises

‘The Özal era’ in recent Turkish political and economic history has already been referred to several times in this study, notably in Chapter 1 in the outline of this present Chapter. This Chapter will present this remarkable period of Rightist innovation, when Turgut Özal’s neo-liberal, market-based economic and political ideology was applied to Turkey’s entrenched, *étatist*, Kemalist political economy and its nationalist rationale. Cornell has written that:

He was not afraid of challenging established taboos and widened in a positive way the internal debate which to a certain extent was characterised by a rigid Kemalism with claims on orthodoxy (Cornell, 2001, 62)

The academic Feride Acar summarises ‘the catchwords of Özal’s world view’ as ‘free market economy, end to the protectionist and paternalist state, privatisation and opening up to the world. ‘They were derived from a tripod of beliefs that constituted the essential of his political philosophy — freedom of thought, freedom of religion and conscience, and freedom of enterprise’ (Acar, 2002, 172).

It will not come as a surprise that, ten years after his death in 1993 (while serving in his last public office, the Presidency of Turkey) there is still little of PSPPS to show at the national government level, although more at local government level — (hence the municipal emphasis of this study).

In the western understanding, using Marx's term, there was no bourgeoisie in the Ottoman Empire nor has one grown up in the Republic of Turkey because Turkey has never experienced real western capitalism.

Modern Turkey inherited large amounts of debt and a destroyed economy. Most of the intellectual and educated population had been lost in the wars. There was almost no private business sector to trigger significant economic development. Thus, the state had to make initial big investments and undertake economic activities. Two policies were to be combined: the encouragement and protection of the private sector; and speeding up national economic and social development and by the establishment of major state economic entities (Köker, 1993, 179).

These policies have been carried on during the two-party and multi-party systems since 1946, leading to the common saying that 'every ruling party and government creates its own riches'. In recent decades, Turkey has seen many examples of this type of quasi-private sector entity which is mainly dependent on the state and public contracting. Their managers have been against privatisation by fair tendering for public services. They have preferred to obtain their contracts through using their media power or personal and indirect relationships with the governing politicians. One of the worst examples was during the last Motherland-Democratic Left Party coalition government. Its privatisation of the nationalised Türkbank was based on corrupt tendering which, in the end, caused the fall of the government in early 1999. This criminal case is now before the Supreme Court.

During the Özal era (1980-1993) the ideological considerations of opening up the Turkish economy to world competition meant little to Turkish industrial leaders whose lives had been sustained by a web of support from the Turkish state (Pettifer, 1998, 76). Pettifer has described their behaviour:

When the business is going well, the big Turkish combines are happy to appear open to the outside world; when their position in Turkey is threatened in any way, they are ruthless in defence of their own

interests and quick to seek the protective canopy of the Turkish state (Pettifer, 1998, 77).

With the virtual absence of an active and genuinely private sector, the state had to make its own initial investments and undertake widespread economic activities. In the 1930s, many publicly-owned economic enterprises, originally called as Kamu İktisadi Teşebbüsü (State Economic Enterprises-SEEs) were established by the state for the production of goods and services. Until 1950, the Turkish economy was mainly agrarian in character. In 1950, a multi-party period began but the established DP won a general election with an overall parliamentary majority: Adnan Menderes became prime minister. Since then, the Turkish economy has gradually changed from an agrarian to an industrial one and population has shifted from a rural to an urban basis bringing many problems.

As to its political condition, Turkey, particularly in the 1970s, experienced political polarisation and fragmentation, producing brief and unstable coalition governments. This political weakness was worsened by economic problems, causing serious conflict between Left and Right ideologies. Turkey experienced civil violence with thousands of people dying. Of course, the general economic problems which all of Europe faced in the 1970s influenced the worsening economic problems of Turkey: severe scarcity of goods and services and long queues to buy basic needs. During election campaigns in the 1980s, Turgut Özal blamed the political leaders responsible for the economic weaknesses and shortages.

SEEs had been constituted as the vanguards of Turkish industrialisation in the early years of Modern Turkey (Eralp, 1990). However, over time they became the sick men of the Turkish economy with (in Karataş's words) 'large operational deficits; low productivity and efficiency; excessive redundant labour forces; conflicting economic and social goals; and managerial instability and political interference'. He also offered an example of extreme political interference in the SEEs, resulting from their being the plaything of rival politicians. The Iskenderun Steel Industry had sixteen different plant managers in nine years between 1971 and 1980 (Karataş, 1990, 21). SEEs' top

management was highly politicised with posts seen as “*arpalık*” (sinecures) for politicians. This is still the practice today to some extent. Many of this study’s interviewees criticised this tradition (for example, M. Aslan’s interview 1999 and B. Ozfatura’s interview 1999). The general secretary of the right-wing Union for Labour in Local Government, Mahmut Aslan, claimed that this tradition includes employing unnecessary labour, creating new cadres of civil service posts and contracting services to fellow political partisans. There is a tradition of appointing high-ranking officials or office-holders, such as former mayors or MPs, or former candidates in national or local elections, not only to the managerial boards of SEEs and other publicly owned organisations but even to salaried posts in the top bureaucracy.

Other problems of SEEs were indicated to this study by the former mayor of İzmir Metropolitan municipality, Mr Burhan Özfatu. He was an executive member of the Motherland Party. He served as mayor of İzmir Metropolitan municipality for two separate terms (1984-89 and 1994-99) for two parties, the Motherland Party and the True Path Party. He stated that SEEs have employed far more people than they economically require. He claimed that SEEs, even if they worked at full capacity, would need 200k people, but they work at only 30% of their capacity (equivalent to 70k people) but actually continue to employ some 600k people. This is an obvious waste of national resources. One official in the Prime Minister’s office had claimed to him that even if the state gave the SEEs away to new owners free of charge, it would still save huge amounts of money flowing out to subsidise their deficits. These were mainly caused by the SEEs’ over-employment, inflated wages and inefficient management (Özfatura, interview 1999).

Due to these cumulative problems, the SEEs became clumsy, highly politicised, bureaucratic and inefficient. They could not adopt new technological developments and became seriously out of date.

5.2 National privatisation under Özal in its reformist context

Turgut Özal's career in government from 1980 to his death in 1993 has been mentioned, particularly in Chapter 1, looking forward to this Chapter. As a Right politician, he was acceptable to the military government which emerged from the violent military coup of September, 1980. This regime appointed him as deputy prime minister with economic and financial policy responsibility. He used this power to launch radical policies in both of the policy fields on which this present study is concentrating: PSPPS — particularly at municipal level — and the granting of greater independence to local government. These two ideas were, in his eyes, really only one: privatisation would promote 'freedom' at large in Turkey's political and economic system and greater, more democratic, 'freedom' for local government would be just one part of that general effect. (His radical approaches to other policy fields — for example, the freedom of individuals and firms to hold and exchange foreign currencies and generally to participate in international economic and financial markets — were equally aspects of 'Özalism' although they lie outside this present study).

In April, 1983 the Turkish military allowed a return to civilian government, to be based on a fresh general election. Turgut Özal led his new party (the Motherland Party (ANAP)) to an overall majority of parliamentary seats in that same year. In the following year, the Motherland Party was still sufficiently popular to win control of a bare majority of municipal councils in the local government elections based on 44-45 per cent of the vote (YYAEM, 2002).

These electoral victories strengthened Özal's policy drive to apply neo-liberal market-based solutions to Turkey's chronic economic malaise and to the incapacity of traditional central and local government methods. He had equivalent proposals for Turkey's position as a trading partner in the international economy (as just noted) but for this present study's purpose we should note that general privatisation, for central and local government, was his dominant idea. He began at the outset of the military regime's period (1980) by nominating many, or even all, of the SEEs for privatisation

in some form. For local government he urged every city he visited to privatise street cleaning and refuse collection as a start and then move on to other services.

It is, of course, ironic that Özal's first efforts to (as he saw it) encourage Turkish democracy by introducing the privatisation of state assets and activities were made possible by the agreement of a military regime which had recently taken power by violent force. His preparations for both the wholesale privatisation of SEEs and PSPPS in local government were based on the military-approved government's decree powers.

Following the return to elected civilian government in 1983 — with Özal now a majority party prime minister — the constitutional problem, described above in Chapter 4.3, soon had its effect. As outlined there, it was not until some ten years later (as it happened, a year after President Özal's death) that a specific act of the Turkish parliament provided any direct provision and regulation for privatisation. It is odd (and perhaps a significant point about the difficulties of radical reform of the Turkish traditional power structure) that Özal did not ensure that the new military-approved Constitution of 1982 contained positive provision for privatising both the national government's SEEs and local government services. He seems either to have overlooked any possible constitutional barriers to his policies or to have failed to overcome opposition to a constitutional revision on this issue within and around the military regime and its approved government — of which he was the deputy prime minister. An oversight does not seem credible because privatisation was Özal's central policy and his instrument for many wider reforms: economic, financial, political and social. His position was quite different from Mrs Thatcher and her British Conservatives who had not mentioned privatisation in their election manifesto of 1979 and who seem to have come to wholesale asset sales of the state industries only gradually over the next three or four years — allegedly in search of extra government revenues.

Although seriously weakened by the Constitution's overall silence on privatisation (and its specific bans on particular asset sales such as the state forests and

foreign purchasers) Özal's Motherland government made both political and legal progress — the latter often relying on decree powers (which is a Turkish tradition and not a particular characteristic of Özal's years in office). Politically, Özal was successful in terms of reducing the position of the monopolistic economic power of capital in Turkey (the so-called 'Istanbul dukes' or, as Koru has called them, 'fat cats') by creating the alternative of the 'Anatolian tigers' (Koru, 1999a). These Anatolian companies were more independent of the state than the 'fat cats' of Istanbul. The only spokesman of the 'Istanbul dukes' was TUSIAD, (Turkish Industrialists' and Businessmen's Association) representing the main holders of private capital in Turkey. Its member companies illegitimately tried to affect national politics by pressurising government to pass laws in their own interest and to get most government contracts by these political means rather than from fair competition. As one leading businessman has told me personally (outside this study's interview panel) if companies such as his own did not receive military and other state contracts, they would not survive. By contrast, the 'Anatolian tigers' were not doing much business with the government. All they asked was the reduction of legal and regulatory obstacles to free market trade and business. They formed Turkey's first independent capitalist or bourgeois 'class' whose influence was so welcome to 'Özalism'. Nachmani noted the growing importance of so called 'Anatolian tigers' as follow: 'Together with Japan and Brazil, the World Bank rated Turkey, with its 4.3 percent growth rate during the 1965-1998 period, as the *seventh fastest growing economy* among thirty countries. ... A striking trend in these years was that Turkey's industrial growth was not limited to the Istanbul and Marmara regions but new centres emerged in inner Anatolia. Industry thrived in Denizli, Urfâ, Gaziantep, Konya, and in many other places. Indeed the country's business seemed to be business, as Andrew Mango (2000, 15) writes' (Nachmani, 2003, 76).

Özal strongly believed that if the Turkish economy was opened up to world economic competition, it would become fully liberalised. This process would both require and stimulate much more efficient domestic production and a much smaller economic role for the state. He and his supporters among the new generation of open-

minded businessmen believed that 'the outstanding industrial potential and natural resources of Turkey could be set free by the beneficial action of the international financial markets' (Pettifer, 1998, 76). These were typical ideological considerations of the 1980s on liberalisation and privatisation. They have quite clearly shifted Turkey closer to West European standards and so opened the door to possible EU membership.

Continuing with political analysis, the academic Bilal Eryilmaz has suggested that the major success of Özal was that he promoted 'privatisation' at a time, at the beginning of the 1980s when it was considered as a threat and even a banned word and, within limits, successfully implemented it. These privatisation measures produced a fundamental change in Turkish political and economical life after 1983 (Eryilmaz, 2000, *interview*). Sapelli has supported this, claiming that,

it was a true cultural revolution that legitimised the market economy and free enterprises, a revolution which favoured the nascent entrepreneurial class and which gave the entrepreneur and economic motivations a high degree of respectability (Sapelli, 1995, 70).

On this neo-liberal view, the most important indicator of the changing relation between the economy and the state is the privatisation process where the state's fiscal gap is filled for the core duties of education, health, some parts of the infrastructure, social security, justice and defense. Moreover, the capital will on this view flow be broadened and, with competition, the resources will be used more efficiently. This political and legal progress of the Özal years offered both shorter and longer term economic gains. An immediate one was the start of a long period of high economic growth. Following the military coup of 1980, based on Özal's liberalisation and modernisation policies, annual economic growth averaged about 5.3 per cent until the 1990s. Economic liberalisation policies included foreign convertibility of the currency, allowing foreign ownership of assets and enterprises, activating the stock exchange, lowering tariff and non-tariff trade barriers, while also welcoming foreign investors who would bring in their own management systems. As already noted, in the early 1980s, as an important part of his liberalisation policies, Özal introduced a new

economic plan gradually to privatise the SEEs. These liberalisation policies appeared to stimulate an unprecedented rise in both exports and imports.

	1980	1991	1995	2001
export (Million \$)	2.9	13.7	21.6	31.3
import (Million \$)	7.9	21	35.7	40.4

(*The Financial Times*, 1997, SPO, 2002, 13-14, Nachmani, 2003, 78)

Whereas growth can be expected to be cyclical, structural economic change can be more permanent. Privatisation policies have partly changed the basis of Turkish infrastructure investment. In the 1970s, half was made by the public sector. However, in the 1980s, under Özal, the public sector share gradually decreased. Towards the end of the 1990s, it had declined to only 22 per cent, while the private sector stood at 78 per cent (TUSIAD, 2001, 226). Nachmani stated that 'privatisation reduced the role of the government in the economy from 50 to 25 per cent (Nachmani, 2003, 77).

In spite of the privatisation of some major SEEs, the state still owns at least one half of the biggest economic enterprises in late 2003. In 1999, eight out of fifteen major industrial establishments, including the two biggest SEEs, were still owned by the state (TUSIAD, 2001, 226-227). A gradual change in favour of the private sector is expected as privatisation policies are continued, despite such difficult cases as Turk Telekom, Turkish Airlines and petrol refineries.

Following the liberalization and export-oriented open market economic policies of the 1980s, the role of the state in the economy has changed. In the old system, the state was actively involved in the production of goods and services, very largely for domestic consumption. Under the new export-oriented policy the role of the state has decreased. Instead, it encourages the private sector to increase its share in world markets.

Pettifer has noted that, 'it was ironic that in the 1980s Turkey seemed to be able to succeed in a progress of modernisation without [membership of] the European Community that proponents of membership claimed was impossible.' (Pettifer, 1998, 161). This observation may seem to turn the EU aspect of the case for national economic modernisation back on to itself. What if economic liberalisation, including mass PSPPS, might be such a clear success in Turkey in sustaining economic growth and a new prosperity that there would be no need to threaten national sovereign independence with the constraints of EU membership?

But it was mainly party politics which slowed the progress of Özal's policies in his own period and which has continued to do so since he left government office and then died in office as an influential President. During his years in power, the Leftist parties (the Democratic Left Party and the Republican People's Party — the main representative of the Left until the military coup of 1980) were against privatisation on ideological principle. The centralist and étatist character of the Republic of Turkey also played an important role in opposition to Özal's policies. Kemalists on both Left and Right worried about losing power in general particularly to the successful pro-islamist Virtue Party. The senior central bureaucracy is seen to oppose privatisation and decentralisation because they did not want to lose their power of control (See 5.5 Quotation box).

As noted above, the opponents of Özal's policies were able to support their main arguments against these changes — notably the claim that privatisation would put many people out of their jobs — with the claim that they were, in any case, either unconstitutional or, at least, not clearly constitutional. For example, the specific constitutional rule against selling public assets to foreign buyers was, in due course, removed by an amendment but it was a clear barrier to some key privatisations and prevented Özal from taking these actions while his electoral and political standing was still strong. Particularly, 'strategic' and 'security' arguments have been added to the standard points on job losses and the basic constitutional issue in the case of the most controversial candidates for privatisation on Özal's original and comprehensive list of 1982-3. 'Strategic' arguments against privatising state-owned petroleum industries and

the Turkish national airline were joined later by both strategic and ‘national security’ arguments against selling Turk Telekom to foreign buyers — at least while the military continued to rely on its services for any significant part of their needs. After nearly twenty years of arguments, this privatisation was postponed once more in 2001, when the Right-wing Nationalist Movement Party, supported by military interests, refused to support it on these national security grounds (*Radikal*, 2001). Even though ‘the coalition government agreed to implement economic programme [of privatisation] in the face of major external pressure — originating from both the international financial community and the EU’, the NMP considered the sale of the majority of the shares in the Turk Telekom to foreign investors as ‘unacceptable on the grounds of the alleged strategic importance of the enterprise and the loss of national sovereignty’ (Öniş, 2003a, 10). In late 2004, Turk Telekom is still awaiting privatisation even though it is regarded as an important economic step by the IMF and the World Bank. (As a contextual point, it is worth recalling that the proposed British privatisations of a further block of British Petroleum (BP) shares and of the national airline (British Airways) also stimulated the same ‘strategic’ arguments under the Conservative government while ‘security’ objections have been made, much more recently under Labour, to privatising half of the state-owned national air traffic control service (NATS) and a major part of the military weapons and defence research activity within the Ministry of Defence. The difference between Turkey and Britain on these issues is not in the arguments raised but in the capacity of the government to amend its proposals to some extent and then insist upon a positive decision to implement the compromise.)

5.3 National-level ‘Özalism’ in retrospect

As Chapter 1.3 (on the globalisation and ideological ‘convergence’ contexts of PSPPS) outlined, the political world has changed since the Özal government — like the Thatcher and Reagan administrations — brought forward its first schemes for national privatisations, based on a highly ambitious list of SEEs to be transferred in some way to the Turkish private sector. At the ideological level, the Left in nearly all countries has ‘converged on’ (surrendered to) the Right and independent market forces

now control not only many former SEEs in many countries but also international financial markets and trade arrangements which were formerly state-regulated or which had not even been devised and developed before globalised private business had expanded so much.

Of course, in any particular country, the former outright opponents of this international neo-liberal economic force (in Turkey, to be found on the nationalist Right as much, if not more, than on the socialistic Left) may well now claim to endorse what they formerly rejected as a general principle — while continuing to find reasons against particular privatisations or other policies. The Turk Telekom case may be an example of this highly conditional apparent weakening of Left (or conservative Right) hostility to ideas such as Özal's. But, at the level of political ideas, his battle of 1980-93 can broadly be recorded as a victory, so far as national privatisation and (even more so) Turkey's deregulated international finance and trading position are concerned. (The poor progress on achieving greater independence for local government — this study's other main theme in association with the idea of municipal PSPPS — is covered in the next section (5.4) of this Chapter.)

Turgut Özal was an exceptionally strong leader who, like Kemal Atatürk, tried to bind into one loyalty to himself and his Motherland Party the normally competing political values of conservatism, liberalism and social democracy together with the often cross-cutting value of nationalism. Özal managed this, at least for a time, but his successor party leaders either could not or did not try. Starting under the leadership of Mesut Yılmaz, the Motherland Party lost its 'four tendencies' and became more liberal and social democrat than conservative or nationalist. Later leading Motherland Party politicians have belonged to different tendencies within the party. They have strongly maintained that Özal was a true statesman but have offered various explanations of 'Özalism'.

Güneş Taner, (a member of the party's executive and former minister of state) has described Özalism as 'transformation, globalisation and freedom in all areas and subject'. He added that 'developed countries began economic liberalisation and

political democratisation during the Nineteenth Century, but Turkey had resisted. Özal had broken this resistance. The character of the Turkish wealthy class had now changed and a new, competitive investor businessmen group, open to the outside world, emerged.' (*Zaman*, 2000). Özalism also involved the abolition of the notorious articles 141, 142 and 163 of the Turkish Penal Code which were barriers to the freedom of thought and belief. These articles banned all public discussion of communist, Marxist or Islamist ideas. Many writers were imprisoned for breaching them.

Another Motherland politician, Dr. İşin Çelebi, (a deputy party chairman) has described Özalism as:

the revolution of understanding and mentality in Turkey. This transformation involves the abolition of every kind of obstacle in finance, trade, export, import and thinking and expression of ideas and giving priority to the creativity of human beings in all of these areas of the life (*Zaman*, 2000).

For Halil Şıvgın, (an executive member of Motherland) the core of Özalist philosophy is trust in the nation and service to the public. Main principles are improving competition in every sector because, with more competition the quality of products and services will improve. Freedom of enterprise created a new dynamic and progressive structure. It is the abolition of the obstacles to thinking, expression of ideas and belief in freedom.' (*Zaman*, 2000).

The former Motherland Minister of national defence, Hüsnü Doğan, has similarly described Özalism as, 'development, progression, reform, transformation, freedom, opening to outside world and competition. Özalism is the three freedoms, which were bequeathed by him of free speech and expression of ideas and beliefs' (*Zaman*, 2000).

Özal's national strategy has been described by Heper and Çınar (1996) as follows:

Both during his prime ministry [1983-1991] and his presidency [1991-1993] Özal had a grandiose mission to make Turkey "one of the ten or fifteen most developed countries in the world." According to Özal, Turkey had "to swim with the tide and reach the contemporary civilization." Özal thought that this mission could be achieved by pursuing "right," that is, "realistic" policies.

Özal mentioned this mission of Turkey becoming one of these most developed countries at the presidential oath-taking ceremony on 19 November 1989 (Heper and Cınar, 1996).

A leading constitutional law scholar, Mustafa Erdoğan, has written that Özal was not a constitutional guardian of the *status quo*, but he showed his intention of and efforts towards changing the *status quo* in line with his political programme (Erdoğan, 1997). For Özal, privatisation was one of the tools for the liberalisation of the economy and changing the polity as well as changing the mentality of the public on broader political, economic and social issues. Özal had shaken the stones in the country, altered many taboos, changed understanding and perspectives and introduced big reforms (Türenc, 1998). Nachmani also supports this view by writing that 'Özal was the greatest innovator and reformer in Turkey since the time of Atatürk, particularly with regard to economic and internal matters. He destroyed the accepted notion that the Turkish president was only a figurehead and that real power was lodged with the Prime Minister. He also changed the tradition which, since 1960, had insisted that the president be a retired general.' (Nachmani, 2003, 21).

One of Özal's major effects has been claimed by the former State Minister Yılmaz Karakoyunlu of the Motherland Party. He said that Özal changed the concept of the state and made it a 'tool to serve the public. According to Özal, only the liberal state can deserve to be respected. For this reason, the state that can get rid of obstacles facing the individual may gain a new and higher status. For this aim three main freedoms — of thinking, expression and entrepreneurship — must be secured' (Karakoyunlu, 1999). One of the most important expected results of privatisation policies in Turkey has been claimed by Yüksel Yalova of the Motherland Party, who

was the minister responsible for privatisation in the former three-party coalition of DLP-NMP-MP. This is that the privatisation of the SEEs would also speed up the democratisation process in Turkey (*Turkish Press Review*, 2001).

According to Osman Okyar of the Turkish Association for Liberal Thinking, Turkey is still trying to move out from under what he called a 'command economy so pervasive and intricate as to invade every level of the economy.' He has praised Özal as a free-market prime minister who 'was courageous enough to dismantle some of the pillars of the command economy'. Before Özal, Okyar recalled, people holding US dollars were punished. Özal liberated interest and exchange rates. Despite Özal's efforts before he died in 1993, Okyar believed Turkey 'is not yet in the happy land of the free economy. We are still in a sort of semi-command economy. The leaders still have a lot of freedom to intervene' (cited in Murdock, 1997).

Taha Akyol, a leading columnist and author, has emphasised that Özal solved the problem of the closed economy and its consequent shortages of foreign exchange which Turkey had suffered at least for three hundred years. This alone was a major service to the country. The three freedoms that Özal considered as essential for socio-economic development and for social peace were of fundamental importance. Unfortunately, after Özal, Turkish politics lost vision and its reformist character (Akyol, 1998). As a result, a sharp contrast has arisen in Turkey's economic and political life between the 'Özal era' and the years since his time in government and his death in 1993. The recent crisis in the Turkish economy under the three-party coalition has greatly worsened the situation. Even though a single party government, such as Özal also led, is once again in office, within a strictly two-party parliament and holding two-thirds of the seats, that crisis and the associated decline of the currency continues to contrast with the memory of Özal's years. The impact on the Turkish economy of the events in Iraq may worsen this contrast even further.

It is not surprising that Turgut Özal's fellow Motherland Party notables and others who share his vision of market-based modernisation and democratic freedoms should praise his contribution to Modern Turkey so highly. Turkey's more recent

troubles certainly place recollection of Özal and his ‘Özalism’ in a comparatively favourable light. Specifying his ideas and policies would seem an easy thing to do, attracting much less hostile comment since the Left in Turkey (if not the nationalist Kemalist Right) gave up opposing the principle of privatisation. It may indicate some continuing sensitivity or hostility in the political system to Özal’s actual record that the draft text of a proposed definition of ‘Özalism’ to be added in 2000 to the official Turkish dictionary was so vague as to be without any descriptive value. It avoided any mention of free enterprise, privatisation, decentralisation or the promotion of democracy and free expression and claimed instead to record ‘Özalism’ as:

The political movement which Turkey witnessed in its recent period and which led to the country’s development and progress in economic, social and cultural life (*Sabah*, 2000).

Turning to a Left and Left-centre retrospect on Özal, it may first be noted that a part of the Turkish Left used to condemn Özal when in office with their chant: ‘Reaganism/Thatcherism/Özalism’, relating him with foreign neo-liberal politicians and so accusing him not being a true patriot. But since then many Left intellectuals and politicians have praised Özal for what he achieved in breaking with the old statist system and shaking up the command system of the economy.

Doğan Heper (a columnist in a centre-left daily *Milliyet*), has admitted that if Özal’s Motherland Party had not existed Turkey would not now be open to the outside world nor have experienced development leading towards economic and political integration with the West. The private sector would not be as it is today and trade protectionism could be preventing Turkey from competing with the world (Heper, 2001). In short, Özal stamped the destiny of Turkey.

Rauf Tamer, a leading columnist, has admitted that he did not praise Özal in his life but, on the anniversary of Özal’s death, he stated that he not only missed Özal but that he wishes for his return. He stressed that Özal was a controversial leader but his services had since been recognised even by his opponents — just as his mistakes had

been noted by his supporters (Tamer, 1998). The columnist, Metin Münir, has underlined the importance and effects of the Özal era:

After the death of Özal, in Turkey the period of thinking widely and wisely and dreaming of a bright future ended. Turkey, which was running to be part of globalisation stopped and then reversed. The ones who were disadvantaged by transformation gained power again and they killed all development and progress. (Münir, 1998).

Kramer (2000) has supported this idea by considering another aspect. He has written about the years

since the early 1990s, when the military leadership (with the support of Kemalist circles in the state bureaucracy, the intellectuals and the media) tried to roll back the political consequences of softening the strict respect for Kemalist principles that had occurred during the government of Turgut Özal in the second half of the 1980s. (Kramer, 2000, 9-10).

More broadly, political and ideological changes in the outside world (which, for the Turkish elite, meant Western Europe and the USA) and the emergence of a reformed West European Left — notably New Labour in Britain — affected Turkey within certain limits. The Turkish Left dropped its total opposition to privatisation. Considering its social aspect, they became actually favourable to the concept. Some Leftist interviewees in this study pointed out that 'privatisation should not be understood as an ideological concept, but be regarded as a result of economic necessities. Privatisation is sometimes necessary because the state organizations are very clumsy' (quoted from D. Taşdelen's interview 1999 — also I. Özay's interview, 1999). The cultural aspects of Özal's revolution were also acknowledged and admired by well over half of my 39 interviewees despite their various political and institutional positions. Almost all also stated that Özal had great vision and had broadened Turkey's horizon.

5.4 Local government PSPPS policies under Özal

Following the military coup of 1980, Özal (as deputy prime minister) adopted a new approach to local administration which clearly represented a break from her long tradition of a highly centralised style. Municipalities were granted a much greater degree of both administrative and financial autonomy. During the 1980s, under the first Özal government, the central government gave more power, resources, responsibility and authority to local governments. These reforms were in two parts: decentralisation of administrative and legal powers to local authorities and the financial shift towards giving them shares from the central budget and new, limited, powers to raise their own revenues.

Özal took some preliminary steps towards a combination of political and administrative decentralisation. It divided up some Provinces and created some new, smaller ones, increasing 67 Province to 80.

Özal encouraged privatisation at local level alongside the decentralisation and transfer of power. He and his government thought that the devolution of power to the localities would promote both political democracy and better public services. Hasan Cemal, the then editorial writer on the daily *Sabah*, has written that Özal wanted to give more power to the Provinces and municipalities, but the central government bureaucracy resisted (Cemal, 1998). Heper suggested the relation between privatisation and devolution of the power was as follows:

Privatisation of the state economic enterprises, the devolution of authority, the transfer of funds to the municipalities and the increasing emphasis placed on market forces were crucial. Privatisation and the stress on market forces had the capacity for strengthening civil society. Devolution of authority and the transfer of funds to the municipalities have the same effect, for participation in politics at the local level would be now much easier (Heper, 1990, 326).

Heper emphasized that the purpose of these Motherland Party policies was to weaken the role of traditional, centralised bureaucratic elites in public policy-making.

He particularly stressed that the Motherland Party was 'interested in *economic*, not *political*, restructuring in the sense of bolstering the civil societal elements [which] was evident in the way these policies were pursued' (emphasis in original) (Heper, 1990, 326).

In 2001, on the eighth anniversary of his death, Özal was praised by Aytaç Durak (mayor of the Adana Metropolitan municipality). He said that local administrations had briefly become very powerful during Özal's term. He added "We have been deceived by governments for ten years in regard to making local administrations more powerful," and that "Özal increased our powers but, since Özal, our authority has been restricted by governments. We are still looking for another Özal." (*Turkish Daily News*, 2001b).

The original stated intention of the Motherland government was to render the District municipalities into self-contained democratic units. The most important aspect of this reform has been the creation, in a number of urban areas, of Metropolitan and District municipalities and the strengthening of the financial situation of local administrations as a whole. But any initial goal of truly self-contained and 'democratic' Districts has not been approached.

Özal saw the shortcomings of the classic municipal system based on the Law 1580 which was passed in 1930 by the one-party government under Atatürk. Particularly in the big cities such as Istanbul, Ankara and İzmir, the municipal system was inefficient in providing services and solving the increased urban problems caused by the inflow of rural population to these big cities. The former mayor of Istanbul, Bedrettin Dalan, has pointed out that local government problems weighed heavily in the big cities and that the most problematic city was Istanbul (Dalan, 1999). In his interview for this study he recalled that he had suggested to Özal that Istanbul needed a new structure. Therefore a new decree was prepared, inspired by the concept of the city-region and similar to the creation of the former metropolitan authorities in England by the Conservative government in 1972. The decree of the council of ministers became law (Law 3030) in 1985. The new type of Metropolitan municipality

was created firstly in Istanbul and then applied to Ankara and İzmir. As explained in the previous Chapter, this type of Metropolitan authority was expanded further to thirteen big cities having populations of 400, 000 or more. Today, there are sixteen Metropolitan municipalities in Turkey within the 81 Provinces. Dalan stated that the original idea of the new system was for a coordinator authority to control big projects, such as main boulevards, which overlap more than one municipality, or water and other metro services which cannot be carried out by separate District municipalities (Dalan, interview, 1999).

There are ongoing debates on the reform of local government, particularly on the creation of the Metropolitan municipalities. Both the Metropolitan and Metropolitan District municipalities criticise the current system for different and contradicting reasons. Some expert interviewees for this study claimed that the Metropolitan District municipalities criticise the tutelage of the Metropolitan municipality. These Districts can be neither efficient nor effective because they are not free to make their own decisions. Moreover, in their financial and administrative contexts, they are put under pressure by the Metropolitan municipality (interviews, Eraltuğ, 1999, Taşdelen 1999 and Saraloğlu, 1999).

For their part, the Metropolitan municipalities complain that the new system has transferred most of their important powers to Metropolitan District municipalities. They claim that the real power is in hands of these lower tier authorities because they are members of the Metropolitan Council and so can influence the Metropolitan municipality's decisions (interviews: Özsfatura and Dalan, 1999). Furthermore, Özsfatura emphasized that the veto power of the Metropolitan municipality's mayor is not a real power because the Metropolitan District can override it by a two-thirds majority vote. For these reasons the system must in his view, be revised. The mayor of the Adana Metropolitan municipality, Aytaç Durak, was strongly against the system: it should (in his view) be abolished. He claimed that he had no real power on many local public services because they had been transferred to the lower tier of Metropolitan District municipalities (Durak, interview, 1999).

Apart from the legal and structural changes to the local government system, local authorities' financial situation was also strengthened during the 1980s, particularly after 1985. Even though the municipal revenue system has been changed many times since 1948 (the former Municipal Revenue Act) its dependence on central government has largely remained the same. According to this structure, the municipal revenues can be broadly grouped into four: shares from governmental revenues; the municipalities' own resources; state subsidies; and extraordinary revenues (Keleş, 1994, 287). However, the major resource for municipalities is their shares from central government revenues.

According to the former Municipal Revenue Act of 1948 (No. 5237) municipalities were given different shares of revenues from different central taxes. As Nadaroğlu (1994) has suggested, the system was inefficient, disorganised and scattered. After the military coup of 1980, major changes were made in municipal revenues under Özal as deputy prime minister. In February, 1981, with Law No. 2380 (Official Gazette, 1981) the municipalities' share from the general budget tax revenues was increased to five per cent.

Later, under Özal's Motherland party, not only the expenditures but also the revenues of municipalities were further increased. Local authorities were allocated more financial aid from the central government. Law 3004 (May 1984) made significant changes in the post-coup Law of 2380. The municipalities' share was dramatically increased from five to 10.3 per cent. However, in December, 1985 a further law (3239) reduced it to 9.25 per cent (Keleş, 1989, 22). Furthermore, in February 2001, during the three party coalition government it was reduced again to 6% by law (4269). The new law also determined the share of Special Provincial Administrations as 1.12%.

As a new financial source, municipalities have been allowed to apply for loans in foreign financial markets and this has been done by many Metropolitan municipalities and other larger authorities. Moreover, municipalities were also

encouraged to contract out their services to their own commercial corporations or to other commercial bidders in the private sector.

Another major change by the Özal government (Law 3239 of December 1985) converted the national real estate taxes into a municipal tax. Fifteen per cent of this real estate tax revenue is required to be transferred to the Special Provincial Administrations. In the Metropolitan municipality areas, 20 per cent of the remaining 85 per cent is required to be transferred to the Metropolitan municipality (Keleş, 1989, 31-32). The precept of this significant 20 per cent share is a major issue for those responsible for running the other local authorities. It is resented, particularly now that the bulk of public service responsibilities have been placed on the lower tier.

The privatisation option has been invented as a way of providing local public services where the municipal budget cannot do so. Even with these improvements in revenue system and increases in actual income, municipalities have still suffered from a lack of funding to finance all of their expenses.

By 2001, only 6.9 per cent of the state budget was being spent on investment, while the rest was spent on personnel, debt service and subsidies (to pension funds, state economic enterprises, and so forth) (SPO, 2002, 5). Local authorities were therefore crying out for improvements in local infrastructure, to try to meet the population increase in urban areas which was estimated at four per cent a year. Power distribution, water, sewerage, and hospitals were all inadequate. To cope with this infrastructure problem, Turgut Özal launched the idea of "build-operate-transfer" (BOT) schemes in the mid-1980s. This invited foreign companies to invest in and operate infrastructure in Turkey (Mango, 1997). The following Chapter will cover this initiative (7.7).

5.5 Quotation box

Supporting Özal

With Özal, municipalities became more efficient and effective. However, some municipalities abused this power (Uysal, serving senior civil servant, 2000).

Özal pushed the local authorities to answer the expectations of the public, at least to some extent (Aykan, [Virtue Party] mayor of a Provincial municipality, 1999).

In the Özal era local authorities were empowered politically and financially. He broadened Turkey's horizon as well (Ergin, serving senior civil servant at a Metropolitan District municipality, 1999).

Özal's introducing the new Metropolitan municipality authorities was important but could not be completed. Motherland Party municipalities successfully implemented privatisation. Özal's policies created a well-rooted 'privatisation culture'. After Özal (I was working in a municipality and witnessed the process) the old centralist tutelage policies towards the municipalities were brought back in an even wider and heavier form. (Eraltug, serving senior civil servant at a Metropolitan District municipality, 1999).

With Özal, liberalisation policies prevailed. There was general development all over Turkey and local governments were empowered. After the Özal governments and around 1995, local governments were further weakened following the success of the Welfare Party at local government elections in 1994 (Korkutata, [Virtue Party] former Member of Parliament 1999).

Özal believed that local governments were vital for democracy and increased their income. After Özal, coalition governments applied their centralist policies by diminishing the power of local governments. A significant example of this extra interference by the centre during the last coalition government was to extend the existing national examination for job applicants to the national civil service to municipal authorities' job applicants (Acar, serving senior civil servant, 1999).

Özal had sympathy with local governments and gave them power and resources: construction planning was transferred to municipalities; their shares in central government's taxes were increased. However, in 1989, after the Motherland party lost most of the municipalities, the process was reversed. During the coalition governments this was worsened. (Aytac, former senior civil servant, 1999)

After 1984, national level privatisation was successful to some extent and it encouraged local government privatisation policies. (Aytac, former senior civil servant, 1999)

Özalism created the idea that there are different ways of service provision and these must be pursued. (Goymen, academic, 1999)

When Özal's Motherland Party won control of the majority of local governments in 1984, they were in huge debt to the central government. His first reformist policy was cancelling this debt. His other major reform was creating new Metropolitan Municipal authorities for Istanbul, then Ankara and Izmir (Dalan, [Motherland Party] former mayor of a Metropolitan municipality, 1999).

Criticising Özal

Özal wanted to transform the local authorities into mediator organisations for resource transfer to the capitalist sector. He blindly defended contractors and the privatising of municipalities (Keles, academic, 1999).

For local authorities, Özal opened the way to foreign debt under the warrant of the Treasury. This was done in an unplanned way and caused chaos which the country is now unable to solve. (Sancar, municipal trade union representative, 1999).

In the Özal era the income of local governments was increased. This led to PSPPS at municipal level. ... Özal did not consider efficiency or effectiveness of local government services, but simply opened local government services to the private sector. ... Today municipalities are in huge debt and the main reason for this is Özal's policies (Ozdemir, municipal trade union representative, 1999).

Privatisation was not the original idea of Özal. It was brought to Turkey on the wind of Thatcher and Reagan. The most important result of privatisation is to get rid of unionised labour within the municipalities, which had been 93 per cent unionised. (Ayman Guler, academic, 1999).

Since Özal's first term, municipal finances have been eroded. Despite massive inflation since then, some municipal charges are still pegged at 1990 levels (Saraloglu, serving senior civil servant at a Metropolitan District municipality, 1999).

5.6 Conclusion

This Chapter has mainly looked, as one of part of privatisation policy, at the structure of the private sector and their mentality and will to do business under the wing of the state. It has also reviewed privatisation policies at national and local level during the Özal era as a mean of liberalisation, political freedom and democratisation. Privatisation ideas have effected dramatic changes in the mentality of both the private sector and the public at large. This has produced change in the structure of the state in general and the local government structure in particular. The next Chapter will present a fourth aspect of ‘the Turkish Political Context’: the political parties’ stated policies and opinions on PSPPS within the context of the idea of allowing Turkish local authorities greater flexibility and independence as major public service providers.

Chapter 6

The Turkish Political Context (iv): Political Parties' Positions on PSPPS within the Context of a More Democratic Independent Role for Local Government

6.1 Introduction

This Chapter will review the approach of the major Turkish political parties to local government in general and to privatisation of public services at both national and local levels. The parties' political history will be briefly outlined along with their electoral fortunes in the more recent general and local elections. The political history of the parties will be summarised because it will show the changes in their ideological and political opinions, particularly on privatisation, over time. It is necessary to look at this shift of opinions on privatisation to demonstrate the influence of external developments on the Turkish political parties' approaches towards political and economic policies at national and local levels. As will be seen in the example of the RPP (6.3) the shift was obvious on privatisation as well as other aspects of party practices (such as having an annual party congress of a style inspired by the Labour Party and its leader, Tony Blair (Kirikkannat, 1998)). There are eight significant political parties in Turkey:

Using the same Left-to-Right sequence as appears in all of this study's Tables and Figures, these are now listed as a reference guide (with their Chapter sub-heads):

6.2 The former People's Democracy Party (PDP) (Halkın Demokrasi Partisi – banned: succeeded by the Democratic People's Party (DPP) (Demokratik Halk Partisi)

6.3 The Republican People's Party (RPP) (Cumhuriyet Halk Partisi)

6.4 The Democratic Left Party (DLP) (Demokratik Sol Parti)

6.5 The Motherland Party (MP) (Anavatan Partisi)

6.5 The True Path Party (TPP) (Doğru Yol Partisi)

6.6 The former Virtue Party (VP) (Fazilet Partisi) — banned, then it divided into two in 2001: the **Justice and Development Party (JDP) (Adalet ve Kalkınma Partisi)** and the **Happiness Party (HP) (Saadet Partisi)**

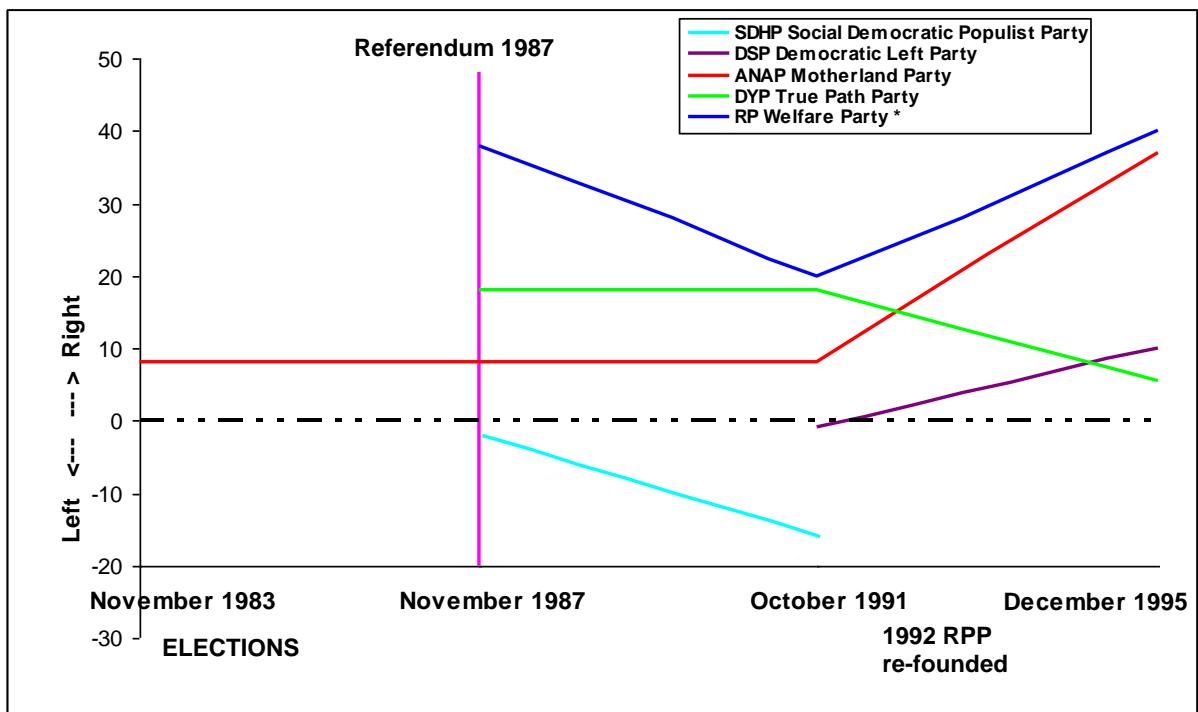
6.7 The Nationalist Movement Party (NMP) (Milliyetçi Hareket Partisi)

Some brief discussion of this Left-right ordering is needed at least regarding the three parties listed first and defined as the Turkish Left. The former People's Democracy Party (later the Democratic People's Party) suffered a constitutional ban on the stated grounds of its representing Kurdish separatism and even alleged support for Kurdish separatist violence (the PKK). But its ideological position was clearly socialist and it had observer status at the Socialist International (with its application for membership submitted) when it was banned on 13 March 2003.

The Left character in more modern times of Kemal Ataturk's own monopoly party, the Republican People's Party, is not so plain. As the only party in Ataturk's authoritarian regime, it naturally claimed a nationalist, secular and generally progressive character. It was also strongly étatist, following the Napoleonic influence on the Ottoman regime, and it placed the military as the guardian of these values with an implied interventionist role. The military has exercised this role since the return to multi-party politics in 1950. These values do not include Left ideas on economic (tax and public spending) issues, of course. But the RPP did respond to political competition during and since its early years (1946-1950) with a Left position and has been generally seen in Turkish politics in this image ever since. When the post-military government referendum of 1987 approved a return to party politics, the RPP re-launched itself as the Social Democratic Party and then changed its name to the Social Democratic Populist Party (SDPP) after merging with the Populist Party. This merger lasted only some few years; it ended in 1992, due to leadership conflicts, when the RPP re-founded itself under its old name (while the SDPP continued as a separate party). The RPP is a member of the Socialist International (Socialist International, 2004).

Some partial confirmation of the Left position of the RPP is offered by the data presented by Budge *et al.* (2002) although it is confined to the party's period as the SDPP after the 1987 referendum. Their Figure 1.11 (at p.34) is presented here (as Figure 6. 1) with some additional information.

Figure 6. 1: Party positions, 1983-1995, adapted from Budge *et al.*



* Welfare became the Virtue Party, which then divided into the Happiness Party (minority) and the Justice and Development Party (majority).

Their Left-Right index presents manifesto based data on five Turkish parties' character from the post-referendum general election of November 1987 up to the general election of December 1995 inclusive. Below the zero level (i.e. with Left manifesto statements) the RPP (SDPP) is shown moving further Left during November 1987 and October 1991. (Data for this SDPP period from 1991 to 1992 (when the RPP was re-founded) are missing as are those reporting this new version of the RPP from 1992 to the Figure's closing date of December 1995.) The Kurdish People's Democracy/Democratic People's Party is omitted from the Figure, presumably because of its small minority status (less than ten per cent of the total vote) during

these years. The other Left party (the Democratic Left Party) is shown by Budge *et al.* as only slightly on the Left at October 1991 and then moving slowly to the Right over the next four years. But it was logged as to the Left of the True Path Party until 1994, after which these data suggest a crossing of these two parties: DLP moving Right and True Path towards the Left.

During the field research period for this present study (early 2000) responses were received from mayors in all the parties listed at the start of this Chapter. At local level there have been no significant changes in the position of these mayors except for those in the Virtue Party. During the research period the Virtue Party was prominent in Turkish political life and they had mayors all over the country. However, the party was banned by the Constitutional Court in June 2001 and their mayors have joined one or other of its two successor parties: the Justice and Development Party and the Happiness Party. At national level, however, all parties' positions were significantly changed by the most recent general election (December 3rd, 2002) compared with the results of the previous election (April 18th, 1999). After April 1999, only the Republican People's Party and the People's Democracy Party failed to win any seats in the (single-chamber) parliament. In the December 2002, however, six of the eight parties lost all their seats: only the Justice and Development Party and the Republican People's Party are now represented. In a highly differentiated multi-party system, Turkey now has a *de facto* two-party system, within the legislature at least. The JDP provides the government and the RPP the opposition. This dramatic outcome was the result of combining the d'Hondt method of proportional representation with a very high minimum requirement that a party obtain ten per cent of the national vote before receiving any seats. This is twice the threshold in Germany and the Russian Federation: each has a five per cent rule.

Approaches of the political parties to privatisation differ at both national and local levels. Being in political competition and being in power or in opposition, nationally or locally, political parties stand in different positions. Even Right parties can be against privatisation when in opposition and Left parties in favour of it if they are the government. For Left parties, being in favour of privatisation may result from

the external pressures of international organisations such as the IMF. This effect was recently observed in the three-party coalition government which preceded the dramatic election of December, 2002. The major party (Democratic Left Party) under the leadership of the veteran politician Mr Bülent Ecevit, needed to favour the privatisation of state economic enterprises, such as Turkish Airlines and the publicly owned banks, because of the conditions imposed by the IMF on supporting the economy.

The academic commentator, Ergun Özbudun, has recently supported the main thesis of this present study by writing, 'the Left-Right division over economic issues has lost its relative importance, since all parties now support – in varying degrees – a free market economy and private ownership of the means of production.' (Özbudun, 2000, 85) Moreover, this point is true for the privatisation of not only production but also the private sector provision of public services (PSPPS) at national and local level. In the following sections, firstly, we will analyse where the political parties, from Left to Right, formally stand on PSPPS. However, it is necessary first to explain the political party and election system of Turkey.

Turkey is unusual in having compulsory voting (involving a small fine if prosecuted) and a single-chamber legislature. A third unusual feature is a dominant one for the parties. As mentioned above, this is the high threshold of gaining ten per cent of the national vote in order to obtain any parliamentary seats. This rule was introduced by the military government, following the coup of 1980 and has been continued since civilian rule returned in April, 1983. The main reason advanced was that the multi-party political system and particularly short-lived coalition governments were counted as responsible for the political and economic instability of the pre-coup years. The military allowed the participation of three political parties in the 1983 'free' (in fact limited) election after the military government concluded. However, to prevent the country from future unstable coalition governments, this high threshold for gaining seats was set. In the election of 1987, the Democratic Left Party received no seats (8.5 per cent of the national vote) as also the Welfare Party (7.2 per cent). (Taking only these parties, 15.7 per cent of the votes cast were therefore without any effect.)

Abolishing or lowering the threshold was discussed in the media and political arena during the 1990s. By the election of 1995 it became important again because the People's Democracy Party (the pro-Kurdish party), obtained 4.2 per cent of the national vote, but could not receive any seats in the parliament. On the other end of the political spectrum, the ultra-nationalist Nationalist Movement Party, with 8.2 per cent, could also not be represented.

Because of this result, particularly the People's Democracy Party's 4.2 per cent, the threshold was kept high for the subsequent (1999 and 2002) general elections. This party won 4.75 per cent of the votes cast in the 1999 election — dangerously close to a five per cent threshold if one had been adopted. This was not a pleasant prospect for the dominant Kemalist nationalist interest which opposes Kurdish political advance within or beyond Turkey. (In the past, candidates of Kurdish origin had won seats in the parliament under the former Social Democrat Populist Party's banner. They had introduced separatist conduct into the parliament by bringing in a Kurdish flag and refusing to take the parliamentarian's oath in the Turkish language.)

However, the ten per cent threshold affected not only the People's Democracy Party but also the Republican People's Party, the oldest political party, founded by Kemal Atatürk and principal follower of Kemalist ideology. For the first time in the history of the Turkish Republic, the Republican People's Party's share of the vote fell below ten per cent (it received 8.7 per cent) and so did not win any seats in the parliament. This obviously affected the political party balance of that parliament because there was no Left opposition party.

Table 6.1 shows the parties' national poll and seats shares in the two most recent general elections. Table 6.2 illustrates their performance in the three recent local government elections of March, 1994, April, 1999 and March, 2004.

Table 6.1: Parties' national poll shares and seat shares — general parliamentary elections of April, 1999 and November, 2002

Parties (current (2003) parties in bold face)	1999: % of votes	% of seats	2002: % of votes	% of seats
former People's Democracy Party	4.8	0	banned	-
former Democratic People's Party	-	-	6.1	0
Republican People's Party	8.7	0	19.4	32.2
Democratic Left Party	22.2	25.0	1.2	0
Motherland Party	13.2	15.6	5.1	0
True Path Party	12.0	15.5	9.5	0.4
former Virtue Party	15.4	20.2	banned	
Justice and Development Party (formerly Virtue)	-	-	34.4	66.4
Happiness Party (formerly Virtue)	-	-	2.5	0
Nationalist Movement Party	18.0	23.5	8.4	0
Minor parties (aggregate)	4.9	0	12.4	0
Independent candidates	0.9	0	1.0	1.3
Total (with rounding)	100.1	99.8	100	100.3

(The single-chamber legislature has 550 seats.)

Table 6.2: Parties' national poll shares and shares of elected mayors in the most recent local government elections

Parties (current (2004) parties in bold face)	1994			1999			2004		
	(i)	(ii)	(iii)	(i)	(ii)	(iii)	(i)	(ii)	(iii)
Former People's Democracy Party	-	-	-	38	1.2	3.5	-	-	-
Former Party of Democracy	6	0.2	0.2	-	-	-	-	-	-
Republican People's Party	64	2.4	3.9	373	11.6	14.7	472	14.7	20.9
Social Democratic People's Party	436	16.1	17.6	-	-	-	67	2.1	4.7
Democratic Left Party	23	0.8	8.9	189	5.9	16.5	32	1.0	2.0
Motherland Party	793	29.3	22.6	779	24.2	17.3	106	3.3	3.0
True Path Party	886	32.7	18	736	22.9	11.1	385	12	9.5
Former Virtue Party	-	-	-	488	15.2	19.9	-	-	-
Former Welfare Party	329	12.1	20.1	-	-	-	-	-	-
Happiness Party	-	-	-	-	-	-	61	1.9	4.8
Justice & Development Party	-	-	-	-	-	-	1760	54.8	40.1
Nationalist Movement Party	118	4.4	6.6	499	15.5	13.7	242	7.5	10.1
Minor parties	11	0.4	1.5	52	1.6	3	35	1.1	4.0
Independents	44	1.6	0.6	61	1.9	0.5	53	1.6	1.0
Total	2710	100	100	3215	100	100.2	3213	98.2	100.1

Key: Columns: (i) Number of mayors elected (ii) **% of all mayors obtained** (iii) % of national vote obtained

Source: YYAEM (2002, 2004a)

Notes: (a) The numbers of mayors rose rapidly, 1989-99 to its 2003 total of 3215 as more local authorities were granted this office (b) although the former SDPP later merged with the Republican People's Party, in 1994 they contested against each other with no suggestion of a pact or alliance: as often applies in Turkish politics. This was the result of their leaders preferring to fight each other rather than to collaborate in a shared interest (c) the SDPP was re-founded in 2002 and contested in the recent March, 2004 local government elections in alliance with the Democratic People's Party (DPP) and some other minor parties (d) the DPP is (in 2003) the latest version or vehicle of the People's Democracy Party, which was banned by the Constitutional Court in March, 2003 on the ground of its unconstitutional promotion of Kurdish identity and sentiment; it was a minor party, now taken over by the banned PDP. Whether the DPP survives for long before being banned and replaced in its turn remains to be seen, but recent practice suggests it will not.

Before offering this review of the parties' positions as promised, it should firstly be pointed out that the general character of Turkish political parties is important in judging their formal positions on issues. 'Personalism' (the dominance of their leaders) is both the cause and reflection of this general character of parties. In election campaigns it is not the parties' positions on issues but the popularly perceived trustworthiness and other personal qualities of their leaders which normally appear to matter for the electorate's choices.

The leading academic authority on Turkish politics, Metin Heper, expresses this idea most strongly in his recent edited volume on Turkish political leadership:

Turkish democracy with its successes and failures has been virtually the handiwork of political leaders. It was primarily the political leaders, rather than the historical, social and economic forces, that led to the transition to democracy in 1945, the semi-breakdown of democracy 1997 and to the full breakdowns of democracy in 1960, 1971 and 1980 (Heper, 2002, 217)

Heper was following the political journalist Omer Caha who had written of all Turkish parties that, 'the party leader is more important than the party's political views, ideology, cadre, target and programme in shaping preferences of party members' (quoted by Ozcan 2000, 507).

This personalism is the cause of the division of both the Centre-Left, and Centre-Right into two parties each: the Republican People's Party under Mr Baykal and the Democratic Left Party under Mr Ecevit on the Centre-Left while the Motherland Party under the leadership of Mr Yilmaz and the True Path Party under the

leadership of Mrs Çiller on the Centre-Right are also separate (Özbudun, 2000, 85). Apart from the rivalry of these two pairs of dominant leaders, it is hard to detect any significant political differences between RPP and DLP or between MP and TPP.

Personalism is important in explaining the fragility of the political party system in Turkey. However, it is not the sole reason for the success or failure of the parties. At local level personalism is limited. Mayors may be nationally famous but when they clash with their own parties they can lose the mayoral election. A prominent example of this was seen during the Özal government. The Metropolitan Municipality Mayor of Istanbul, Bedrettin Dalan was very famous all over Turkey. However, when he crossed his own Motherland Party, and particularly his leader Özal, he failed to be re-elected for a second term in Istanbul. His political success was ended and he resigned from his party. He established another party after a while, but this was not at all successful.

Thus this personalism should not be over-weighted to understand and explain the political environment in Turkey. It is important, but only one factor explaining divisions between the political parties on the Right or Left of the spectrum.

6.2 The former People's Democracy Party

The party is the successor to the Party of Democracy (DEP) which the Constitutional Court banned on the ground that it unconstitutionally confined its appeal to Turkey's Kurdish minority. It was founded in May 1994 by members of the Party of Democracy's executive committee. It received 4.2 per cent of the vote in the 1995 general election and 4.76 per cent in the 1999 election. In the local elections of 1999, the party won control of the Metropolitan municipality of Diyarbakir as well as 37 other municipalities in the East and South-East of Turkey. It received 3.51 per cent of the national total vote at local elections.

In these local government elections, 38 members of the People's Democracy Party were elected as mayors. How did PDP evaluate the operations of the municipalities in the first year (1999-mid2000)? To what extent had they implemented

their policies or projects? The former chairman of the party, Mr Murat Bozlak, responded as follows in a newspaper interview:

The centralist system obstructs the efforts of local administrations. In this respect, mayors of the People's Democracy Party have faced problems that stem from the central government. For instance, the Bank of the Provinces (İller Bankası) due to previous debts, did not transfer funds to the PDP-controlled municipalities. Furthermore, previously almost all the Provinces in the region had been declared as disaster regions. Following the elections of 1999, the PDP-controlled municipalities have not been so declared, which has prohibited them from receiving the allocated funds. Despite these obstacles, the party's mayors have accomplished important goals (*Turkish Daily News*, 2002a).

Mr Bozlak claimed that the PDP was not a Kurdish party but a party for Turkey. But the solutions it proposed to Turkey's Kurdish problem are considered by Kurdish citizens as their own, and they supported the party. This does not justify considering and treating the PDP as a Kurdish party, Mr Bozlak claimed. Of course, he said, 'it is not possible to establish a party that legally goes after the Kurds' votes alone'. So the executive members of the banned Democracy Party established a Turkish party within the framework of the law. The new party's claims and expectations made it obvious that it will get votes from the Kurds. In the past, there had been similar parties and they had taken part in elections without attracting a legal ban under the constitution. Lastly, Mr Bozlak stated that the doors of the People's Democracy Party, were 'open to everybody', adding that 'it is a party open to progressives, patriots and democrats' (*Turkish Daily News*, 2002b). As a Left-wing party, the People's Democracy Party applied to the Socialist International to become a full member (they were already attending as an observer) but was not accepted yet by March 2003 when it was banned.

The PDP was also banned by the Constitutional Court 13th March, 2003 on the ground that the party had become the centre for activities against the indivisible unity of the state and on helping the outlawed Kurdish terrorist group, the PKK. The

Constitutional Court also banned 46 executive members of the party, including its chairman Murat Bozlak, from active politics for five years (*Radikal*, 2003). The case for closure of PDP had been launched in January, 1999. Some PDP executive members had already established another party in alliance with other minor parties. The new party was named Democratic People's Party (DPP) and contested the November 2002 election under its new banner. The new party is already under threat of a ban: this was issued on the same day of the banning of the PDP in March, 2003. After its banning, all of the 35 mayors of the former PDP joined the new DPP (*Zaman*, 2003).

There was not much institutionalised opinion in the former PDP. Some limited information on the privatisation policies of the party appeared in their web pages which survived the banning in March 2003. According to its local government programme, the party was against privatisation and its alternative was to use the 'creative labour of the municipality'. However, in the next sentence, the programme clarified that contracts should be made openly competitive and public in order to prevent waste of municipal resources (www.hadep 2000a). On public transportation, the party was in favour of municipally provided transport. However, they also admitted the importance of the private sector in providing public transport and establishing a good relation with private sector companies (www.hadep 2000b).

The party was also in favour of keeping municipal corporations in order to get municipal income and to provide quality but cheap products to the public. (www.hadep 2000a).

6.3 The Republican People's Party

The two other political parties to be classified as on the Left are the Republican People's Party and the Democratic Left Party. The Republican People's Party is the oldest political party of Modern Turkey. The party was founded by Kemal Atatürk, the founder of the Republic of Turkey. The party therefore has a very long history but became unstable after the military coup of 1980. Until 1980 it had been the main party

of the Left of centre. All pre-1980 political parties were banned from politics by the military government, so this included even Atatürk's Republican People's Party. Following the referendum of 1987, these parties were allowed back into politics.

There were three Left parties contesting the local elections of 1994: the Republican People's Party, the Social Democratic Populist Party and the Democratic Left Party; (the former PDP ('Kurdish Party') was launched immediately after these elections). RPP gained 3.91 per cent, SDPP 17.64 per cent and DLP 8.93 per cent of the total votes (YYAEM, 2002). After these elections the Republican People's Party and Social Democratic Populist Party merged under the name of the RPP. However, this new Republican People's Party did not perform well and, for the first time in its history, it was excluded after the parliamentary election of 1999 due to the ten per cent threshold. In the local elections of 1999, however, by gaining fourteen per cent of the total votes the new Republican People's Party won 373 out of the total of 3215 municipalities (YYAEM, 2002). Moreover, in the most recent parliamentary election of 3 December 2002, this party was one of only two which met the ten per cent threshold: it gained 178 seats out of 550 in the single-chamber parliament. It became the opposition party, as already noted above. As the oldest political party, the Republican People's Party in its various forms has been very significant and influential in the political and social life of Modern Turkey. Therefore, the party's ideas and activities are important for this study.

In this study the Republican People's Party is being placed as more to the Left than the Democratic Left Party. Some may argue that the Democratic Left Party — being a nationalist Left party — should be placed to the Left of the RPP. However, regarding their general position and policies on privatisation and the private sector, the Republican People's Party is clearly more étatist than the Democratic Left Party. This comparison is developed in the next section covering the DLP.

In a newspaper interview, a former chairman of the Republican People's Party, Mr Altan Öymen, outlined its activities at national and local level during 2000. The party had been organizing working groups and expanding them at national and local

levels. For instance, they had an economics group to follow current developments and issue bulletins every week. (*Turkish Daily News*, 2000a). The party is active in political research and publications. It has developed a rich and well-presented web page (www.chp.org.tr) to deliver its ideas and to reach the public as well as the international community (presenting some reports and documents in English).

The Republican People's Party organized meetings in 81 cities. The chairmen of its city branches presented reports on urban and regional problems together with proposals for solutions. Altan Öymen described his opinion on where he thought Turkey stands in terms of democracy as follows:

We believe that the people in Turkey should abide by democratic standards like those in Europe. There should be democratic criteria in Turkey just as there are in Portugal, Italy or Germany. Since 1946, Turkey has had 54 years of experience with democracy. There have been military interventions but the system has taken root, for better or for worse. Despite its shortcomings, democracy has become a way of life. The rule here is that 'if you want to swim, you have to dive into the sea head-on'. (*Turkish Daily News*, 2000a).

In its manifesto for the parliamentary election of 1999 the Republican People's Party promised to reform the state 'from top to toe'. This reform would include democratisation and greater government effectiveness. Central-local government relations would be reorganised; the tutelage powers of the centre abolished; and some legal powers transferred to the elected local governments. Local government itself would be reformed. In line with the EU's overall aspirations, published some twenty years ago (the European Local Governments Autonomy document) transparent and participatory democratic local government would be created. Local government would take control of local taxation (www.chp.2000b). In the manifesto for the parliamentary election of 2002, the RPP underlined parallel ideas about restructuring the state, including local government reforms. The leader of the Party, Deniz Baykal, claimed that they would transform the state into a citizen-orientated democratic one and the state's operations would be transparent as well as more efficient and effective by

reducing the bureaucracy at every stage of the government. On local government, the manifesto similarly stressed that transparent, participatory and democratic, as well as financially strengthened, local government would be created (RPP, 2002).

In a report called *Local Governments 2000*, the Republican People's Party analysed its local government policies in some detail (www.chp, 2000b). The party promised a complete reform of local government. Participatory, pluralist, transparent, effective and democratic municipalism would be brought to life. In terms of central-local government relations, the share of responsibility and authority between central and local government would be reorganised. Local public services now provided by central government would be transferred with their legal authority and financial resources to local government (although education would not be one of these services). The party promised to establish 'rural municipalities' in villages and rural areas. Village Law would be abolished and villages would be converted to municipal status with their present 'head men' (*muhtars*) made into mayors. Another very important proposal was the establishment of a Ministry of Local Government responsible for coordinating central and local government and managing funds and resources. The Bank of the Provinces would become a Bank of the Municipalities. Municipalities would become more transparent and open to public control. Control mechanisms would include direct participation and local NGOs. Trustworthiness would be the main principle. Local authorities would become more autonomous from the tutelage and financial domination of the central government. New control systems were proposed, including a new personnel regime responsible not to the Ministry of the Interior but to elected local councils. Anti-trade union rules and subcontracting practices, as well as arbitrary redundancy in municipalities, would be ended (www.chp, 2000b).

In terms of financing local services, the Republican People's Party report intended to transfer taxation authority by creating new taxes for municipal use and increasing the percentage of some other centrally created taxes allocated to local government. For loans which would overlap one election term, the consent of a local referendum would be required. Regarding reorganisation of the metropolitan municipal system, the report proposed to solve the uncertainty and confusion in

responsibilities between Metropolitan municipalities and Metropolitan District municipalities. Finally, the report said that through transparent, efficient, participatory municipal administration and the strengthening of local democracy, a new 'social local government' would be put into practice (www.chp, 2000b).

Looking at these radical proposals, it can be argued that the Republican People's Party was not being very realistic about achieving these goals and certainly not, as the report mentioned, within five years. It seems that Turkey's highly centralised social and political structure is not fully considered in this policy statement, despite its power to prevent these reforms or at least to fragment and delay their impact.

In terms of economic policy, even though it criticises Özalism and neo-liberal economic policies, the RPP is in favour of a productive and competitive market economy. However, as part of having étatism as one of the Kemalist 'six pillars' of party policy, the RPP considers full employment to be the main duty of the state. They want to change the Tendering Law to ensure that contracting out and privatisation is based on standards of law, equality and transparency.

During the first Ozal years as the left opposition party, the Social Democratic Populist Party (SDPP-the then left party) was against privatisation. Fikret Ceyhun, professor of economics at the University of North Dakota, wrote that the SDPP was 'not supporting denationalization or privatisation. They probably would reverse Ozal's policies' (cited in Gold, 1989). However, the RPP, as the main successor to the SDPP, did not reverse Ozal's policies but conditionally supported them.

The Republican People's Party sees privatisation as the tool for decreasing the national debt. It urges that the SEEs should be reorganised and privatised to increase their effectiveness and efficiency. All state-owned banks, except the Farming Bank and the People's Bank, are proposed to be privatised urgently. Public benefit and transparency in privatisation should be the objectives. Privatisation which harms or is unjust to the employees would be cancelled (www.chp, 2000a).

A recent development in the Republican People's Party shows the new trend towards liberalisation. This supports the main thesis of this study that the differences between Left and Right political parties are diminishing in terms of economic policies and particularly in privatisation policies. Just before the dramatic general election of December, 2002, the minister of public finance and the economy, Kemal Derviş, resigned from this post in the three-party coalition government and joined the RPP. He had become well known in this post, partly because of his very unusual previous position as a deputy chairman of the IMF in Washington. He had joined the government in March 2001 following the dramatic economic crises of November, 2000 and February, 2001 (Belgenet, 2001). His main objective was to stabilise and save the economy. A major policy was pressing forward with privatisation policies in line with IMF agreements. Before resigning, Kemal Derviş had met with Deniz Baykal, the leader of the Republican People's Party, several times and was presumably convinced that he could carry on his privatisation-driven liberal policies within the RPP, despite its record as a Left party strongly opposed to privatisation. It was quite clear that Derviş was positively bargaining with the RPP leadership to settle pro-liberal policy terms which would attract him to join them. As a result, during the general election campaign and after the RPP's strong advances, Baykal announced that the party was not against privatisation. Some critics claimed as a result that the RPP had become a liberal, Centre-Right, party such as the Motherland Party or the True Path Party. RPP had held meetings with the national chamber of trade and businessmen (TUSIAD) during the election campaign to convince them it would follow liberal open-market economic policies if it formed the government. Having the previously non-partisan Kemal Derviş as its parliamentary candidate may have impressed TUSIAD's member firms and helped to increase the RPP's share of the national votes from 8.7 per cent in April 1999 to 19.4 per cent in December, 2002.

6.4 The Democratic Left Party

In terms of ideological differences between these two major Left-of-centre parties, Özbudun (2000, 97) has pointed out that there are no major substantial differences. One more symbolic difference between the two parties, he states, is that

the DLP rejects the legacy of the old Republican People's Party, described by the leader of DLP, Ecevit, as 'too elitist, representing a notion of reform from above – "for the people but against the wishes of the people."'

As to the Democratic Left Party's approach to local government, it claims to see it as an important means of strengthening grass roots democracy and encouraging democratic public participation in development schemes. Public participation should be encouraged, starting from the lower levels of villages and neighbourhoods; good communication between local government and electors should be observed; in cooperation with the public, local government would take a leading role in economic growth and general development; and, in terms of central-local relations, the centre's tutelage power over local government would be ended. Under democratic control and with increased legal authority, local government would be empowered to create its own resources and independent working conditions. Cooperation among local authorities would be encouraged (DLP, undated, 128-129). In its manifesto for the general election of 1999, the Democratic Left Party emphasised local government reform, claiming to ensure effective public participation and to prevent the over-centralisation of power (Öner, 2000).

In its latest election manifesto of 2002, DLP considered financially and functionally strong participatory local government as an important path for democratisation. The manifesto emphasised strengthening local government and creating more autonomous local authorities by transferring more responsibility and power. The DLP took credit for having changed the Constitution in order to recognise and facilitate privatisation. It also underlined public-private partnerships in providing various economic and social services and activities. The proposed sale of up to 45 per cent of Turk Telekom shares to international bidders was also claimed as a success. Abolishing the monopoly in natural gas supply was also welcomed in the manifesto (DLP, 2002).

The other and more substantial difference is that, while the Republican People's Party program emphasises the prominent role of the state in the economy, the

Democratic Left Party ‘is more inclined to diversify the economic structure by encouraging cooperatives and producers’ unions, with a view to preventing both state and private monopolies’ (Özbudun, 2000, 97). On most other issues the two parties stand very close.

In 1989, the Democratic Left Party leader, Bülent Ecevit, criticised the principle of privatisation and claimed that the Motherland Party government, in the name of this policy, was proposing to sell the most productive and profitable of the SEEs to foreigners for next to nothing (Petrol-İş, 1989, 198).

For some ten years after 1989, the Democratic Left Party stood for an *étatist* approach to the country’s economic life. In its programme during those years it was clearly stated that organisations which provide infrastructural investment and public services should be owned by the state. Organisations whose ownership or management had been transferred to the private sector would be renationalised. All national resources would also be operated by the state, including the defence industries. Some limited private sector economy outside the areas of infrastructure, public services and defence would be allowed, however, on certain conditions (DLP, undated, 63, 75).

By the time of the general election of 1999, however, the Democratic Left Party had developed an opposite approach towards privatisation, at least of a number of SEEs. It agreed that SEEs had become an employment centre for political parties’ patronage and so a heavy burden on the Turkish economy. This should not be permitted. SEEs, other than strategic ones maintained for the benefit of the economy, would be suitable for privatisation. The main principle during this privatisation process should be transparency. Privatisation should be applied so as to get the maximum productivity, technological development and redistribution of the proceeds of the sales to the public. New employment areas should be created to prevent unemployment which may result from privatisation (www.dsp). This transformation in the party’s view on the privatisation of most SEEs was very clear to one former party activist, Suat Kiniklioglu, writing about the DLP from inside knowledge as well as research. He saw the party’s 1999 manifesto reversal on policy towards Turkey’s SEEs as

‘almost a confession that nothing but the privatisation of the SEEs was a viable option’ — referring in particular to a section headed ‘The SEEs should not become a liability to the State’ (Kiniklioglu, 2002, 24).

As prime minister, Ecevit was now in favour of privatisation and signed an agreement with the IMF accepting economic support on condition of privatising key SEEs, such as Turk Telekom. This example dramatically supports the main argument of this study that privatisation policies in Turkey have more or less lost their ideological dimension and become an economic tool of governments — whether voluntarily or as a result of the effect of global economic pressures on the country.

Another study by Ziya Öniş also supported the idea that during the late 1990s the political parties became more positive on privatisation based on his study of the 1999 election. He showed that they now considered ‘privatisation as a measure of commitment to reducing the direct involvement of the state in economic affairs.’ (Öniş, 2000, 296) The following table (presented here in Left-Right order) has been adapted from Öniş (2000, 297):

Political Party	Privatisation	Decentralisation
People’s Democracy Party	Unfavourable (In favour of public enterprise autonomy)	Strongly in favour
Republican People’s Party	Qualified endorsement	Strongly in favour
Democratic Left Party	Qualified endorsement	Strongly in favour
Motherland Party	Strongly in favour	Strongly in favour
Virtue Party	Strongly in favour	Strongly in favour
Nationalist Movement Party	Least favourable	Mixed

6.5 The Motherland Party and the True Path Party

The Motherland Party was founded by Turgut Özal in 1983 at the end of the military government period, 1980-1983. It won the general election of November 1983 with a surprising 45 per cent of the vote and received an absolute majority of seats in

parliament. On returning to multi-party democracy in 1983, the pre-1980 political parties re-emerged under new names and leaderships. The True Path Party became the rival to the Motherland Party on the Centre-Right under its leader Suleyman Demirel. As the leader of the pre-1980 Justice Party, he was banned from active politics by the military in 1980 until the constitutional referendum of September 1987 which restored his political rights.

Ideological differences between Motherland and True Path were considerable under the respective leaderships of Özal and Demirel. Özbudun has since argued that, ideologically, ‘compared to the new Right, free market ideology of the Motherland Party, the True Path Party represented a more conservative, populist, egalitarian ideology in the tradition of the [former] Democrat Party of the 1950s and the Justice Party [of the 1970s].’ (Özbudun, 2000, 95). While Özal had emphasised ‘transformation’, modernisation and ‘leaping to a new age’ (*çağ atlama*), Demirel preferred more populist campaigns based on economic justice and egalitarianism under a paternalistic and protective state. However, in the 1990s the two parties, in Özbudun’s judgement, tended to lose their ideological differences under their new leaders. As leader of the True Path Party, Mrs Tansu Çiller moved toward Özalism on attitudes to free-market oriented, anti-populist, anti-welfare policies, while Mesut Yılmaz moved his Motherland Party towards the egalitarian populism associated with the former True Path Party leader, Demirel. (Özbudun, 2000, 95-96).

The former leader of the Motherland Party, Mesut Yılmaz, has stated that chaos and confusion in the management of the economy must be ended. Thus, the state needed to be removed from the economy not in parts but as a whole: the state’s relation with the economy must be rearranged. He also claimed that a cumbersome state is weak and created problems. For this reason, he urged a new Local Government Act which would give power to local authorities (*Turkish Daily News*, 2001d). The Motherland Party’s Minister for Labour and Social Security, Yaşar Okuyan, added that Turkey needed a rapid local administration reform in order to prevent corruption. Comparing with West European states, he pointed out the clumsy, centralised structure of the Turkish state.

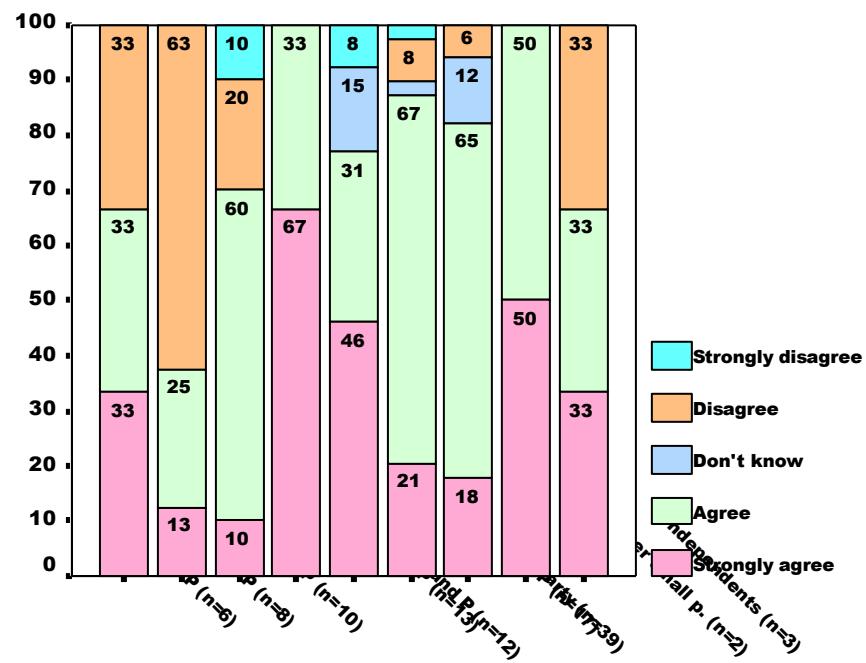
In all democratic countries citizens solve the majority of their problems through local administrations. In Turkey, it is the reverse. We are expecting Ankara to solve the majority of problems...If we want to take steps towards a more democratic structure, if we want to get rid of corruption and excess state expenses, we have to transfer some authority to local administrations. (*Turkish Daily News*, 2001c).

The programme of Özal's Motherland Party always emphasised strengthening civil society through diminishing the role of traditional bureaucratic elites in public policy-making and so weakening the state. As Heper has explained it:

From this perspective privatisation of the state economic enterprises, the devolution of authority and the transfer of funds to the municipalities, and the increasing emphasis placed on market forces were crucial. Privatisation and the stress on market forces also had the capacity to strengthen civil society. Devolution of authority and the transfer of funds to the municipalities could have the same effect, for participation in politics at the local level would be much easier (Heper, 1990, 326).

In the Özal era, privatisation policies were not merely economic but also political tools in line with new Right ideology. Özal expected changes in the whole of society through changes in economy. In other words, he believed that economic liberalisation would result in political and social liberalisation. In my questionnaire survey of Turkish mayors for this study I asked the same question. Nearly all (113 out of 115) expressed a view. The result shows that four out five of them agreed or strongly agreed with this basic Özal belief (See Figure 6.2).

Figure 6.2: ‘Economic liberalisation encourages political freedom and democracy’(R=110)



The majority of interviewees contributing to this study also agreed that Özal had wanted to change politics and society by the liberalisation of the economy. They mostly agreed that he had been successful to some extent.

The Motherland Party has traditionally been seen as anti-bureaucratic and pluralist, favouring neo-liberal reforms including privatisation. At national as well as local level, the Motherland Party has been strongly in favour of privatisation. However, under the pressure of being in opposition, Mesut Yilmaz, the former leader of the party, opposed the privatisation policies of the former Welfare Party-True Path Party coalition government of 1995-1997. The party suffered an unprecedented setback in the recent general election of December, 2002 when it fell below the ten per cent threshold and so failed to gain any seats. The leader of the party, Mesut Yilmaz, resigned. In January 2003, in the party congress, the former mayor of Bakirkoy Metropolitan District municipality of Istanbul, Ali Talip Ozdemir, was elected as the

new leader of the Motherland Party. In early 2004 he was replaced by Mrs Nesrin Nas who has since proposed a Motherland-True Path merger which is now being debated. This debate caused conflict within the Motherland Party and the leader of the party, Mrs Nesrin Nas, resigned from her position at the end of November 2004. At local government level, the position of the Motherland Party has also changed with very serious losses in the local elections of March 2004, winning only three per cent of the total vote, compared with 17.3 per cent in 1999.

Since the economic crisis of November 2000, Turkey has been struggling with its socio-economic and political problems. It has signed various agreements with the IMF and the World Bank. Privatisation has been one of the main conditions for this financial help. The European Union has also put forward privatisation as one of the immediate duties of the Turkish government before EU membership talks can even begin. In its Accession Partnership Document, the European Union has stipulated 'the completion of privatisation of state-owned entities as well as agricultural and financial sector reforms as the medium-term criteria for starting accession talks with Turkey' (*Turkish Daily News*, 2000b). Later, in January 2001, the minister responsible for privatisation, Yüksel Yalova of the Motherland Party, pointed out that privatisation talk had been on the agenda for a long time in Turkey, but necessary action had not been taken. He called for the privatisation of SEEs immediately: 'If we want to see a better Turkey, the state should clean its hands of the SEEs and privatisation implementation should be accelerated.' Otherwise, he warned that 'there is no way Turkey can obtain its deserved place in the European Union or in the world' (*Turkish Daily News*, 2001a).

Metin Heper has concluded that, by the end of the 1980s, the Turkish state had undergone a transformation with a shift of responsibilities, particularly in economic functions, 'from the politically non-accountable i.e., the bureaucratic and military elites to the politically accountable i.e. the political party elites.' (Heper, 1990, 333). However, since the death of Özal in 1993, the process under President Demirel had started to reverse. Particularly in the so-called '28 February process' (following the 'soft' military coup of 28 February 1997), interference by the military elites in almost

all public policy-making decisions increased. This 'soft' coup forced the resignation of the Welfare Party-True Path Party coalition government. According to official military spokesmen, this process of informal military supervision of official policy-making would be ongoing, and would live even for a thousand years if necessary. In early 2003, it is clear that this process is still influential. Its influence continues to be clearly seen in various aspect of Turkish political and social life, including the political parties' positions on local government questions and the actual progress of privatisation, at both national and local levels.

The Motherland Party has always been a significant party on local government issues, in both policy studies and debate and actual practice. The party has published books and articles on the subject, for example a book called *Restructuring in Local Government*. (Motherland Party, 1994) It argued the need for a new model for local government and its organisational and personnel structure. In a more recent publication (*Local Government Guide*) some principles of local government were set out, perhaps rather repetitively. It was suggested that local government should reflect the political and administrative unity of the state and be planned, democratic, efficient, effective, productive, rationalist, transformative and organised. (Motherland Party, 1999)

The constraining or censoring influence of the military's '28 February process' (from 1997) can clearly be seen in this publication of 1999. The previous (1994) book had more challenging proposals to create democratic and fairly strong and independent local government, free from the tutelage of central government. There was no mention of the unity or unitary structure of the state but rather criticism of the excessive power of the centre and of its failure to devolve authority to local government. In the *Guide* of 1999 the unity of the state structure was listed first among important principles of the Motherland Party's position on its policies towards local government.

In its manifesto for the general election of 1999, the atmosphere of a coming election clearly allowed the Motherland Party, like other parties, to feel more free of the military's '28 February process'. It frankly criticised the central government

tradition as clumsy, centralist and opaque: transferring responsibilities and power to local authorities was necessary. The report emphasised that delivery of services needed to be performed with the active participation of the public and at the closest point to people, namely by local government. The party also promised that the Local Government Law would be enacted in 1999. All political parties in 1999 promised the enactment of this law and many attempts have since been made. The draft has been taken through the preliminary parliamentary commission stages and introduced into the chamber of the parliament. However, none of these attempts have been completed. The promises have so far failed.

6.6 The former Virtue Party and its successors: the Happiness Party and the Justice and Development Party

The Virtue Party was the heir to the banned Welfare Party and was also banned in its turn. It was founded in December, 1997 under the chairmanship of Ismail Alptekin, the legal advisor to the Welfare Party and Welfare's leader, Necmettin Erbakan. The Constitutional Court's banning of the Welfare Party took effect in January, 1998. The life of the Virtue Party was only three and a half years. (from December 1997 to June 2001). Like the Welfare Party before it, the Virtue Party was banned by the Constitutional Court on the ground that it was found to have an islamist (and therefore unconstitutional) basis.

In the combined general parliamentary and local government elections of April 1999, the Virtue Party was not as successful as its predecessor, the Welfare Party, had been. After the closure of the Virtue Party, two new parties emerged from its ashes. The Happiness (*Saadet*) Party was the direct successor. The other new formation was the Justice and Development Party, founded by the moderate wing of the Virtue Party under the leadership of former Mayor of the Istanbul Metropolitan municipality, Recep Tayyip Erdogan. Even though it was a newly-established party, its ideas and background reflected the last years of Erdogan's mayorship of Istanbul. The Justice and Development Party has enjoyed a dramatic political success. Even though it was established only in June 2001, in the general election of December 2002 the party

gained 365 seats out of 550 (66 per cent) in the single-chamber parliament, having received 34 per cent of the total national vote.

As a result of the closure of the Virtue Party and emergence of two successor parties, it is not easy to gain a clear view of the new parties' understandings and policies. The Happiness Party is the direct heir to the Virtue Party. The leadership, including the chairman of the Virtue Party — Recai Kutan — have continued in their roles in the Happiness Party. The new party's spokesman on local government affairs, Hüsamettin Korkutata, is a former Virtue Party member of parliament.

According to Korkutata, the Happiness Party gives great importance to local government. Free from concern about Turkey losing the unitary structure of the state, the new party urges a local government reform which would spread political and policy-making opportunities and responsibilities all over the country. It claims that this would establish self-esteem in society, prevent overspending and decrease clumsy bureaucratic functioning, so making a positive contribution to the economy. In terms of restructuring, the Happiness Party supports reorganising the Metropolitan and Provincial municipalities as follows.

Defence, foreign policy, justice, internal security, national taxation and coordination of the services would continue to be the responsibility of the central government, but other services would be transferred to the Provinces and municipalities. For major investment schemes and operation of services affecting more than one municipality or Provinces, a new corporative management would be created. Provincial Councils (elected, general decision-making bodies of the Special Provincial Administrations (SPAs) and municipal councils) would be empowered and effective control practiced (www.sp).

The powers of the Province municipalities are also intended to be increased. This party suggests that a new two-tier local government structure should be created in Provinces similar to that of the Metropolitan municipal system in the major cities. The Province municipalities will be responsible for planning, infrastructure projects and

co-ordination within the boundary of the Province. District municipalities would be responsible for infrastructural development, environment, traffic and protective health services along with other duties within the District's boundaries. The Special Provincial Administrations would also be empowered by giving them all of the central government's grant to the Province for its investment and current expenses. The Provincial Councils of the SPAs (see Diagram 3.2) would be responsible for the distribution of this share within the Province among the sectors or projects. Implementation and control would be decided locally.

As to policies on privatisation, the new Happiness Party has proposed a limit on the number of permanent very senior managers in local government with the rest being employed on flexible contracts. This is a strong indication of privatisation ideas of the contracting out type. In its party programme the Happiness Party stress privatisation and PSPPS. All investment would be encouraged to be in the private sector, apart from some defence industry investments and some services in which there may be lack of private sector interest. Economic activities would be operated according to a liberal market economy. Apart from foreign affairs, internal security and the coordination of tax and services, all responsibilities would be transferred to local authorities. Privatisation would be used to minimise the state. Publicly owned hospitals would be privatised and the private and voluntary sectors would be encouraged to participate in health service investment (www.sp).

Turning to the Justice and Development Party as the former Virtue Party's other successor, a considerable number of the former Virtue mayors joined the JDP, both before and after its dramatic national electoral victory of November, 2002.

The Justice and Development Party is, clearly, a highly reformist party in every way, according to its party documents. In local government reforms the party promised to undertake serious changes in the structure. In the election manifesto for November, 2002, it was emphasised that new criteria would be established to create metropolitan municipalities while Metropolitan and Metropolitan District municipalities' relations would be reorganised. In accordance with this promise, the JDP government has

prepared a new draft law on local government and particularly on Metropolitan municipalities. The deputy Prime Minister Mehmet Ali Sahin has announced that there is a strong possibility to abolish the Metropolitan municipal system with one or two exemptions. However, the Minister of the Interior, Abdulkadir Aksu, added that it would be replaced with a legally and financially strengthened municipal system in which the Provincial mayor would be elected by the whole province rather than only the central province (*Milliyet*, 2003; JDP, 2003). In line with municipal reforms, provincial administration would also be reorganised. Responsibilities for peripheral organisations held by various ministries would be transferred to SPAs and GPAs. In accordance with local preferences, health, education, environment, social services, rural affairs, agriculture, resettlement and transport would be provided by the Provincial administrations (SPAs and GPAs) (JDP, 2002).

The JDP leader, Recep Tayyip Erdoan, is strongly in favour of privatisation, considering it indispensable for the benefit of the country (www.akparti, 2002). In its party programme and election manifesto for November, 2002, the JDP showed its strong support for free market principles and privatisation. Support for political and legal reforms was also underlined. In its party programme, the following principles were considered fundamental for the new JDP government's operations:

- a market economy operating with all its institutions and rules;
- the State should, in principle, remain outside all types of economic activities;
- the function of the State in the economy as a regulator and controller must be carefully defined; a healthy open system for the flow of information and documents is important;
- privatisation should be the means to a more rational economic structure.

Considering privatisation to be the means to productivity in a rational economy, the JDP stressed the importance of immediate legal and administrative changes to ensure fast and transparent privatisation. It also urged the widespread use of Build-

Operate-Transfer methods in order to realize major investments requiring new technologies (www.akparti, 2003).

In the November, 2002 election manifesto, the party emphasised structural reforms consisting of reorganising and restructuring public administration, improving the conditions for internal and foreign investors and encouraging privatisation by abolishing the legal and administrative obstacles. It stated that SEEs have become a burden on the public because of mismanagement and political interventions. Thus, it is unavoidable to privatise them. As a pro-privatisation party, JDP stated the main objectives of privatisation as preparing conditions for the smooth operation of a free market economy and increasing economic efficiency and effectiveness. These statements indicate that the JDP considers privatisation to be a pragmatic economic tool for the solutions of economic problems (JDP, 2002).

It will be instructive to see what success a single party majority government with 66 per cent of the parliamentary seats can actually achieve following these very bold policy promises and proposals.

6.7 The Nationalist Movement Party

The Right-wing Nationalist Movement Party is one of the oldest parties in Turkish political life. It was one of the key small parties during the coalition party governments in the 1970s. The leader of the party from 1969 was Alparslan Türkeş until his death in 1998. The party was banned by the military regime, along with other pre-1980 political parties, after the military coup of September 1980. It was re-established in 1983 under the name of Conservative Party and changed to Nationalist Activity Party in 1985. The party gained 2.9 per cent of the votes cast in the 1987 general election. The party also saw 24 mayoral candidates elected, within a national share of 2.7 per cent of the votes in the 1989 local elections. In 1993 the party changed its name back to the Nationalist Movement Party and contested elections at national and local levels (NMP, 2002). The party's share of the national vote increased to 8.2 per cent in the 1995 general parliamentary election but no seats were won because of

the ten per cent threshold. The party was much more successful in the general election of 1999, becoming the second biggest party in the parliament with 129 seats based on eighteen per cent of the votes. Alev Cinar and Burak Arikan explained this success as a result of a new strategy ‘to almost monopolize nationalist positions on the political spectrum and to present itself [NMP] as the only party that best represents the national interest and not just a particular ideology’ (Cinar and Arikan, 2002, 25). However, this surprising increase fell back to its 1995 level of eight per cent in the general election of December, 2002 and the Nationalist Movement Party is now again left out of parliament with no seats.

Its success has been greater at the municipal level, particularly during the 1990s. The number of Nationalist Movement Party mayors increased from 24 (out of 1984) in the local elections of 1989 to 118 (out of 2710) in 1994 and then rose to 499 (out of 3215) in the local elections of 1999. (For the changes of the votes and the number of municipalities in the last three local elections please see the Table 6. 2 above)

In general, the Nationalist Movement Party has had policy views on both local government reform and privatisation which are similar to the Motherland Party’s. The NMP has emphasised research into policy questions, notably through its Research and Development Centre. The party has published books and reports on different aspects of political and social life in Turkey.

In its manifesto for the general election of 1999, the Nationalist Movement Party dealt with local government reform by proposing, firstly, that Turkish central government should be restricted to responsibility for the classic national duties of justice, defence, security and diplomacy. It should also ensure fair competition and prevent monopoly. The NMP also emphasised the need to strengthen civil public organisations. It did not propose any general local government restructuring but did support gradual devolution of central legal and financial powers to local authorities. Local authorities’ share from the central government’s budget would be increased. Greater self-management by municipalities was another main point. The Nationalist

Movement Party criticised bureaucratic, clumsy and authoritarian central government behaviour and urged a more humanitarian, targeted style of administration serving the nation efficiently and effectively.

Like the Motherland Party, the Nationalist Movement Party promised to strengthen local government's capacities to run their services as they should be. As a plainly nationalist party, the Nationalist Movement has always accorded to the state more spiritual meaning than other parties would think necessary. The NMP has therefore also emphasised the unitary structure of Turkey. But it has claimed that, without harming this unitary structure of the national state, they will support shared responsibility and resources as between central and local government while strongly opposing any ideas of making Turkey into a semi-federal system along the lines of Spain or Italy. (Öner, 2000, 45-49). As a result, the Nationalist Movement Party has always been cautious about devolution of any real powers to local government, despite its claims at election time.

Turning to privatisation policies, the Nationalist Movement Party published an official policy statement of book length in 1999 (NMP, 1999). The party declared that privatisation offers not only economic but also social and political benefits. If privatisation can be performed successfully, the party claimed, various multi-dimensional benefits would be achieved:

- the people's savings would be attracted to efficient and productive privatised investments;
- with the increase of direct foreign investment in privatised enterprises, technological developments and modernisation of management and marketing would be achieved;
- a more effective economy would stimulate investment and industrialisation will reduce unemployment in the medium and long terms;
- the taxpayers' subsidy of the SEEs would no longer be needed, allowing more financial resources for the main functions of the state such as education, health and infrastructure: this trend would also help to control and decrease inflation;

- corruption and bribery would be diminished in a larger privatised economy;
- an effective free market economy would help to reduce unjust inequalities of income;
- with the strengthening of the middle classes, Turkish democracy would develop in a healthy way (NMP, 1999, 11-12).

However, despite official party positions of this kind, when it comes to governments moving to implement privatisation, there are problems. Ministers in the three-party coalition government of April 1999-December 2002 experienced difficulties. Although the three party leaders (Democratic Left Party, Nationalist Movement Party and Motherland Party) approved the national economic plan and signed the letter of intent to the IMF, ministers continued to resist the Fund's requirement of privatisation measures which was a condition of the Fund's financial support.

The Nationalist Movement Party departed from its claimed general position by opposing the privatisation of the state land-line monopoly Turk Telekom to foreign bidders. Its reason was the tense issue of the security of government and military telecommunications. Nachmani wrote that 'strong objections, from military echelons in particular, blocked the sale to foreigners of more than 39 per cent of any governmental company, Turk Telekom and the national carrier, Turkish Airlines, in particular, apparently in accordance with the articles of the Turkish law' (Nachmani, 2003, 77).

The Minister of Transport and Communications, Enis Öksüz, a Nationalist Movement Party member of the coalition government, defended the slow pace of the Telekom negotiations saying that 'This is not about selling cheese and tomatoes... We have to be extremely cautious. The price for making a mistake with an issue of such vital, strategic defence and security importance would be very high'. These words reflected the military's view that the sale of Turk Telekom to foreign investors could jeopardize national security. Their concerns were taken into account by limiting the foreign-owned share to 45 per cent with a state-owned one per cent "golden share",

with the provision that this would hold a power of veto over strategic decisions' (www.turkeyupdate, 2001a).

This plan was agreed with foreign buyers only after weeks of tense negotiations but the coalition government had not legislated by the end of its life in early December, 2002. But that government's pro-privatisation position had some substance, despite the lack of progress. The minister responsible for this policy field, Yüksel Yalova of the Motherland Party, was forced to resign after refusing to accept that the proposed law on the privatisation of the monopoly state tobacco industry was a *fait accompli*' (www.turkeyupdate, 2001b).

6.8 Quotation box

A socialist or social democrat party cannot be in favour of a privatisation policy which increases the unemployment problem. The mass parties following populist policies will have problems in explaining any privatisation policy to the public. Some social democratic mayors are in favour of rigid privatisation in a blind, unthinking way. The public has not yet questioned this inconsistency (Keles, academic, 1999).

Whatever the differences between the ideologies of the political parties, there is no difference in terms of practising privatisation... We experience "kadrolasma" (placing political supporters in public authority jobs) after every election which prevents efficient and effective working (Sancar, municipal trade union representative, 1999).

Declaring right-wing parties as in favour of privatisation and left-wing parties as statist and against privatisation is not reasonable. Privatisation must be considered as an economic issue. ... Today, the understanding and attitudes of all political parities are very similar. They all support almost the same things: democratisation, participation, better public management, public engagement and empowering municipalities financially (Akcali, [TPP] former Member of Parliament 1999).

'The Right-Left municipalities' distinction is not correct. We should divide them into 'contemporary' and 'old style' (Tasdelen, [RPP] former mayor of a Metropolitan District municipality 1999).

Ten years ago the approaches of Left and Right parties towards privatisation were completely different, but today the difference is minor and concerns only details. The main reason for this is globalization and none of the political parties could stand against it. Rightist municipalities tend to

privatize in most of their services, while Leftist ones are [partly] in favour of it for only some services (Ozdemir, municipal trade union representative, 1999).

It is not possible to say there is a relation between party ideologies and privatisation. I witnessed some mayors from Left parties who privatised some of their services in spite of opposition from within their own parties (Acar, serving senior civil servant, 1999).

According to the party programmes and policies all parties are in favour of PSPPS and empowering local governments. However, bureaucracy is more influential than political cadres in Turkey. The bureaucracy is not willing to transfer financial and legal power to local governments so they obstruct reforms. Our politicians enjoy appearing to provide services and expecting votes in return. (Acar, serving senior civil servant 1999).

Political party differences can be seen in the prioritising of services. Right-wing municipalities are keen to provide infrastructure and other economic activities while Left party controlled municipalities give priority to social and cultural services. (Saraloglu, serving senior civil servant at a Metropolitan District municipality, 1999)

The difference between the economic polices of political parties on privatisation has been wiped out. Today the Republican People's Party has lost some of its éstatist character and became more liberal in its economic policies. The same is true for the Democratic Left Party (Aytac, former senior civil servant 1999).

6.9 Conclusion

This Chapter has clearly showed that none of the parties in Turkey are formally opposed to local government developments and reform. This is a general idea that all parties are agreed on, but the necessary practical steps to reorganise the highly centralised and bureaucratic central state and to give powers and resources to local government have failed to be taken.

It may be a fair comment that the parties have reached a general easy consensus on the idea of reviving and empowering municipal government because it shows a modern, democratic 'political correctness'. Under pressure from Western opinion (particularly EU opinion) to appear more democratic, any party finds it easy to offer

rhetoric — but not specific plans — on developing local government and reducing centralised control.

The next Chapter will focus on the main privatisation methods used to provide local public services within the context of their legal bases and implementation in various areas of local services. Private sector provision of public services (PSPPS) will be reviewed with examples of municipal practices throughout the country.

Chapter 7

Methods and Issues in Turkish PSPPS

7.1 Introduction

This Chapter will review the main methods of providing public services and different alternative forms of operation, including various privatised approaches at national and, more particularly, local levels. The Chapter is divided as follows:

7.2 The traditional way: direct government or local authority control and delivery under the challenge of privatisation

7.3 A second traditional way: consortia of local authorities

7.4 Privatised approaches: municipal corporations

7.5 Privatised approaches: franchises from local government

7.6 Privatised approaches: contracting out

7.7 Privatised approaches: build-operate-transfer (BOT)

7.8 Privatised approaches: voluntary bodies' service provision

7.9 Privatised approaches: outright sale of public sector assets to the commercial private sector

7.10 Turkish experts' analysis of local and national PSPPS

7.11 Quotation box

7.12 Summary and conclusion

The traditional and major method of providing public services is direct central or local government provision. The alternative methods will be dealt with below in order, from traditional governmental delivery to the most radical way of privatising: the complete sale of assets to the private sector.

Heper judged that, at the beginning of Turkish privatisation policies, wholesale privatisation had not been the main target: the main purpose had been to raise funds for public sector investment. He wrote:

Privatisation itself was conceived as a means of generating funds for public sector investments, rather than as a mechanism for transferring ownership of SEE assets via the issue of shares or for offering management rights in the enterprises on a rental basis, or in particular for revenue-participation certificates which enabled the public to have a share in the operating income of the SEEs... It was not until 1986 that privatisation involving transfer of ownership to private companies was attempted... The very first case of a sale of a major SEE (TeletAŞ) to the general public via the issue of share certificates took place in 1988. This company, however, was sold to foreign as well as Turkish investors (Heper, 1990, 327).

7.2 The traditional way: direct government or local authority control and delivery under challenge of privatisation

Turkey had a population of only 13,648,270 when the first census was conducted in 1927. The urban population (people living in communities of 10,000 inhabitants or more) was only sixteen per cent. By the 1990 census, the population of Turkey had increased more than four times to 56,473,035 and then rose to 67,803,927 by 2000, a further increase over 1990 of 20 per cent (although at a declining annual rate of increase). The urban population has increased more than the general population growth (26.81 per cent urban population growth between 1990 and 2000 compared with 20 per cent general population growth) (SIS, 2000).

This increase in urban population also brought increased needs for more and more varied municipal public services. Municipalities were not able to provide all local government services within their own budgets. As problems and financial

difficulties increased, central and local government sought alternative ways to finance the growing demand for local services. New laws regarding the municipal system and its financial structure (including a new Metropolitan municipal type of authority) were introduced in 1984, under the Özal government.

Traditionally, governments deliver goods and services by using their own ministries or units and their own staffs. This traditional method of delivering services by direct government provision has been perceived by the general public and most public administrators as the major way. This is still largely so. Under this method, services are financed by general tax revenues and are usually accessible free of charge to the user or recipient.

In the early years of the Turkish Republic, local government had no statutory powers. Decisions were made in Ankara and carried out by officials at local level. The Municipal Law of 1930 (law 1580) constituted municipalities to regulate and meet the common needs of their localities. Danielson and Keles have described the system:

Municipal functions are prescribed in detail by national law. All municipalities are required to protect human health, public safety and social welfare; to control the prices of food and services; to establish public libraries, playgrounds and public squares; and to prepare master plans. Municipalities are mandated also to establish hospitals, nurseries, orphanages, slaughterhouses, wholesale markets, racetracks and stadiums. In addition, the central government permits cities to engage in a wide range of activities, including the provision of public transportation, water, gas and electricity; development of low-cost housing and establishment of hotels, theatres, and other commercial undertakings. (Danielson and Keles, 1985, 77)

The principle of law 1580 was to list and determine each and every duty and responsibility of municipalities. In article 15, the duties of municipalities were listed in 77 (later 79) clauses (Gülseven, 1999, 22-23) but local government was not financially equipped. Providing all of these 79 listed services was not possible with this present structure and a centrally controlled, strictly limited budget.

In the multi-party system years (1950-1960) under the former Democrat Party, the private sector was allowed back into some enterprises and local public services provision. In this manner, some activities were permitted to be contracted out to the private sector. Between 1960 and 1973, much of the large-scale, technological production and provision of infrastructure was taken away from municipalities and nationalised. Control was given to specialised central government agencies such as YSE (Road, Water and Electricity Affairs), DSI (State Water Affairs) and TEK (Turkish Electricity Institute) (Tekeli, 1978, 218).

In 1973, the Left-wing Republican People's Party won municipal elections in several big cities. With this victory urban populism emerged. The party emphasised social justice, municipal autonomy and public participation in local affairs. There was discussion on the need for true local government rather than simply local administration of central decisions, which would require more financially empowered and autonomous municipalities. This period (1973-1980) saw a new understanding of 'populist municipalism' (also called in the literature 'new municipalism' or 'democratic municipalism'). It was argued that most local public services should be provided directly by municipalities themselves, rather than central government agencies, but more autonomously (Tekeli, 1978, 239). The major principles of this 'new municipalism' were published by the Ankara municipality in 1976 and repeated in other brochures in 1977. These were used as guides by other big city mayors. The principles may be summarised as follows:

- a) a 'new' or 'populist' municipality must be in favour of social justice and provide an equal distribution of services;
- b) it should give opportunities for participation by all of the public in the decision-making process;
- c) a 'new' municipality must be a true local government, not simply a local administration under the heavy tutelage of the centre. They should select and increase their service activity using their own resources;

d) a 'new' municipality must create the resources needed to produce goods and services and also to control the prices of most goods and services. 'Democratic municipalism' should allow municipalities which were directly providing public transportation, water, electricity, bread and housing to gain their financial and political freedom from the centre.

e) these major changes cannot succeed without co-operation and unity: it is necessary for city governments to work together to achieve success jointly. (Keles, 1994, 389-390).

During the 1970s rapid and unplanned urbanisation took place and this intensified the importance of the major municipalities, based on the needs of the growing urban population. There was a Right-party coalition government in office nationally and this caused conflict and struggles with the Left-party controlled big cities. These big cities followed their ideological and political ideas by trying to implement populist policies. This was criticised by the then Minister of Reconstruction and Settlement (a minister of the Right-wing former Justice (later, True Path) Party):

Many municipalities, leaving aside the principal needs of the public, frequently come to Ankara to ask for funds. Cities that cannot pay the salaries of their workers attempt to open new roads and undertake big projects. Or you see that they have built luxury gardens with pools without meeting their water supply needs. Then, as workers had begun to strike or slow down the work... the state must help the cities. But the cities should give up unnecessary and expensive investments (Danielson and Keles, 1985, 116)

After the military coup of 1980 a new approach was adopted on government policy for provision of public services at both national and local levels. Under the military-approved government, with Özal serving as deputy prime minister, discussion and official initiatives on privatisation of local public services intensified (Köksal, 1993, 130). One effect was to favour strict limits of the direct role of municipalities in local economic life in countries such as Turkey where they had acted as major local investors and entrepreneurs (Keles, 1994, 369).

An early example of importing privatisation policies was seen in Turkish local government in 1985. With the financial support of the World Bank, the State Planning Organisation (DPT) started an urban development project in Cukurova, in southern Turkey. The World Bank and foreign consultant firms prepared reports suggesting privatisation of Cukurova's municipal services such as refuse collection, drinking water supply and distribution, the sewerage system and highways (Köksal, 1993, 130-131). These recommendations had already been applied in the major city of Adana as well as in other municipalities.

The second reason for privatisation's advance was domestic political and economic developments. Privatisation policies in terms of contracting out and franchising had been known, although not often applied, since the beginning of Modern Turkey. It formed just one part of major changes in economic policy in 1980 (the '24 January Decision') introduced by Özal. Under his own post-military government (from 1983) this policy was strengthened and broadened. Privatisation of local public services, municipal incorporation, establishing and promoting charitable foundations (*vakiflastirma*) and municipal contracting out were all promoted as the main principles of Özal's different 'new municipalism' and imposed on the local authorities (Keles, 1994, 369).

The third reason for changing economic policies at local government level stemmed from the international and domestic rise of neo-liberal economic and management theories. The established ideological differences between Right and Left party mayors have been diminished as new ideas for urban management have advanced. These are based on a more liberal economy and on privatisation (Keles, 1994, 369). Keles, although personally in favour of partial privatisation on certain conditions, has stated that there must be a real relation between a party's ideology and privatisation as a policy. However, in the Turkish case, he has maintained that some of the parties have no serious ideological perspective in their political programme. He has criticised certain Left mayors for blindly favouring privatisation and he has said that Left mayors of social democrat ideology have a problem in explaining their privatisation policies when they cause job losses in the public sector (Keles, interview,

1999). As will be seen below, Left-party mayors, as well as Right-party mayors, have applied different forms of privatisation, such as build-operate-transfer and municipal corporations. By the end of the 1980s, for various reasons, the Republican People's Party's ideas of 'populist municipalism' from the 1970s had started to be transformed into another 'new municipalism' this time in favour of privatisation within municipalities controlled by the Left (Sengul, 1988, 18).

The next section will focus on some other ways of providing services and the different methods which local authorities have been using, some since the beginning of the Republic and some since the Özal era of 1980-1993. Metropolitan municipal law and other legal regulations concerning municipalities included a role for the private sector. Turkey began national economic planning in the 1960s. The State Planning Organisation (DPT) was established in 1961. Municipal issues and service provision formed part of these plans, as of course did the role of the private sector in the provision and production of goods and services. In the annual programme for 1986 of the Fourth Five-Year Development Plan, it was emphasised that local government should provide some of their services by means of the private sector and that it would be preferable for local authorities to contract services out to the private sector (SPO, 1986, 355). In the Fifth Plan of 1987 this was re-emphasised (SPO, 1987, 394). In the subsequent annual plans of 1988 and 1989, this policy was repeated.

7.3 A second traditional way: consortia of local authorities

Two or more local authorities may agree to plan, finance and produce a service jointly and to deliver it to all their inhabitants. The legal power to establish these consortia was given to local authorities in 1930 by the Municipal Law (1580). However, according to a survey in 1962 among 367 municipalities, only thirteen per cent had established any consortia with other municipalities and villages at that date (Dilek, 1998, 95). The numbers increased in the 1970s and the 1980s with much more dramatic further increase in the 1990s. This decade saw over 900 new consortia established. It has been estimated that, by 1998, there were over 1,300 of these consortia in Turkey (Sayin, 2002). Dilek claims that the long delay in the reform of the

local government structure and the absence of any real local government authority or capacity at the District level are among the reasons for this increase in the number of consortia (Dilek, 1998, 95). The principal current legal basis for the creation of local government consortia is the 127th article of the 1982 Constitution itself rather than the law of 1930. However, there is no substantive law directly authorising or regulating these consortia. Under the 127th article, a consortium of local governments can be founded for the performing of specific public services although only with the permission of the government (the Council of Ministers). According to that article, 'the functions, powers, financial and security arrangements of these unions, and their reciprocal ties and relations with the central administration, shall be regulated by law. These administrative bodies (the consortia) shall be allocated financial resources in proportion to their functions' (www.turkey.org). The absence of a substantive regulatory law on consortia is mainly explained by the general bureaucratic and political structural problems of Turkey. There are, however, some other statutory references to the foundation of consortia, such as articles 47 and 48 of the Villages Act (law 442 of 1924); the Law on Provincial Administration (law 5442 of 1949); and the Law on Special Provincial Administrations (SPAs) (law 3360) of 1987. These provisions merely referred to the establishment of consortia, without defining their functions or powers. The only regulations on their functions, powers and control were made in law 1580, the Municipal Law of 1930 (articles 133-148) mentioned above. Moreover, the Seventh Five-Year Development Plan (1996-2000) also encouraged the establishment of local government consortia, along with a new proposal for establishing a new local government unit at District level. The latest Five-Year Plan (2001-2005) has targeted the strengthening of the managerial and financial structure of local government consortia in order to produce more efficient local services (SPO, 2000, 246).

Because legal regulations on the principles and procedures of consortia have never been enacted, there is only a non-statutory charter of working principles available to each council in a consortium as its guiding authority. These charters are framework documents, combining rules and guidance of both a general and more

specialist nature according to a consortium's purposes. Their terms can be finalised only with the approval of the Provincial Governor (*Vali*) within a Province (or the Ministry of Interior if the consortium runs across a Province boundary).

The types of consortia can be classified by the status of their member local authorities; by their field of work; and by their levels of responsibilities. There are many examples of these consortia established between municipalities regionally or in a province. By 1998, there were fifteen regional local government consortia consisting of more than one Province (Canpolat, 1998, 103). Examples include the Unions of Municipalities in the Marmara Region, in the Ege (Aegean) Region, the Akdeniz (Mediterranean) Region and the Karadeniz (Black Sea) Region. These consortia are mainly established on a large scale across a region. However, there are also smaller consortia based on a Province or only a few Provinces. The Union of Municipalities in Konya, for example, is based on only one Province. The second group of consortia has been established among Village administrations. Its main purpose is to deliver more services to villages which are not strong financially. These consortia have been created under the leadership of the appointed District governors (*Kaymakams*).

The most remarkable and significant of these consortia is the one linking the only quasi-local government bodies, the Special Provincial Administrations (SPAs) which have important regulatory, as well as service-providing, functions as agencies of the central government's authority. In 1985, all of the 67 existing SPAs created the Provinces Service Consortium and all newly-created SPAs have since joined. According to its charter, the Consortium provides a common service to support its member SPAs with a range of economic and social services. It may be significant that this instant formation of a national consortium, on a lasting comprehensive basis was promoted by a central government bureaucratic agency rather than by any group of elected local authorities. (It should, however, be noted that Turkey is unusual in having created executive consortia of local governments to provide nationwide services on a local, rather than central, government basis.)

Turning to the functions of these consortia, they can be established to work in economic and commercial fields, such as retailing and food production, or to provide social and cultural services, or infrastructure services, or for other public needs. In the last group (levels of responsibility) associations have been established within a District, Province, in a geographical region and nationwide. By 1998, there were 1,294 local government consortia functioning in various areas of service provision, environmental protection and economic activities. The distribution of consortia by their authorities' status was as follows: Villages: 838; Villages/municipalities: 313; Villages/SPAs: 19; Villages/municipalities/SPAs: 29; Municipalities: 52; Municipalities/SPAs: 25, Provinces: 18 (Özhan and Yeter, 1995, 31-35, 50 and Canpolat, 1998, 103. There are no official totals of local government consortia, but drawing on different partial reports and officials' speeches in various conferences, Sayin has calculated that there were 1,322 by the end of 1998 (Sayin, 2002). The full list of the consortia can be seen on the YYAEM web site (www.yerelnet.org.tr/iller/birlikharfiste_01.php).

In terms of working field, consortia established for infrastructure services to the villages were the biggest group in 1998 with 784 consortia; the second biggest was for farming irrigation with 275 consortia (Canpolat, 1998, 102). The major importance of local government consortia is that they are mainly concerned with infrastructural services, providing drinking water to rural areas and villages, establishing sewerage systems or water distribution for farming, along with some direct economic (commercial) activities to raise funds for themselves and their member local authorities.

There are also examples of temporary consortia for the provision of ad hoc services. By this method, municipalities who obviously cannot afford to buy big equipment and tools which they may need only temporarily, form a purchasing consortium to buy jointly and share the use. This offers considerable savings. For example, the Union of Municipalities in the Marmara Region, had a heavy equipment-purchasing programme for its member municipalities which resulted in considerable

savings on the costs of producing and providing local services (Emreap and Horgan, 1993, 14).

7.4 Privatised approaches: municipal corporations

Firstly, we can look at the legal framework for these corporations. The amended (1990) article 19 of the Municipal Law (1580 of 1930), (one of the legal bases for allowing corporations) authorises public transport to be provided by them in which municipalities participate. Using this method in providing these services depends on the approval of the Ministry of Interior (who supervises local authorities). The law does not place any limits on the municipality's share in the independent corporation. Municipal councils may seek the establishment of or their own participation in a corporation. Municipalities are represented on these bodies by the mayor or other persons selected by the municipal council (Eryilmaz, 1997, 189).

The main reasons for the establishment of municipal corporations are that they offer some idea of separating out (although not actual privatisation) of services and thereby hope to avoid traditional official bureaucratic obstacles, notably on the freedom to spend and invest in the service.

They may also take the advantage of employing qualified personnel freely without the bureaucratic and legal measures required for mainstream public authority recruitment.

Other major considerations include earlier credit from private banks and generally greater flexibility in contributing to the socio-economic development of the region. Finally, if a corporation is flexible, it would offer a new source of municipal revenue (Eryilmaz, 1997, 189; Firat, 1998, 81).

As legal entities, separate from the municipal authority itself, these municipal corporations escape from the strict rules of public law and carry out their services according to civil commercial law. Buying services by contract from these 'arm's

length' bodies (either owned, or participated in, by municipalities) is a common form of local services.

Municipal law gives power to municipalities to undertake various industrial and commercial activities. Article 19 of the Municipal Law of 1930 authorized municipalities to meet the further collective and civil needs of their inhabitants after providing the main or basic services. In practice, municipalities can provide many services by this corporation method. It can vary from the public transport function originally authorised to food retailing, including (in more recent years) large supermarkets.

Under this corporation method, the municipality's assets are not sold to private corporations but are transferred from municipal public law jurisdiction to the corporation which operates according to private (commercial) law. These transferred properties remain under municipal authority because generally the municipal shares exceed a 50 per cent majority control holding. In fact, there are many municipal corporations which wholly belong to the municipality but, being separate corporations, they still function as private law-based companies in the market.

However, in practice, these municipal corporations have often become similar to the national SEEs in making heavy losses. These are a heavy burden for municipalities to carry as subsidies to these corporations which fail to compete with the private sector where they are in competition (for example in food retailing). In Turkey, to express the mismanagement, clumsiness and heavy burden represented by a public or private organisation people say that it is 'becoming KIT' — Kamu İktisadi Tesebusu (SEE). (The English equivalent is 'going west'; the American is 'going south'). Among other reasons, this huge total subsidy has resulted in the outright sale or managerial contracting out of some of these municipal corporations; (this will be dealt with in section 7.9 of this Chapter.) Indeed, by 1991, only six out of 22 municipal corporations of the Istanbul Metropolitan municipality managed to end the year with profit. The other sixteen were hugely in debt. For example, by 1991 the total debt of the three biggest Metropolitan municipalities' corporations in Turkey was 152 billion

Turkish Lira (TL); representing 71.7 per cent of their total annual salary costs on personnel (212 billion TL) (Köksal, 1993, 192-193).

The main reason for these losses is the structure of the corporations. As the common majority share-holders, the municipalities also control the administration of those corporations. They have been used for political partisan patronage, just like the national SEEs. It is common practice for the more influential or significant parliamentary or mayoral candidates who lost the most recent election to be appointed to the boards of one or the other of these corporations. For example, a former Minister of Interior and Province governor (*Vali*) and mayoral candidate for the Metropolitan municipality of İzmir, Kutlu Aktas, was made chairman of PETKIM (petrol refinery SEE) after his defeat in the April 1999 local elections. However, after continuing criticism by the media, particularly at local and regional levels, he resigned in October 1999 (*Hurriyet*, 1999). This resignation was exceptional: most of these appointments are criticised in this way but to no effect. Sabuktay (1998) criticised the use of corporations by municipalities because they were being improperly used to recruit local elite politicians and bureaucrats into municipal politics by giving them well-paid seats in the managerial boards while also serving to discourage trade union recruitment within their work forces. One example of patronage was the head doctor of a municipal hospital in İzmir and a senior official in the İzmir Metropolitan municipality being appointed in 1992 to the managerial board of IZELMAN (an İzmir municipal corporation concerned with public cleansing) (Sabuktay, 1998, 67). Another criticism also made in 1998, came in the study by the Local Government Research Centre (YYAEM) at the semi-official public research institution, TODAIE (Public Administration Institute for Turkey and the Middle East). This was that municipal corporations insulated municipalities from public criticism and control by their arm's length nature. This loss of political accountability has (according to these researchers) transformed the employer role of municipal government into a commercial one, making their employee relations (including the trade unionism element) no different from the private sector. A second effect of working through municipal corporations has been to do the same with the municipality's relations with its local private sector

firms: to commercialise it, based only on market rules (YYAEM, 1998). (The study did not go on to consider whether both developments may be a good and necessary part of the widely discussed benefits of economic pluralism and market choice in general — and of privatisation in particular.)

Under these circumstances, despite the fact that municipal corporations were established under civil law in order to operate within market conditions, their management cannot in fact be freed from local political influence. They have lost their profitability and credit in the eyes of the public. They could normally be profitable if they could transfer (privatise) more of their shares to the private sector so that the private sector could take more control. Even if outright transfer of shares is not possible, their decision-making needs to be organised in accordance with market rules of profitability and efficiency, according to the State Planning Organisation (SPO, 1991, 65). The familiar dilemma of quasi-public bodies — particularly when trading in a commercial market — is clear in these municipal corporations' case. If they hold back from fully commercial behaviour they are criticised as unsuccessful but if they push forward they are condemned (from Left and trade union sources) for being just like capitalist businesses, with no public benefit from their existence. In the recent Eighth Five-Year Development Plan (2001-2005), the need to regulate the legal framework of these consortia, as well as limiting their areas of functions and efficient control, was also urged (SPO, 2000, 246).

According to article 71 of the State Tendering Law of 1983 (law 2886) municipal corporations are excused from the normally required process of formal public tendering for their service contracts. Thus municipalities had the advantage of buying services and goods directly from their own corporations without needing to consider private sector offers or accepting the lowest price. This has been criticised for encouraging fraud in purchasing. Another criticism has been that, because municipalities' and their private sector partners are so little regulated on their establishment and participation in a municipal corporation, both sides are free to act without any legal or third-party supervision. The losses made by these municipal corporations are met from public funds (a combination of local and national tax

payers) with their causes and details kept at arm's-length, with little political accountability focused on those responsible.

As a result of this criticism, since 1998, with the amendment of this article 71, municipal corporations have been obliged to participate in a formal tendering process in competition with private sector bidders.

Municipal corporations or other municipal links with firms were seen in Turkey before the 1980s. However, using joint corporations as a method of providing local government services has become an issue since 1984. It has mainly been the Metropolitan municipalities and other major municipalities which have created corporations or sometimes other forms of joint companies with commercial firms. These major municipalities now have corporations in almost all areas of service provision and economic activity. By the early 1990s, the Istanbul Metropolitan municipality had 22, Izmir had fourteen and Ankara had eight corporations. By September 1992, 107 of the 275 municipalities with 20k or more inhabitants had created 181 municipal corporations with nearly 15,000 employees (Genel-Is, 1995, 4). The number of municipal corporations in Izmir had increased from fourteen in 1992 to 21 in just two years by 1994 (ITC, 1995, 213). According to a more recent report officially prepared by Giyasettin Gurses (a senior inspector in the Audit Court), in 1998 there were 716 municipal corporations in Turkey. By December 1999, fifteen Metropolitan municipalities and their Metropolitan District municipalities had 104 municipal corporations in Turkey (Gurses, 2000).

The activities of these municipal corporations vary from bread-baking and food production and retailing to information technology or a cement and concrete factory. There are even municipal corporations broadcasting television programmes in major urban areas (Gurses, 2000). The common practice is to create municipal corporations in partnership with other municipalities and public organisations. However, some municipalities have established municipal corporations in the form of limited companies jointly with the private sector and foreign capital. TANSAS (food chains) and ARIZKO (tourism) of the Metropolitan municipality of Izmir have been two

examples. However, as a further form of privatisation, blocks of the share capital of TANSAS (established in 1986) have been steadily sold to the private sector since 1996 until it is now almost wholly privately owned (Tansas, 2002).

7.5 Privatised approaches: franchises from local government

A local government franchise is an agreement by which a local government grants one or more private sector firms the provision of a public service within its geographic area. An exclusive franchise is an award of a monopoly operation. The public pay the franchise-holder for the service used. The local authority may or may not control and regulate the price and quality of the service. Franchising is usually used for universal services such as water, gas, electricity distribution and public transportation.

Colman has specified the principal differences between the franchise and contracting out methods:

In the case of franchise, the user pays the deliverer, thereby removing all or most financial transactions from the public revenue-expenditure stream; Delivering firms may be protected against competition within the service area, depending upon whether the franchise is exclusive or nonexclusive. The government regulates price and quality of service via the franchise (as in an electric or gas utility) instead of through contract terms and specifications. Franchising also approaches divestiture of a service, indeed it is nearly synonymous with “divestiture with regulation”. Non-exclusionary franchises resemble a licence because deliverers can compete against one another, as in most private services (Colman, 1989, 164).

There are some disadvantages to franchises. Since the citizens pay the franchise-holder directly and in full for services, there can be particular problems for those who have difficulties in paying. Moreover, monitoring the carefulness and attention of the franchise-holder's operations and maintenance is difficult.

The legal framework for franchises in Turkish local government is found in article 19 and 70 of the Municipal Law of 1930 (law 1580). Municipalities may franchise services such as constructing and operating electricity, water, coal, gas or tram services up to 40 years, within conditions and frameworks set out the government. But each franchise must be approved by the Ministry of Interior. Moreover, under law 2575 (of 1982) franchising agreements must also be approved by the Council of State as constitutionally correct (Köksal, 1993, 161).

The Municipal Law of 1930 permitted municipalities to transfer all or part of their public transport services to the private sector. In Ankara, for example, using private firms to provide public transport began in 1980. The city government allowed private buses on only ten routes but expanded this arrangement in later years. In 1997 the Metropolitan Municipality of Ankara franchised the management of 495 bus routes for ten years (Firat, 1998, 87). Today, private sector buses are on every route in Ankara and provide a considerable amount of the metropolitan area's public transport.

Many other metropolitan cities, including Istanbul, Izmir, Adana, Gaziantep, Izmit, Bursa and Kayseri had also privatised their part or all of public transport through franchising (with some contracting) by the early 1980s and the practice has since spread to non-metropolitan cities — for example, Manisa and Aydin. This particular initiative was noted in the YYAEM study, cited earlier (YYAEM, 1998).

Franchising of services has not been used as commonly as contracting them out or establishing municipal corporations. However, it has been used for some other municipal services including the infrastructure of sewerage systems, road-building and maintenance and for municipal trading such as tourism organisations, hotels and restaurants (YYAEM, 1998, 100-101). A franchise can be given to either a private sector firm or another municipally controlled organisation. The common practice for water and sewerage is to franchise to quasi-independent specialist service providers within the municipalities. These include the water and sewerage franchises ISKI in Istanbul, ASKİ in Ankara, IZSU in Izmir and BUSKİ in Bursa. All Metropolitan

municipalities have similar organisations responsible for the water and sewerage services of their cities.

Until the 1980s, all municipalities provided their water and sewerage services by heavily relying on the technical and financial support of the national Bank of the Provinces. These services were operated directly by the municipality's own officials. However, during the 1970s and early 1980s, it was gradually appreciated that Turkey had reached the limits to carrying out rapid urbanisation with traditional methods of building the necessary infrastructure. The need for a re-evaluation and reorganisation of water and sewerage systems, particularly for metropolitan areas, emerged as a critical issue. Resulting from this need, the first franchise (ISKI in Istanbul) was launched by the World Bank as a model project in 'an attempt to free water and sewerage activities from the direct interference of the municipal system' (Aksoy, 1999, 69). The model simply followed market principles. As a corporate body, ISKI was intended to be a special purpose agency or authority with an independent budget and its own public legal identity independent of the Istanbul Metropolitan municipality. It was established as a fully independent body. However, it was later tied to the Metropolitan municipality of Istanbul and made only quasi-independent on grounds of the need for some democratic accountability. The Metropolitan Municipal Council was made the general assembly of ISKI, controlling its overall policies and budget, while the mayor of Istanbul became the chair of the board of directors. The General Director of ISKI is nominated by the mayor and appointed by the Minister of the Interior (Keles, 1998, 276-285).

The privatisation of water and sewerage services in Antalya stands as a significant example. Like ISKI in Istanbul, it started as a World Bank project. In 1993, water and sewerage services were franchised to ASAT — exactly similar to ISKI. Later, under the World Bank's influence, these services were further franchised to a publicly owned (but private law-based) company, ALDAS, which became responsible for billing, accounting, contract payments and other services concerning water and sewerage services to the public in Antalya. The shareholders of this company are the Antalya Metropolitan municipality (60 per cent), the three Metropolitan District

municipalities (ten per cent each) and the earlier ASAT (ten per cent). The original intention of the World Bank's approach had been to place sole responsibility for these services on ALDAS. However, because of legal requirements, ASAT and the ALDAS had to be jointly responsible. (ASAT has only limited functions, but is responsible for approving the investment plans and operating budgets, tariffs and staffing schemes prepared by ALDAS.) This has made the task more complicated because a Franco-Turkish joint commercial firm (ENKA and French Lyonnaise des Eaux, under the name ANTSU) is also involved in the system. This joint venture was given authority for ten years to operate water supply and sewerage systems in Antalya. Later, the Turkish company withdrew from this joint operation and the French company became responsible for management, operation and maintenance of all water and sewerage facilities, also billing and collecting water and sewerage charges determined by ASAT and ALDAS on their behalf (Aksoy, 1999, 71). By these stages, operational privatisation, but with a supervisory link to public bodies, has been achieved.

7.6 Privatised approaches: contracting out

Contracting out is the most widely used method of privatised service provision at national and local level in Turkey. With this method the government buys services, or sometimes products, from private firms to deliver to the public under an agreed contract. The private firm is paid from funds raised by government in return for producing services or goods using its own privately-owned assets.

In a commonly contracted service field such as refuse collection, the nature and scale of the service, its geographic area and the population to be served are crucial factors in the municipality's decision to try to contract out and the potential contractor's decision to bid a certain price for the contract.

When a local authority decides to contract out its services the likely cost must be considered. In preparing the contract, the possible contingencies and their consequences must be considered as carefully as possible. At the implementation stage, monitoring to detect any violations of the contract's conditions will also

increase the cost of providing services in this way. The potential contractor must equally try to predict profit or loss, including costs of any violations of the agreed terms.

In the Turkish case, the legal framework is that municipalities can contract services to the private sector within the terms of the State Tendering Law of 1983 (law 2886) and the Municipal Law of 1930 (law 1580). Article 1 of the State Tendering Law states that municipalities can contract out some services such as purchasing, selling, construction and transport to the private sector. Article 15 of the Municipal Law (law 1580) empowered municipalities to contract out street cleaning, refuse collection and refuse disposal to the private sector. At the same time, cleaning of service buildings can be contracted out. Moreover, article 6a of the Metropolitan Municipal Law of 1984 (3030) encourages the private sector to provide public services. Depending on the type and nature of each different service, municipalities can apply different contracting systems within the framework of the related law and regulations. Buying and purchasing contracts regarding coal, gas, subway and tunnels services operated by municipalities or municipal corporations may be made under regulations of 1947 based upon article 3 of the earlier law 4768. In metropolitan areas, all types of selling, purchasing, construction or policy-making research regarding Metropolitan municipalities' duties must be conducted within the Metropolitan municipal council's regulations (Köksal, 1993, 149).

Local government contracting out has long been an old and familiar system in Turkey. Interest in it broadened and intensified, starting from the military government years (1980-83 — under Özal's direct influence as deputy prime minister) and continued into the 1990s. In the 1980s, different types of privatisation methods, particularly contracting out, were used by many big city municipalities. In the seven biggest cities, 22 urban transportation studies and actual projects were contracted to private sector firms (ITC, 1995, 27).

Since 1984, under Özal's influence, municipalities (particularly Metropolitan municipalities) have overwhelmingly benefited from the contracting out of services as

a privatisation method. Adana, Istanbul and İzmir Metropolitan municipalities were the early examples of contracting out the cleaning of service buildings and street cleaning (Eryilmaz, 1989, 39). Eryilmaz saw the privatisation policies of the early Özal period (1983-1987) as successful, because they put privatisation into practice at local level at a time when it was widely regarded as an unpleasant threat (Eryilmaz, 2000, *interview*).

The Metropolitan municipality of Adana was the pioneer of privatisation policies for urban services. The mayor, Aytac Durak of the Motherland Party, promised pro-privatisation policies while a candidate for this office. He was elected in 1984 and soon launched his extensive privatisation policies, using the contracting out method in a broad range of services. He initially privatised part of the urban public transport in his first year and continued with refuse collection and street cleaning (Firat, 1998, 82). Adana's privatisation was significant because it was the first and foremost attempt at local government privatisation. It served as a pilot project supported by the central government and the international organisations, particularly the World Bank.

The Metropolitan municipality of Adana was also a pioneer in privatising so-called white-collar municipal services. It privatised the data processing and collection of the municipal tax as a novel and significant example of privatisation. The municipality's IT services and some other administrative services, including the finance department, were also contracted out (Doğan and Dağ, 1995). These authors have claimed that the Adana Metropolitan municipality made a huge saving of over 80 per cent in street cleansing and refuse collection services.

Another significant privatisation campaign was run in the Metropolitan municipality of İzmir during the mayoralty of Yuksel Cakmur of the former Social Democratic Populist Party between 1989 and 1994. He was criticised because his policies applying privatisation, deunionisation, and municipal corporations were seen to contrast with classic social democratic ideology and to be very close to New Right

ideology. Sabuktay concluded that, under Cakmur in İzmir, New Right thinking had simply defeated the social democratic approach (Sabuktay, 1998, 70).

In 1989 the Metropolitan municipality of Ankara began the 'Ankaray project', a new metro system by opening it to international tender. Construction started in 1992 and most has since been completed. Another large Metropolitan municipality, Gaziantep, has also been using privatisation methods for a long time despite being controlled by a Left party (the Republican People's Party). It contracted out long distance public transport, water and sewerage affairs and the construction of some of its service buildings (Genel-Is, 1995). The city's experienced mayor, Celal Doğan, has also provided public transport by a municipal corporation (Gaziantep Transport) and economic development services by another municipal corporation working jointly with a private sector firm (Genel-Is, 1995).

Today these services have been contracted out in many large or medium sized and some small sized municipalities. Within my survey of 115 mayors, one half (56) reported that their municipality had privatised at least one municipal service. Eleven District municipalities had privatised their refuse collection (mainly by contracting it out to private sector firms) and six Province municipalities had done the same either by contracting out (four) or through a municipal corporation (two). Eighteen of the Metropolitan District municipalities had also contracted out refuse collection.

The following Tables and Figures also give a broad picture of the most popular privatisation methods used in municipal service provision of refuse collection, public transport and road maintenance among the 56 surveyed mayors' municipalities.

Table 7.1 Privatisation methods used in refuse collection

Methods	No of municipalities	% (R= 56)
Contracting out	37	66
Municipal corporation	3	5
Other	1	2
No response	15	27
Total	56	100

Table 7.2 Privatisation methods used in public transport

Methods	No of municipalities	% (R= 56)
Contracting out	16	29
Franchising	2	4
Municipal corporation	1	2
Other	1	2
No response	36	64
Total	56	101

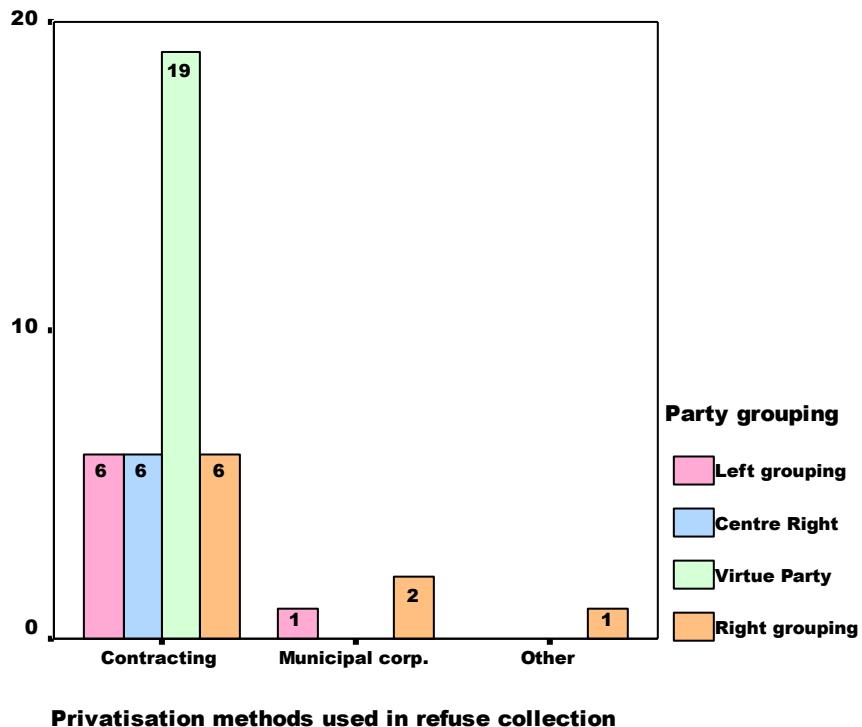
Table 7.3 Privatisation methods used in road construction and maintenance

Methods	No of municipalities	% (R= 56)
Contracting out	19	34
Municipal corporation	1	2
Other	1	2
No response	35	63
Total	56	101

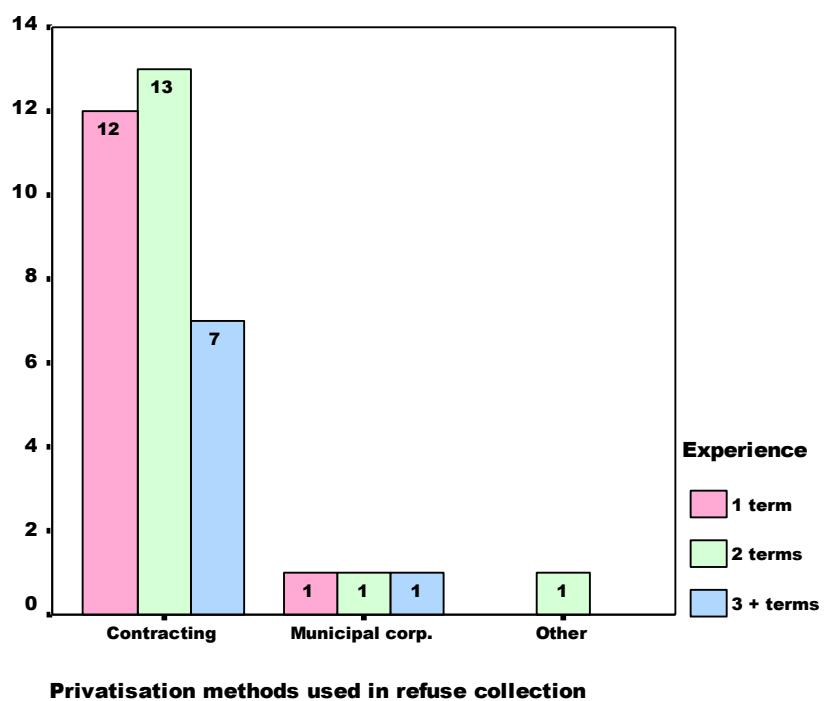
These three service fields are now presented on the basis of this study's four standard variables in the survey of 115 mayors — mayors' party grouping; mayors' experience; municipal status and municipal population range). Actual numbers, rather than percentages, are shown in these cases because they are visually clearer in figure form.

Figure 7. 1 Privatisation methods used in refuse collection

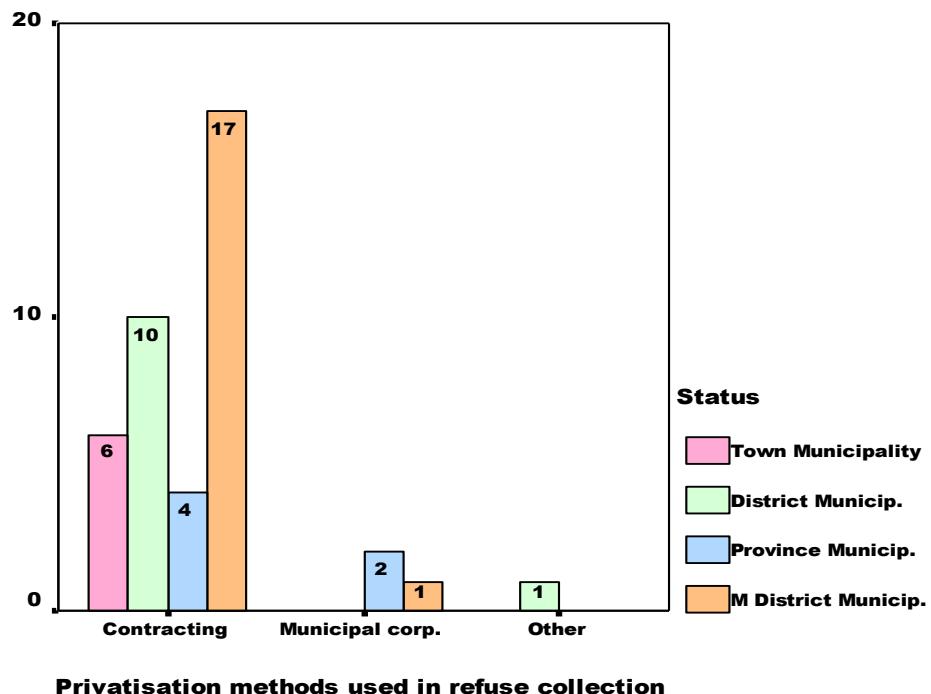
(i) Party grouping (R=41)



(ii) Experience (R=36)



(iii) Municipal status (R=41)



(iv) Population (R=39)

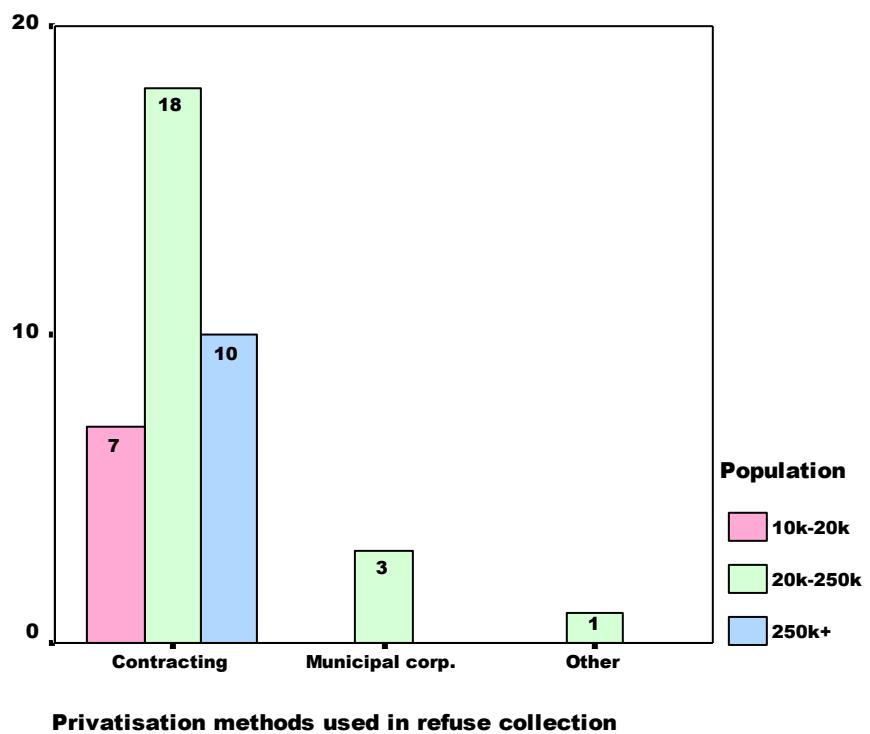
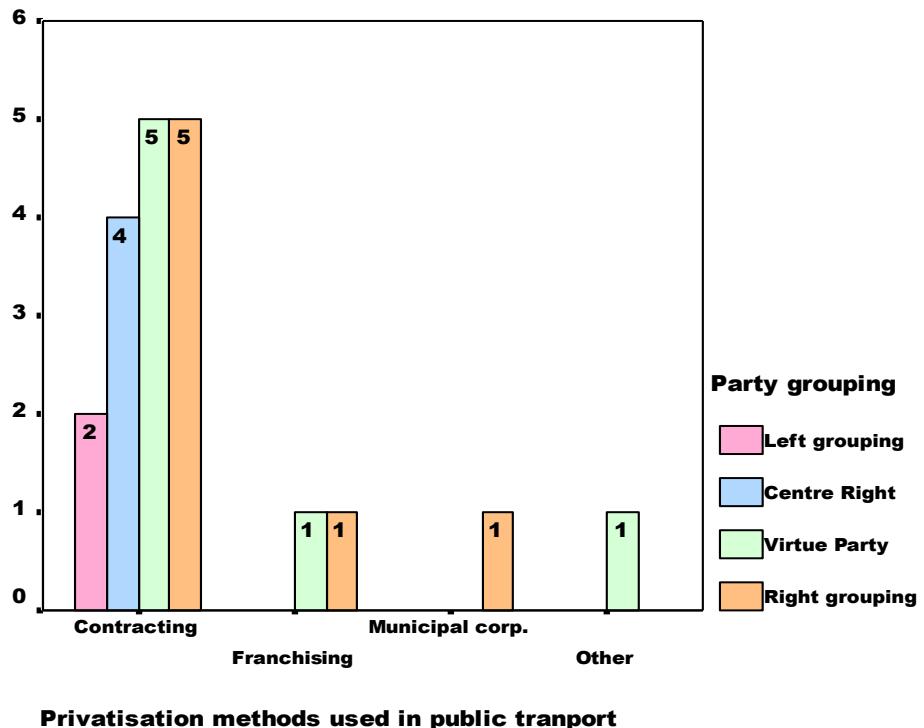
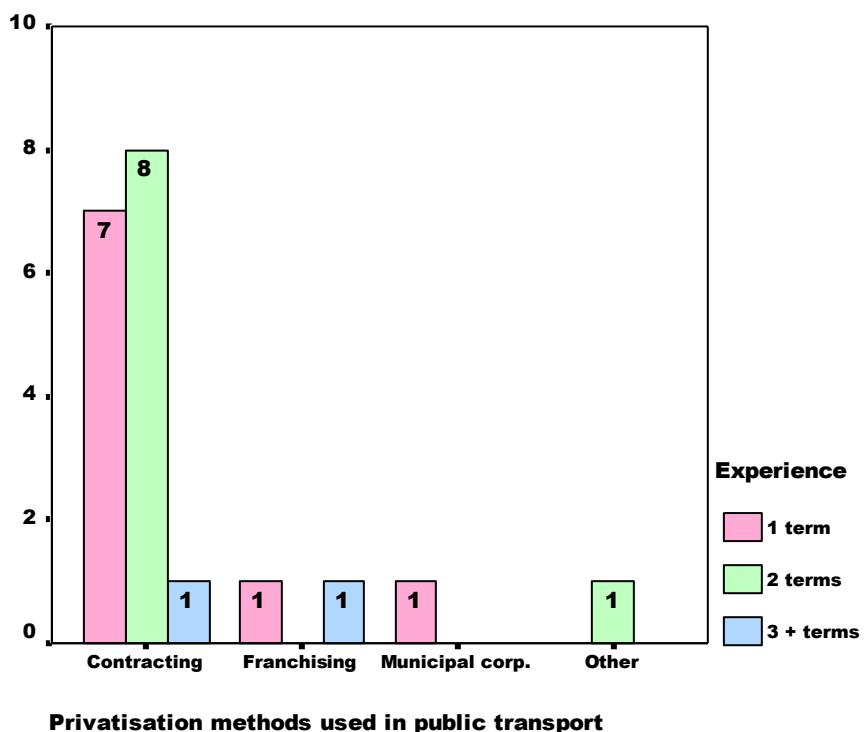


Figure 7. 2 Privatisation methods used in public transport

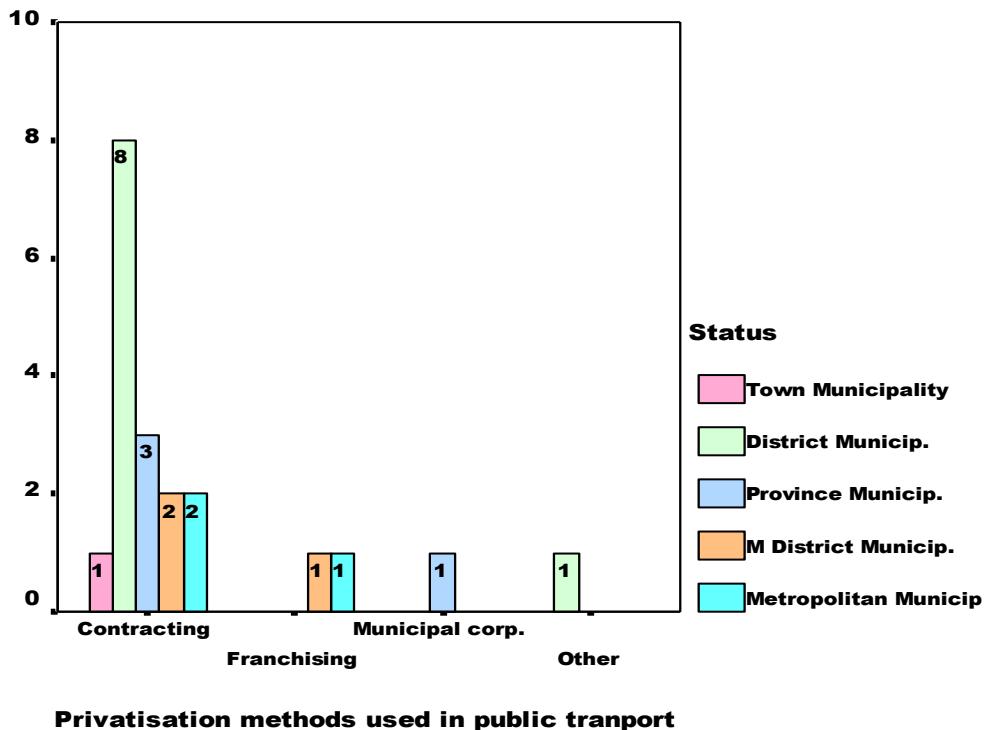
(i) Party grouping (R=20)



(ii) Experience (R=20)



(iii) Municipal status (R=20)



(iv) Population (R=18)

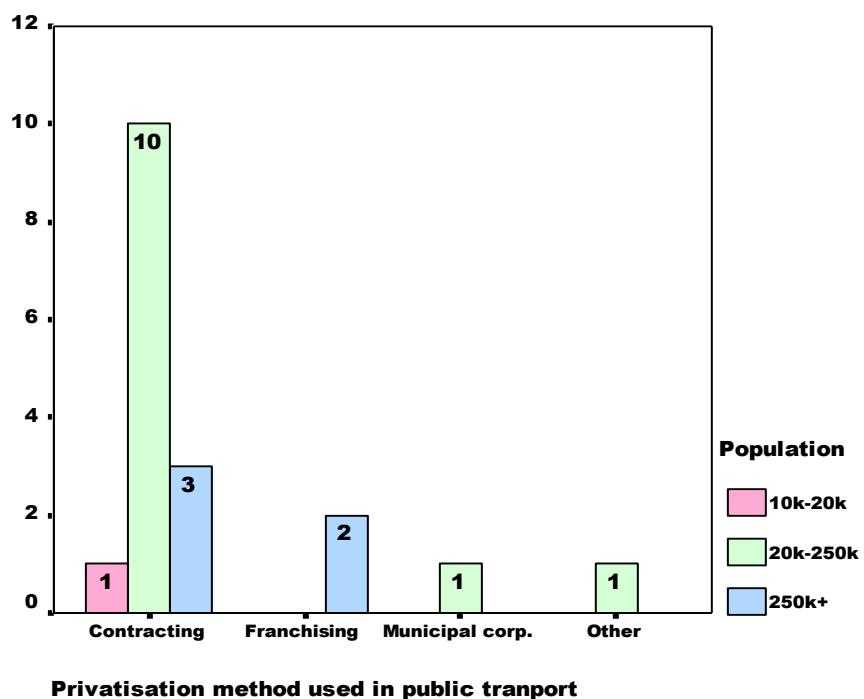
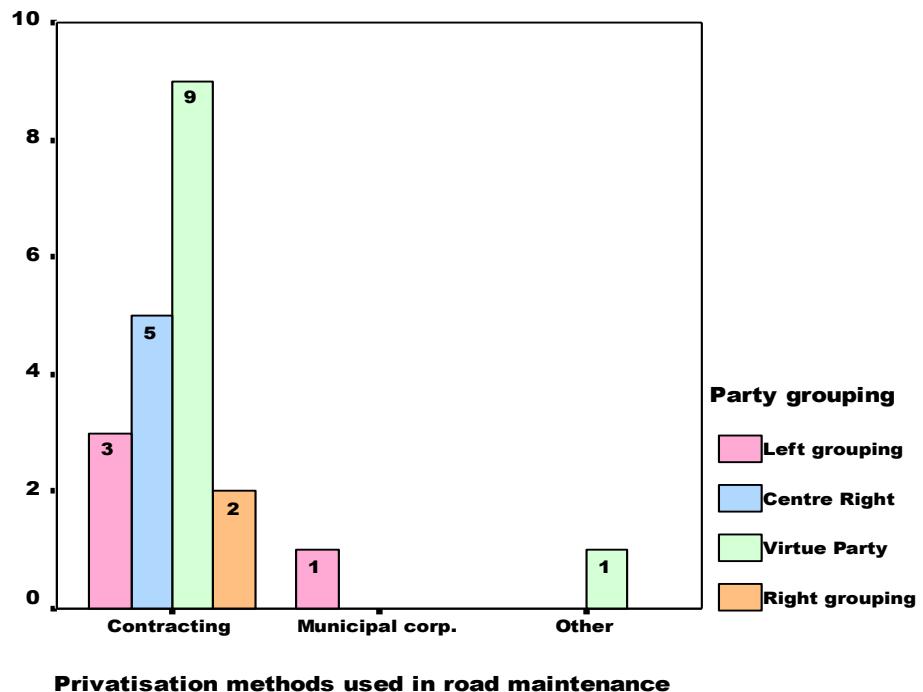
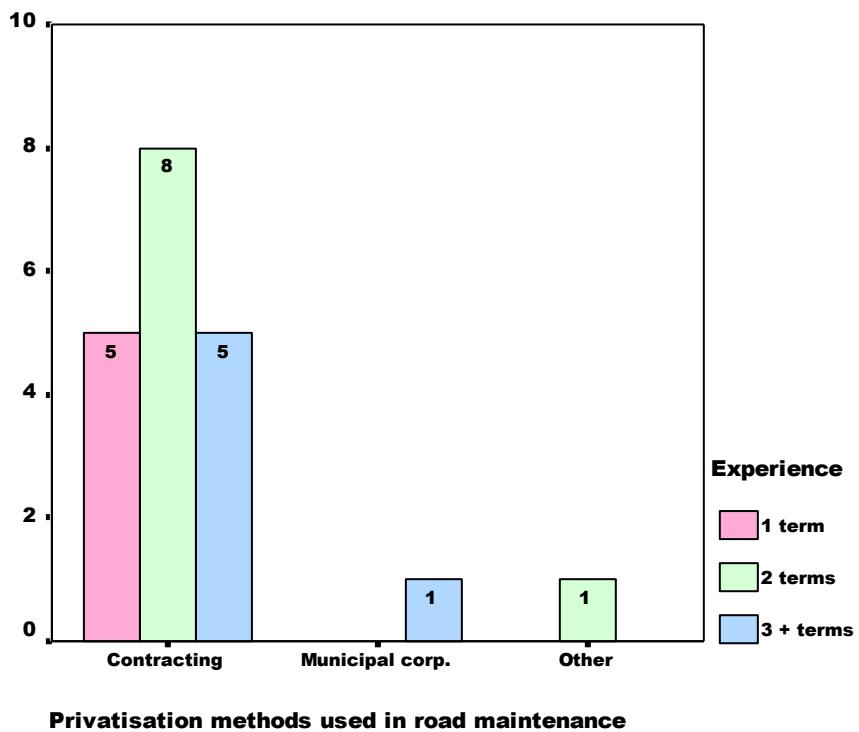


Figure 7. 3 Privatisation methods used in road maintenance

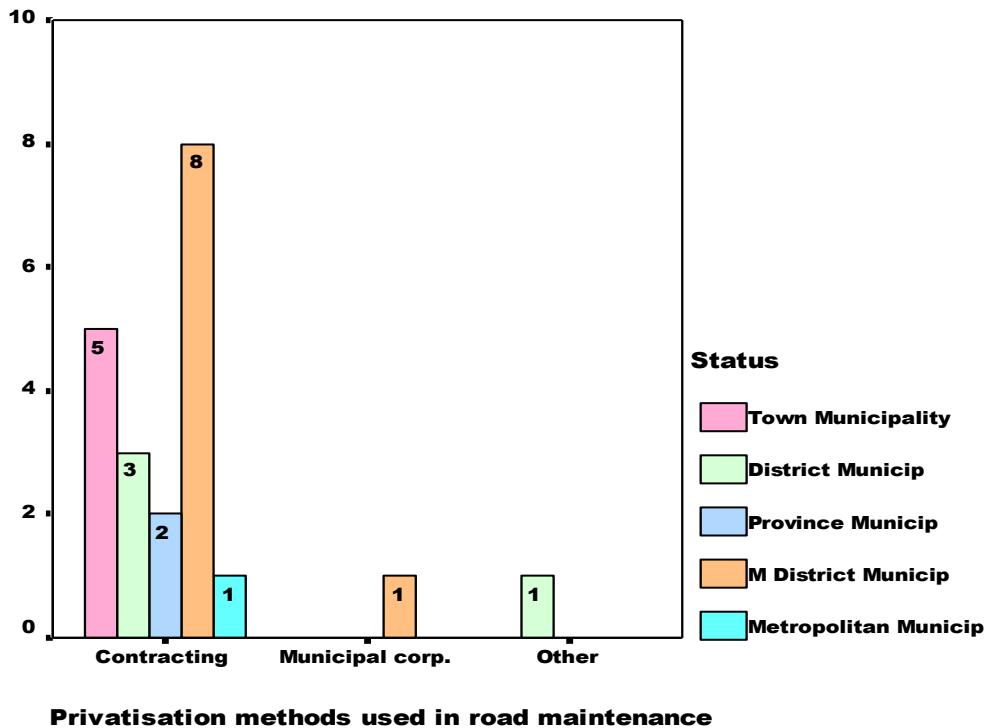
(i) Party grouping (R=21)



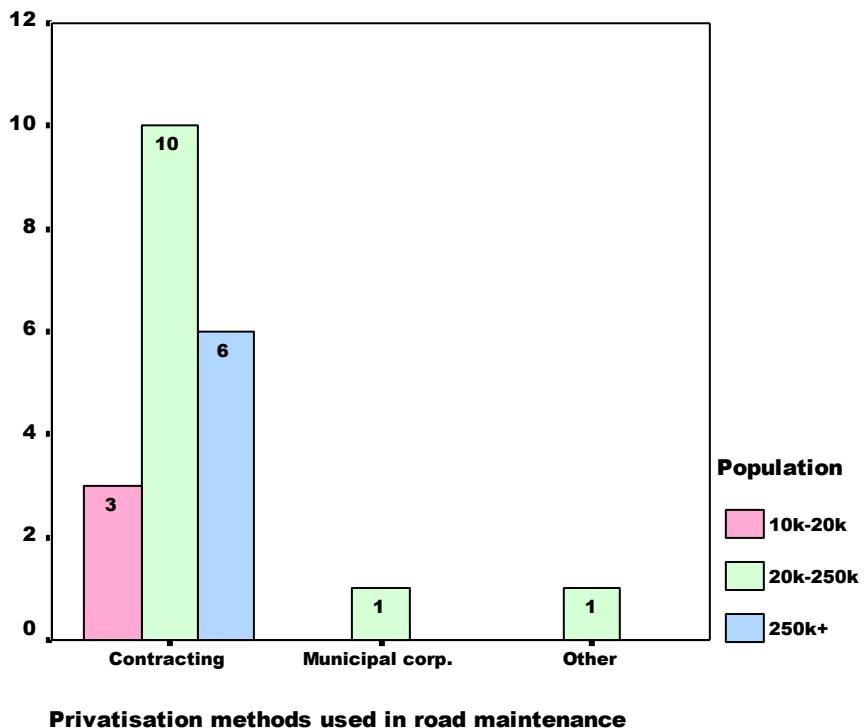
(ii) Experience (R=20)



(iii) Municipal status (R=21)



(iv) Population (R=21)



7.7 Build-Operate-Transfer (BOT)

Build-operate-transfer is a method of providing a public service or an infrastructure by the private firm undertaking the whole cost and operating the establishment for a certain limited time in order to pay off its cost and make a profit, then returning the operation with its management to the local government or other public authority (Duran, 1991).

BOT is a widely used form of privatisation particularly for infrastructure projects. Although franchising continues to be applied, BOT may be seen as a more modern and sophisticated version of the same idea. It has been significant since the early privatisation years under the military (1980-83) and Özal's Motherland Party government from 1983. There are three main stages of BOT. Firstly, the private firm takes all the strain of the cost and risk in building the project. Secondly, having built it, the right to operate the service is given to the firm based on an agreement. As the third stage, the private firm returns the construction and its running to the public authority (Senalp and Bilir, 1989, 143).

Senalp and Bilir (1989, 153-154) have pointed out the differences between franchising and BOT. A municipality or other public authority can itself authorise a BOT scheme, whereas the approval of the Council of Ministers is necessary for a franchise.

Under the BOT method, the ownership of the built project is with the public authority, whereas under a franchise all buildings and equipment belong to the private firm operating the franchise. The same applies to land used to build the project or operate the service. This means that land, buildings and equipment all revert to the use of the authority (as their owner) without payment whereas they would need to be purchased from a franchise operator, if required, on agreed commercial terms.

Under the BOT, the State Tendering Law of 1983 (law 2886) is used, whereas franchising can only be operated according to the rules determined by the Council of Ministers.

The legal basis for BOT was not clear until 1994. There was neither a specific law regulating BOT nor direct articles in the three main Acts on local government and privatisation namely, the Municipal Law of 1930 (1580), the Metropolitan Municipal Law of 1984 (3030) and the State Tendering Law of 1983 (2886). This had caused problems on the legality of the contracts made for BOT. Some legal observers considered BOT practices as either against the law or legally void because of its lack of a legal basis (Duran, 1991, 148-162). However, interpretation of the Acts of 1930 and 1984 was considered an adequate legal basis for BOT operations until the new act of 1994 came into force. This act (law 3996) specifically authorised provision of and the necessary investment in some services through BOT. In this act, services which can be privatised by BOT were listed, but the act referred to BOT for the central government's services, not for municipal services. Therefore the law still has only indirect relevance to municipal privatisation by the BOT method. In order to ensure a strong legal base for municipal BOT it remains necessary to extend the acts of 1930 and 1984 regulating BOT (Firat, 1998, 85).

This BOT method is used mainly to get the benefit of private sector (including foreign) capital to invest in the public sector beyond what the public body itself could afford or manage to raise in the financial market. Services needing huge capital and advanced technology investment, such as airport, highway or major bridge construction at national level are the most common examples. It is also widely used at local government level to construct and operate metro or other public transport projects, tourist attractions, hotels and shopping complexes, without bringing any financial or technical burden on to the municipalities or their associated consortia or corporations (Emrealt and Horgan, 1993, 7). In this regard, this method has been considered by some authors as the modern version of the old franchising method, to be used mainly on the major infrastructure and urban settlement projects (Eryilmaz, 1999, 158).

The BOT method has been used by various public bodies and public services. In Ankara, *Atakule*, the revolving tower on the shopping and entertainment centre, was built under BOT. Five light railway schemes were contracted by Istanbul, Ankara and

Konya municipalities using BOT between 1980 and 1990. The Metropolitan municipality of Istanbul has also benefited from BOT on various other capital projects such as a tourist hotel, the restoration of a historic palace and building, a superstore, an intercity bus station and a trade centre. Similar privatisation using BOT has been seen in various other municipalities in Turkey. For example, Demirci District municipality in Manisa Province constructed shops and a public buffet in the district using the BOT method (Köksal, 1993, 177-178). One interesting BOT example has been seen in the Metropolitan municipality of İzmit, long controlled by a Left party (the Republican People's Party). Privatisation of the production and distribution of water is contracted to an international consortium principally including the Municipality itself (30 per cent of the shares); the Turkish private firm, *Gama-Guris* (25 per cent); the British-based firm Thames Water (25 per cent) and a Japanese firm (10 per cent). It was a significant arrangement because of being the first of its kind in Turkey (*Milliyet*, 1993a). This is not the only example of international BOT by Turkish municipalities. Apart from water supply, sewerage, refuse destruction and recycling also interest potential international investing companies. These privatisations have been strongly encouraged by World Bank policies. Bursa is another example of municipality which has contracted, through BOT, its water and sewerage systems to international consortia of private sector firms (Boztas, 1998, 22-23).

We should note that these private firms are profit-driven when providing these extensive services. They are powerful in negotiating the price of their services, such as charges for water or sewerage, for the agreed period of the contract: usually 15 to 25 years. The foreign firms require payment in US dollars to protect them from Turkish inflation and their municipal partners take the risk of the deteriorating national currency. As to the practical circumstances of the agreed future reversion of enterprises to the municipal partners, none will be due for a considerable period — after 2010 at the earliest.

7.8 Privatised approaches: voluntary bodies' service provision

In many countries, voluntary organisations provide many services to people in need. The level and range of these services varies from time to time and certainly from one country to another. The volunteers may be trained if the character of the service requires or they may act without it. There are many examples all over the world of public services provided by volunteers or voluntary organisations such as recreation programmes, street cleaning, protective patrols, and fire protection (Savas, 1987).

In many countries, governments encourage unofficial and informal efforts by voluntary (including charitable) organisations as well as individuals. Providing basic public services through voluntary efforts has a long history in the Ottoman -Turkish administration. Voluntary foundations (*vakifs*) had a very important role in providing public services such as education, health and social security (Eryilmaz, 1997, 183). Municipal services depended on these foundations. Until the late 19th century, road construction, water supply, street cleansing, hostels for travellers, health, education and relief were all undertaken by the unofficial foundations. There was no subsidy from the state nor was tax collected for them (Eryilmaz, 1997, 184).

After the birth of Modern Turkey, foundations continued their voluntary services under the control and coordination of the municipalities in certain fields such as fire protection, schools, residential homes (rest homes) and libraries (SPO, 1991, 63). These were usually activities subsidiary to the municipalities' own formal responsibilities as the main provider of public services. However, since the 1980s, parallel to developments in technology and the liberalisation of the economy during the Özal era, public services provided by voluntary organizations have broadened out to include some examples in fields such as environmental protection, computing and programming services and consultancies to major public construction project (Emrealt and Horgan, 1993, 41).

The development of Turkey's traditional foundations and other unofficial societies has for long been encouraged as a matter of government policy, as the Fourth and Fifth Five-Year Development Plans (1979-1983 and 1985-1989) showed. Municipalities and other local administrations are expected to encourage people to participate voluntarily in providing local services, although this goes against strong tradition of étatism. There are some leading examples of this kind of public participation. In the Special Provincial Administration of Tokat, under the governorship of Recep Yazicioglu (1984-1989) — during the Özal era — a project called 'community development' was launched, starting with a campaign under the banner of 'build your own school'. This success was then extended to other services. In Tokat, as a result of this campaign, schools containing 3,500 classes, 175 health centres in villages, student accommodations with dormitories with 3,500 beds, as well as a drinking water project were built. This practice was publicised and recommended as an example to other cities by the State Planning Organisation as early as 1987. Recep Yazicioglu carried out similar projects in his next governorship in Aydin. In 1990 he managed to build five public hospitals and 85 health centres and schools with 800 classes (Yazicioglu, 1995, 119).

He succeeded in completing all of these facilities by the 'build your own' approach. The available grants from central government were far below the sums necessary to build them all. Yazicioglu organised a voluntary campaign to encourage local people, from businessmen to the ordinary public, to participate. Most of the construction materials were donated by local businesses and the public voluntarily worked in the construction of these new public buildings. Additional finance was received from business and the public both directly and through local charitable foundations. Although Yazicioglu's achievements were remarkable, it is worth noting that Turkey has a strong tradition of direct community contributions, in both money and labour towards local public projects — principally, but not entirely, in rural areas, for religious buildings and for both religious and secular education.

Municipalities and their municipal corporations are also encouraged to help establish the traditional type of foundation. These foundations operate under the

influence of municipalities and their numbers are increasing (ITC, 1995, 20). They are coordinated by the municipality and provide economic, social and cultural services. As a pro-privatisation mayor (Motherland Party), Huseyin Aksu of Aydın (a major provincial city) has created one of the few municipal departments in Turkey solely responsible for promoting privatisation (www.aydin). As part of its privatisation achievements, there are new foundations in Aydın established by the municipality under the mayor's leadership which provide and promote sport and theatre as well as social security and homes for elderly people (Aksu, 1999, interview). Aydın not only has the benefit of these foundations but also of other local civic NGOs involved in service provision. The method has been for their essential structure to be established under the leadership of the municipality and then transferred to the unofficial partner organisations. These services include a children's nursery, a residential home, a women's shelter, an animal shelter, a feeding centre (*asevi*), a bread bakery (a Turkish municipal tradition) and a health centre.

Services have been stimulated by municipalities on a similar NGO basis in various other urban locations. Several mayors interviewed for this study indicated that their municipalities were also using foundations and similar bodies for service provision in, for example, Trabzon, Corum and Istanbul (Aykan, 1999; Ersoy, 1999; Colak, 1999; interviews)

7.9 Privatised approaches: outright sale of public sector assets to the commercial private sector

This method of outright privatisation has been mainly used by the big city municipalities. As outlined in section 7.3, municipalities have created many semi-independent corporations and hold majority shares in them. They have been established in many different municipal service fields, from food retailing or producing bread to major infrastructure projects and road maintenance. By 1995, in İzmir, there were 21 municipal corporations (including those controlled by Metropolitan District municipalities) which were planned to be privatised through various outright or partial sale methods (ITC, 1995, 213). TANSAS, the supermarket

chain of the Metropolitan municipality of İzmir had its municipally owned shares sold in the late 1990s. The Metropolitan municipality of Ankara has shares in nine municipal corporations by 1994. In Istanbul, there were 22 municipal corporations by 1993 (Köksal, 1993, 188). There is no up-to-date published figure for all Turkish municipal corporations now sold off to the private sector. However, other Metropolitan municipalities and Metropolitan District municipalities have various numbers of corporations. The municipal corporation method has mainly been used by fifteen Metropolitan and other big cities.

The main incentive to sell shares in municipal corporations has been to avoid bearing their losses. In the early years of the Özal government (after the Motherland Party's victories in 1984 local elections) municipal corporations were established with the intention of providing efficient and effective local public services. However, the partisan appointment of former or current politicians allowed politicised, rather than commercial, management to over-employ staff and generally fail to compete with the private sector. Early corporations provided traditional public services, but later municipal corporations attempted competitive trading, rivalling the private sector. Their non-commercial management soon eroded any early profits and their role as heavy burdens on the municipal budget began. For example (as already noted in section 7.3) only six municipal corporations out of 22 in the Metropolitan municipality of Istanbul were still in profit by 1991. The other sixteen recorded total losses of 69.4 billion Turkish Lira (TL). Ankara had similar losses in its nine municipal corporations by 1991: 70 billion TL. İzmir's eight corporations had lost 14 billion TL in the same year (Köksal, 1993, 193).

Public controversy over official favouritism towards corporations has strengthened the case for outright sales. The press has alleged that municipalities have ignored free competition by contracting some of their own services directly to their own corporations and other participant companies without public tendering. For example, the Metropolitan municipality of Istanbul was claimed to have prevented tenders from private companies other than its own ISBAK company for municipal building cleaning and maintenance services in 1993 (*Milliyet*, 1993b).

The main reason for these losses by municipal corporations has been their controlling municipal ownership and the politicised patronage of their senior management. Despite this management tradition's long record of failure, it continues: even as late as in 1999, some MPs and other mayoral candidates who had lost their contests in the general or local elections were appointed in a number of cities to the boards of local municipal corporations or SEEs (*Hurriyet*, 1999).

In his interview for this study a former mayor of the Metropolitan District municipality of Çankaya (within Ankara) supported this conclusion that it has been mismanagement of municipal corporations which has caused their failure. Mr Doğan Taşdelen stated that, because of the bureaucratic politicised style of their management, municipal corporations could not compete with the private sector particularly in competitive trading such as food and other supermarket business. His own District municipality certainly could not compete with the local private sector (although partly because of a different reason — the higher cost of employing unionised workers as a matter of good practice.) It had therefore sold its food supermarket store to the private sector. Another Çankaya municipal corporation (Belde A.S.) was also privatised by selling it to the private sector in the second half of the 1990s (Taşdelen, interview, 1999).

Municipalities consider privatising their corporations by *en bloc* sale, if possible, or general sale of their shares to private firms or individual investors. The Metropolitan municipality of Adana sold its share in its *Cukurova Elektrik* joint-stock company with competitive bidding in 1993 (Firat, 1998, 82). The Metropolitan Municipality of İzmir sold TANSAS (a food supermarket chain of over 60 stores) by selling shares to private sector interests and to individual investors.

7. 10 Turkish experts' analysis of local and national PSPPS

In this section the opinions of supporters and critics of Turkish PSPPS will be reviewed. As an active and even hot political issue since the early 1980s, PSPPS has been vigorously debated in the media and studied academically, related to both the

theory and the practical implementation, at national and local levels. On the one hand, supporters of privatisation policies are found among both Left-centre and neo-liberals on the Right. However, further support has come from the Left: former socialist writers also favour privatisation in principle but criticise its practical implementation. The section reviews pro-privatisation opinion followed by anti-privatisation opinion.

Pro-PSPPS opinions

A leading pro-privatisation academic political economist, Can Aktan, has outlined the rationale behind privatisation. Privatisation fosters greater efficiency and effectiveness in public services through competition. Unlike the politically inspired under-pricing and excessive costs of state services, privatisation reveals the real costs of the services. Politicians tend to provide services under their cost in order to get re-elected. Service users do not usually want to pay in full for the services and want the taxpayer to meet all or most of the cost. Unlike state-owned operations, private ones invest in technological and managerial innovations. Moreover, the privatisation process helps to develop a capital market and to broaden wealth and private ownership in society. Aktan claims that the public sector is usually inefficient and so must rely on extra funds in the form of subsidy from the central or municipal governments: this encourages inflation whereas privatisation can be disinflationary. By contrast, privatisation raises revenue for the government. Privatisation eliminates hidden unemployment (over-staffing) and reduces the power of trade unions (Aktan, 1991). Aktan claims that diminishing the size of the state is not the same as making it state inefficient or weak. Limiting the intervention of the state in the economy is the cure for the economic problems of inflation, unemployment and budgetary deficit. There are three main ways to limit the state's economic role: privatisation, voluntarization and localisation. He argues that the central government should lose its economic activities to the private sector, mainly by selling the SEEs. Other state services also need to be left to the market as much as possible. They include health, education, energy and public transport (Aktan, 2001).

The political commentator Gulay Gokturk is one pro-privatisation writer who recognises the faults of the actual Turkish practice of it so far. The case for it is weakened if the results are the unfair distribution of the sale money or even actual corruption. But she has rejected the assumption that bad results in some cases invalidate the policy itself. Even corruption during a sale is only one event, whereas keeping these activities within the state will make them 'the source of corruption forever'. Although the proper use of sale proceeds is essential, the prime reason for privatisation is not to raise revenue but to release the state from unsuitable functions and to concentrate on improving its proper functions. She has pointed out that an anti-privatisation lobby exists which claims to oppose it on ideological principle. In fact, she claimed the position of some SEEs has become so adverse within a seriously weakening economy that these opponents have started to call for the financially weakest state enterprises to be sold for whatever money the state might obtain — although not the more profitable ones (Gokturk, 2000).

The former chairman of the government's Privatisation Administration (OIB) Ugur Bayar has underlined some positive aspects of privatisation. He has said that, putting all economic and financial benefit aside, the most important thing Turkey will gain by privatisation is a 'clean society'. Without selling the state-owned banks, Turkey cannot succeed. These banks should be taken away from the influence of politicians who use them to assist their re-election (Bayar, 1999). As a promoter of rapid privatisation, Bayar has suggested that the state should withdraw entirely from economy and business but, in order to ensure competitiveness, should regulate the market. He added that, 'Developed countries have developed through strengthening their private sectors' management, borrowing, competitive abilities and withdrawing the state from business. The state should assume a regulatory role rather than getting bogged down in details of corporate management' (Bayar, 2000).

Answering critics who assert that selling the profitable enterprises is not right but the 'privatisation of public benefit' (Kazgan, 2001), Bayar has stated that even a profit-making enterprise is a burden on the state, because it takes a lot of investment, effort and time to keep a company profitable. Due to the massive burden of capital

investment on the state, it is forced to borrow either from home or abroad. He has claimed that 'the state has become a giant with fingers in every sector, regardless of the economic rationale of staying in businesses'. He has urged selling these enterprises while they still have a value, 'because' he said 'in the future they will not' (Bayar, 2000).

According to the former Motherland Party minister, Mehmet Kececiler, Turkey can be relieved of its sickness of centralisation only by privatisation and localization of the state services (Kececiler, 2001). Another politician, Yuksel Yalova, the former Motherland Party minister responsible for privatisation, has also urged Turkey to begin privatising state-run enterprises immediately. He has claimed an important advantage flowing from privatisation: 'If we want to see a better Turkey, the state should clean its hands of the state-run enterprises and privatisation should be accelerated' (Yalova, 2001). Mehmet Altan, a political scientist, also accuses the state-owned banks of being the main tools for robbing the state and he urges the privatisation of all public organisations which currently make the people poorer. 'Without implementing the market economy', he has said, 'societies cannot become rich'. It was time to put the full market economy into practice. The same is true for democracy: a market economy leads to economic liberalisation and therefore democracy and political liberalisation' (Altan, 2001).

Selcuk Yalçındağ of the Public Administration Institute for Turkey and Middle East (TODAIE) has outlined the problems of local government in Turkey and their possible solutions. He has written that the large scale migration from rural areas to big cities has increased demands for more public services and this has caused financial and organisational problems for municipalities. He considers privatisation to be part of the solution. He believes that 'the private sector provides services more efficiently and with higher quality through the employment of modern management techniques'. He also underlines that the privatisation of some local public services has been advancing since 1980 (such as garbage collection, street cleaning, collection of property tax) with results that 'have been mostly very positive' (Yalçındağ, 1997, 52).

Anti-PSPPS opinions

Anti-privatisation opinions form two groups. The first claims to be ideologically opposed to all privatisation. This group consists of some academics, such as Cevat Geray of the University of Ankara and Birgul Ayman Guler of the Public Administration Institute for Turkey and Middle East (TODAIE), Leftist trade unions and elements of Left political parties (such as the Republican People's Party) and some other minor parties. The second group also consists of academic, elements within Leftist political parties (such as the Democratic Left Party) and the Right-wing Municipal and Service Labour Trade Union (affiliated to the Hak Labour Unions Confederation). They are mainly opposed to privatisation not because of ideological reasons but for practical reasons and because of mistakes in the previous practice. They do not believe that privatisation is helpful in solving the economic problems of Turkey in general or those of local government. Geray has claimed that privatisation is only 'a fashion word' insisted upon by the forces of globalisation: in due course, 'it will be out of fashion'. He has rejected the idea of minimising the state and disputed whether providing services by the private sector improves them. Privatisation, he has claimed, is 'an exploitation of the workers and it causes job losses' (Geray, 1999).

Birgul Ayman Güler, an academic within TODAIE, has pointed to recent developments in the education, health and agriculture fields involving three processes: globalisation, privatisation and decentralisation. These stages are claimed to be supported by the attractive concepts of autonomy, participation and transparency. These concepts, she has claimed were 'appropriated by the World Bank for the restructuring of the state along with new Right principles'. Internationalism is a traditional Left concept, but it has been turned to serve the new Right's idea of globalisation. She has asserted that 'globalisation is not an approach which is substituted for internationalism; it is global imperialism' (Ayman Güler, 2000, 4). She has also criticised the other new concept ('governance') claiming that it pretends to diversify and amplify participation channels and transfer power to civil society. 'Governance does not mean the sharing of political and administrative power by the

society' she has argued, but 'the transfer of power to the capital class quite blatantly' (Ayman Güler, 2000, 4).

She has also stated that 'Western Democracy' is built up on liberalism and remains valid only for the West, being practised in perhaps only 25 countries. Within the rest of the 200 countries of the world, it has turned into dictatorship. In the last twenty years, the supposed liberal emancipation process has brought poverty and colonisation to the underdeveloped countries.

The former Turkish minister for foreign affairs and retired academic constitutional lawyer, Mumtaz Soysal is an ideologically committed promoter of state enterprise as well as an opponent of all privatisation schemes. He chairs the Centre for the Improvement of Public Entrepreneurship (KIGEM) and personally successfully challenged a new privatisation law in the Constitutional Court, requiring the government to re-legislate. Among his many published comments was his opposition to the full sale of the national airline (THY) to a multi-national company, claiming that its profitability was less important than the longer term harm that would be done (Soysal, 1998). Two years later he again attacked plans to privatise THY, using Kemal Atatürk's well-known and most powerful charge of 'treachery'. He claimed that 'Privatisation will turn Turkey into a country in which every corner is *de facto* occupied' — occupied, that is, by foreign capital and 'occupied' being another of Kemal Atatürk's key terms for expressing strongly patriotic, nationalist sentiments (Soysal, 2000). Typical of his attacks was his comment in 1998 that the state was trying to deceive 65 million citizens about privatisation' — referring to the state-owned power plants (*Turkish Daily News*, 1998).

Trade union opposition to privatisation is not surprising and Turkey's federation of smaller unions, TURK-IS, published a critical study in 1997. Between 1985 and 1997, it reported, some thirteen SEEs had been privatised for a gross sales revenue of \$4.2 billion but with costs of \$3.9 billion: the net gain of only \$0.3 billion had brought the economy no significant benefit (TURK-IS, 1997).

The municipal trade union BELEDIYE-IS (affiliated to TURK-IS) also opposes privatisation. Its representative, Nebi Sancar, was an interviewee for this study. He stated that central government encourages municipalities to privatise their services because of economic and fiscal difficulties but he saw it as the exploitation of local authorities. The private sector, he claimed exploits its workforce and causes job losses (Sancar, *Interview*, 1999). Another interviewee, Mahmut Aslan, represents the Right-wing trade union, HIZMET-IS, which has members in local government. He clearly stated that his union is not against privatisation on ideological grounds but it claims that municipalities have implemented privatisation policies wrongly and caused job losses (Aslan, *Interview*, 1999).

Another academic economist, Gulten Kazgan, opposes privatisation, claiming that, in Turkey, the whole general market economy, particularly privatisation schemes, operate with the cooperation of criminal mafia elements working with corrupt politicians and businessmen. She has equated privatisation with 'making the nation state poorer' (Kazgan, 2001).

Taylan Erten, a columnist in the daily *Dunya*, has also criticised privatisation of SEEs during the last fifteen years for having, with some exceptions, destroyed the production base of the Turkish economy. He claims that selling SEEs did not help to create a proper and real market economy, but damaged it (Erten, 2001).

Some politicians also actively oppose privatisation. For example, the sale plan for ten thermal power plants in 1997 was described as 'robbery' by the independent MP Gokhan Capoglu, a former member of the Democratic Left Party (Capoglu, 1997).

Different interpretations of the concept of national sovereignty by the former governing coalition parties (particularly the Nationalist Movement Party) was considered as an obstacle to successful privatisation. Mine Kirikkanat, a Turkish columnist who lives in France, has pointed out changes in both the concept of sovereignty and the ideological convergence of Left and Right in economic policies. She stated that in France, as well as in many other countries, the Left was against privatisation in the 1970s. The transformation in the 1980s into a liberal economy

based upon free competition, without regard to Left-Right differences, had been difficult and the country had struggled with strikes. Today no social groups in France are against privatisation as such but they are trying to secure a form of privatisation balanced with their social rights. The French government considers foreign buyers seriously and sells to them without giving up its rights. Nobody cries about losing national sovereignty. However, she emphasised, when we look at the Turkish case, the nationalists who stress ‘we are losing our sovereignty’ are negatively affecting privatisation policies (Kirikkanat, 2001).

This selection of anti-privatisation views ends with two rather more sophisticated and balanced assessments from two academics in the Interview Panel of this study: Professor Ruşen Keleş, a political scientist and urbanist and Professor Şinasi Aksoy, a political economist. Keleş accepted that, depending on the type of services, the local conditions and the ideology of the controlling municipal party, some services can be privatised. However he emphasised that, ‘in countries such as Turkey, in the long term, the benefits of PSPPS will not be as big as its cost’. He did not reject any possible benefits of privatisation and saw it as an acceptable alternative for some services. He also said that the private sector can work faster and produce goods and services cheaper. But, because the private sector must maximise profit, the quality can be spoiled and local services may not be distributed equitably to everybody in the city. (Keleş, *interview*, 1999).

In his interview Aksoy rejected the general idea of the public sector being inefficient and the private sector efficient and of higher quality. For him, there is no striking contrast between them and both can be either efficient or inefficient. He supported the hypothesis of this study that there are no big differences between Turkish political parties and their attitudes towards PSPPS. He noted that municipalities are in financial difficulties with inadequate resources and therefore cannot provide adequate services. They are drawn to PSPPS for this reason. It is their lack of resources that makes privatisation attractive to them (Aksoy, *Interview*, 2000).

In an academic journal article of 1994, Aksoy recalled how the Özal government had introduced to the Turkish national agenda the means of shifting from

a state-based economy, with PSPPS as the ‘viable and unavoidable means’ (Aksoy, 1994, 41). Following ten years of implementation, Aksoy argued that

considering the scope of privatisation undertakings in the economy, the end result has been trivial. The experience reflected the fact that privatisation did not necessarily result in the retreat of the state, nor did it change the significance of the public sector in the economy vis-à-vis the private sector up until 1994. ...privatisation in Turkey has been a pragmatic endeavour, not a well-planned systematic step-by-step undertaking. It has not been a policy well-understood nor well-discussed by the public at large. No serious concrete positive results came out of this practice yet, with the exception, of course, of money accrued from privatisation being used as a source of revenue for domestic and foreign debt payment (Aksoy, 1994, 51-53).

In summary, in terms of economic results and expectations, privatisation policies have not achieved its major objectives, but in its socio-political aspect it has to a certain extent changed the minds of people and opened them to a more entrepreneurial approach — free from the limits of the étatist and highly centralised bureaucratic structure.

7.11 Quotation box

PSPPS Practice-1

We do not need BITs (municipal corporations) because they will be another form of KIT (State Economic Enterprises): a financial headache for our general economic system (Akcali, [TPP] former Member of Parliament, 1999).

Combining the dynamism and technology of the private sector with a municipal authority can lead to good results in providing better services. For the first time in Turkey, we created a “Critics Council” and invited people to criticize and give advice on local government services and activities. Without critics and the advice of the public, local government cannot be successful. (Aykan, [former Virtue Party] mayor of a Provincial municipality, 1999).

An alienated worker cannot be efficient and effective. In a municipality, if the workers are not getting their wages but an onion instead, you cannot expect productivity from this person (Sancar, 1999).

Some local services are not suitable for privatisation. For example, in street cleaning there is no private company of any quality operating in Turkey (Tasdelen, [RPP] former mayor of a Metropolitan District municipality, 1999).

Involving the municipal finances in market-based enterprises is a way of embezzling the public resources. None of the 25 municipal superstores and other municipal enterprises which I controlled made any profit. They were all in debt and all were supported by the municipal budget. Municipalities should not be involved in these market businesses (Uysal, serving senior civil servant, 2000).

Municipalities should avoid acting as traders, but should invest in important infrastructure such as building sewerage systems, road maintenance and preventing environmental pollution (Uysal, serving senior civil servant 2000).

Today municipalities are spending recklessly. They should collect their own money and limit their spending to that amount. In that case they would operate profitably and would not employ more people than they need. They keep their political promises by creating new jobs for their political supporters and by moving official staffs into municipal economic enterprises that are mostly in debt to the municipality. Politicians want to keep those organisations for their personal use; they do not want to privatise them (Uysal, serving senior civil servant, 2000).

PSPPS Practice-2

As a union we are not ideologically against privatisation, but we are against its distribution of public resources to some selected private companies (Aslan, municipal trade union representative, 1999).

The legal one-year limit for contracting has a negative effect on the privatisation of local government services. It must be changed to 3-5 years. (Aytac, former senior civil servant 1999)

Municipal corporations were first created in Istanbul where they worked efficiently and faster than the state. However, they have been misused and politicised and so have lost their raison d'etre. Therefore, they must be sold immediately (Dalan, former mayor of a Metropolitan municipality, 1999).

I have been working with one municipal council for three electoral terms and could not detect any clear policy on privatisation. There is always a dilemma in promoting privatisation and increasing unemployment (Eraltug, serving senior civil servant at a Metropolitan District municipality, 1999).

PSPPS methods, notably the municipal corporations, are a means of getting away from the tutelage of the centre and having a flexible personnel regime. I consider privatisation as a pragmatic issue (Goymen, academic, 1999).

Consortia of local authorities have attempted to prepare local government services for privatisation. Privatisation of any one small local authority's local services (street cleaning, refuse collection, etc.) is not commercially attractive to the private sector (Ozdemir, municipal trade union representative, 1999).

PSPPS is an economic issue and can be used to speed the services. (Saraloglu, serving senior civil servant at a Metropolitan District municipality, 1999)

The state should not be part of any economic corporation seeking profit, but in Turkey the state has become a tradesman. Local governments also should not participate in any organisation aimed at profit. Instead, municipalities should be financed by local taxation and charges paid by the public for the services provided. (Saraloglu, serving senior civil servant at a Metropolitan District municipality, 1999)

As an alternative to traditional municipal services we are enjoying working together with civic community groups in education, health and other cultural activities. (Saraloglu, serving senior civil servant at a Metropolitan District municipality, 1999)

Private sector

Not only ‘build-operate-transfer’ but also local not-for-profit foundations (vakifs) and co-operatives are all alternative PSPPS methods widely used in my municipality. They have been used to invest (including in industrial constructions) without spending any money from the municipal budget. (Aksu, [Motherland Party] former mayor of a Provincial municipality, 1999)

The private sector and its existence are questionable. Most of the resources including land belong to the state: most of them are held by the state and the prices are determined by the state. In that context, the private sector cannot stand up independently and must therefore rely on the state and state contracts. (Altinok, serving senior civil servant, 2000)

The private sector does not have to consider the public and society as a whole. It does not seek public responsibility because it goes against profit maximisation (Keles, academic, 1999).

The private sector is craven and dependant. They are not free from the idea of becoming rich only at the hands of the state. The private sector is not yet professionalised. (Saraloglu, serving senior civil servant at a Metropolitan District municipality, 1999)

Pro-PSPPS

Privatisation is a wide concept that needs to be considered in the light of the geography, population and budget of a municipality. I am in favour of it, but each scheme must be considered individually (Altinok, serving senior civil servant, 2000).

Privatisation of local government has been seen as an economic tool to provide effective services. However, for some services such as public transport, the private sector is not ready to provide services. Thus the mixed structure needs to be kept for a while. (Aytac, former senior civil servant, 1999).

Privatisation must be applied to municipal services particularly in the most costly. The bureaucratic and legal regulations delay providing services in time which increases costs (Eraltug, serving senior civil servant at a Metropolitan District municipality, 1999).

For successful privatisation, good quality, trained personnel are essential or fraud is inevitable (Korkutata, [Virtue Party] former Member of Parliament 1999).

The only positive side of privatisation is that it offers more frequent and effective control mechanisms (Sancar, municipal trade union representative 1999).

Anti-PSPPS

The most important obstacle to privatisation is the lack of suitable specialised private sector companies at either national or local levels (Aksu, [Motherland Party] former mayor of a Provincial municipality, 1999).

In Turkey, privatisation may simply transfer financial resources and make some people rich (Altinok, serving senior civil servant 2000).

I don't see full privatisation to the private sector as a way of service provision. It is an ideological policy. Instead, municipal corporations can be used to provide better quality services (Ayman Guler, academic, 1999).

Privatisation is required by globalisation and soon it will be out of fashion (Geray, academic, 1999).

Privatisation of local services is quite wrongly taking the control of social policy away from mayors and municipalities (Karayalcin, [RPP] former mayor of a Metropolitan municipality, 1999).

In countries such as Turkey, in the long term, the benefits of privatisation will not be as great as its costs. In the big cities, with steep differences between the income levels, a strict privatisation policy can cause serious social and political problems (Keles, academic, 1999).

Our confederation of trade unions (DISK) is ideologically opposed to privatisation in principle and practice. We do not see any benefit for society (Ozdemir, municipal trade union representative, 1999).

Supporters of the privatisation of municipal services are trying to escape legal auditing. ... Privatisation is a quagmire for municipalities. Privatisation hurts local democracy at local level because it encourages bribery and corruption and rejects democratic public control (Ozdemir, municipal trade union representative 1999).

Today, the main reason for privatisation in Turkey is the exploitation of the workforce. In this privatisation system labour is made cheaper: so is the quality (Tasdelen, [RPP] former mayor of a Metropolitan District municipality, 1999).

7.12 Summary and conclusion

PSPPS is not a new practice in Turkey. Its roots go back to the Municipal law of 1930. Even though the private sector was considered, in principle, as a legitimate actor in service provision at local level, the actual practice of PSPPS for at least fifty years after this date was very modest and involved only very 'minor activities such as tree-trimming, lamp-post painting and street sweeping' (Aksoy, 1999, 65). Along with new developments in both the international and internal Turkish political arenas, new right, neo-liberal ideology and economic policies were heavily practiced in the UK and USA. In Turkey, under Özal's liberalisation policies (1980-1993), privatisation methods were used for various public services at both national and local government levels. The services subjected to privatisation were broadened from blue-collar manual services to white-collar office services, notably IT, finance and personnel.

In Turkey, with its highly centralised bureaucratic structure, the governmental public bodies and central organisations have continued to be the major service providers at national level. As was mentioned in Chapter 4, in the last two decades, despite various attempts to privatise the major SEEs (notably Turk Telekom, Turkish Airlines and some public banks) there has been only limited success. As a result, the central government still keeps the major SEEs, including the two biggest economic enterprises of Turkey (TUPRAS and PETKIM, both petro-chemicals) in its hands.

The picture at local level is not much different from the central government. Even though there were major attempts to privatise local government services, it remains true that municipalities continue to be the biggest provider of public services at local level. Because of the lack of centrally gathered statistical information about the size and value of services subjected to PSPPS at local level, it is not possible correctly to measure the extent of privatised local public services. However, in a broad sense, it can be argued that the size of these privatised services, even on a broad meaning of the concept, was small in economic value. As mentioned earlier, a survey by YYAEM, conducted in July-September 1997, showed that in almost all local services municipalities were continuing to provide local public services by their own

organisations and personnel (YYAEM, 1998, 100-101). For example, refuse collection was being directly operated by 92 per cent of the 462 respondents (with 2,371 municipalities failing to respond). In public transport the directly operated share was slightly lower at 85 per cent, according to this same survey.

As mentioned above, the operation of ISKI is a good example of the centralist structure at central and local level. Originally, ISKI was a division within the municipality of Istanbul solely responsible for providing water and sewerage services. Following privatisation ideas, it was made an appointed public body in 1981 but later tied back to the (now Metropolitan) municipal council of Istanbul in order to strengthen its democratic public accountability. This was attempted by making the council ISKI's general supervisory authority, with control over its overall policies and budget, while the mayor of Istanbul became the chair of the board of directors. However, the central government did not want to leave the whole authority for such a major agency with the council so, even though the General Director of ISKI is nominated by the mayor, the actual appointment is made by the Minister of the Interior (Keles, 1998, 276-285).

Even though there were big efforts to increase privatisation at national and local level following Özal's first elected government in 1983, the outcome in macroeconomic terms was not significant. According to the data gathered from the Privatisation Administration, established within the Prime Minister's Office, the total net privatisation sales proceeds between 1985 and 2001 was \$7,759 million. Within the same period the costs of arranging privatisations were \$2,732 million. The net proceeds were \$5,026 million. As the net benefit over sixteen years privatisation efforts, this sum was well short of expectations (SPO, 2003).

Central and local public authorities still remain the major providers of public services. However, within the context of the Turkish economic structure, the exemplary effects of privatisation have been significant. The economy was heavily state controlled, with the government closely involved in economic life as a whole since the beginning of the Republic of Turkey in 1923. As explained in Chapters Three

and Four, this was mainly because of the lack of a strong private sector to undertake initial economic investments, so ‘étatism’ became one of the six pillars of Kemalism, encouraging a heavily-controlled national economic life. This centrally-oriented economic structure has always been heavily dependent on the state in both its public and private sectors. Beginning with Özal’s economic liberalisation policy, this state-dependent way of thinking started to change and parts, at least, of the private sector have become more or less independent from the state and quite enthusiastic to take initiatives in economic life (see the example of the Anatolian tigers in Chapter Three). More importantly, privatisation policies as tools of economic liberalisation have encouraged a more liberal political structure and more political freedom.

As a result, privatisation has been considered by the traditional Left parties, particularly at the local level by Left parties’ mayors, not just as an ideological concept but also an economic necessity. They have regarded privatisation as a way of service provision within a financially limited municipal system.

The future of privatisation in Turkish local government is probably positive: PSPPS will grow, although only slowly. The long tradition of heavily bureaucratic centralised state structures and their strong opposition to any loss of their power, prevent them giving away their responsibilities to local authorities. However, there will be no turning back from privatisation in Turkey. The former Democratic Left Party-led coalition government (before November, 2002) as well as the present government, provided by the Justice and Development Party (the successor of the Virtue Party) have been in favour of the privatisation policies and have tried to put them into practice, particularly under the influence of external actors such as the IMF, the World Bank and the EU.

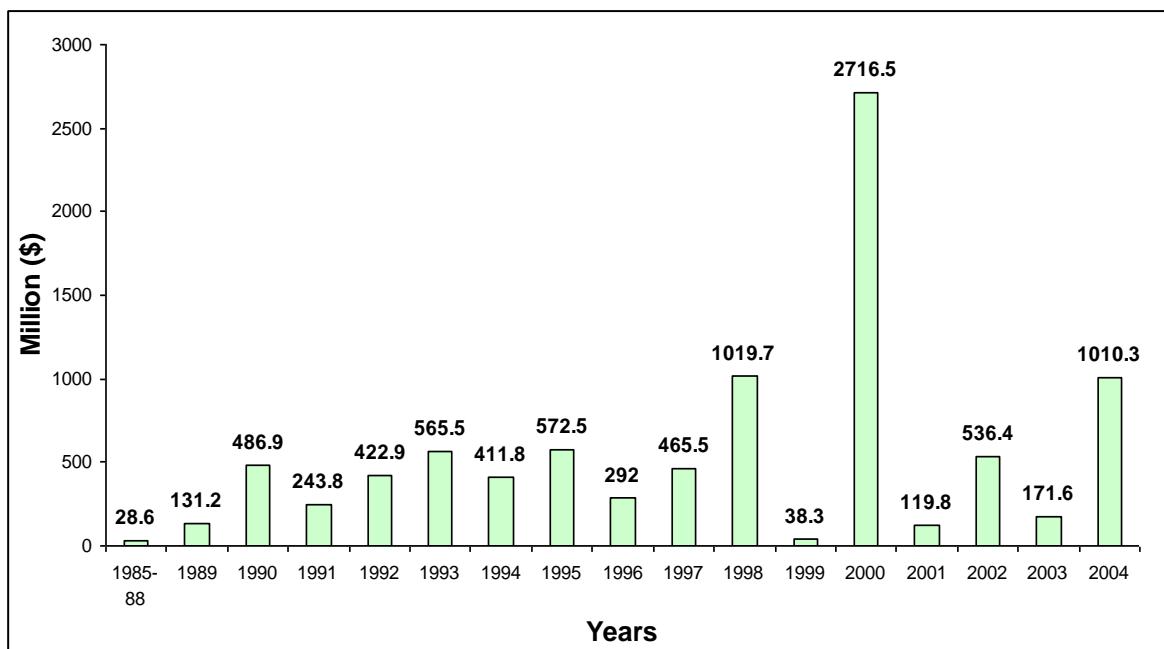
The following table summarises the main features of each methods of PSPPS reviewed in this Chapter.

Table 7. 4 Summary of service provision methods of PSPPS

Methods	Features
Traditional way: direct government or local authority delivery	Public authority produces and provides public services by using their own personnel and direct organisations.
Local government consortia	Consortia of local government provide public services to the inhabitants of their member authorities
Municipal corporations	Established to balance the market and provide cheap goods and services to the public. Operated within private sector commercial law. Function in significant markets, notably food production and sales and the supply of gas, public transport and broadcasting.
Franchises from local government	The authority for a service is given to commercial private or publicly-owned companies for a limited period, (usually 10 to 25 years, but not exceeding 40 years) as a monopoly. Franchises to be approved by the Ministry of Interior and the Council of State. Not as commonly used as municipal corporations or contracting out.
Contracting out	An old method but more widely used since the 1980s in various public services such as refuse collection, public transport, road maintenance and some white-collar services.
Build-operate-transfer (BOT)	Considered as the modern version of franchising. No need to be approved by the Council of State. A way of providing public services without putting a burden on the public authority. The services are allocated to the commercial private sector for 10 to 25 years. It constructs the necessary building and operates to get back its expenses plus a negotiated level of expected profits. Used for big-budget public services such as water and sewerage systems or providing shopping centres.
Voluntary bodies' service provision	Its roots go back to the Ottoman Empire. They were significant in local public service provision until the municipal organisations were established and took over responsibility for most of the services. In modern Turkey they are increasing their activities to environmental protection and (particularly strongly) in social services.
Outright sale of public assets	In this narrow meaning of privatisation the ownership of public assets changes hands. The public assets may be sold <i>en bloc</i> or their shares partly disposed of to private firms or individual investors, who will expect an investment income or future capital gain, or both.

Some additional national level statistics showing the calendar of privatisation implementations since 1984 have recently been published by the Privatisation Administration within the Prime Minister's office. The details followed in figure 7.4:

Figure 7.4 Calendar of national privatisation implementations since 1984



Source: PA [Privatization Administration], 2004

As the Figure shows (expressed in US dollars) the overall record has not been very significant with the sole exception of the year 2000 when the Petrol Office (a major national petrol retailing chain) was sold. The scale of these privatisation sales in any particular year is rather arbitrary because, as with the Petrol Office, they take some years to prepare and actually to implement.

The next Chapter will explore the practical implementation of these PSPPS policies at municipal level in Turkey by analysing attitudes and experiences of up to 115 Turkish mayors, along with their personal profiles. The Chapter will apply basic cross-tabulations and frequencies to these mayors' responses contained in the mail-back questionnaires.

Chapter 8

PSPPS in Turkey: attitudes and experiences of Turkish mayors (data analysis: N=115) and expert observers (interview programme: N=39)

This Chapter has the following parts:

8.1 Outline profile of the responding mayors (maximum N=115);

8.2 A note on the 39 expert interviews conducted for this study;

8.3 Analysis, including cross-tabulations, and discussion of the data in the Principal Table (in Appendix 1);

8.3.1 Introduction: this study's hypothesis is strongly supported

8.3.2 Analysis of the responding mayors' attitudes: 'Consensus' support for PSPPS?

8.4 Comparative analysis of the attitudes of the 58 mayors who had not privatised at least one municipal service and the 56 who had done so;

8.5 Comparative analysis of the Left grouping's and all other mayors' attitudes to PSPPS;

8.6 Comparative analysis of the attitudes of the three Left parties' mayors with each other and their parties' formal policy positions on PSPPS; [referring back to Chapter 6]

8.7 Comparative analysis of the Virtue Party and Left grouping's mayors' attitudes to PSPPS

8.8 A note on the statistical methods used by this study.

8.1 Outline profile of the responding mayors (maximum N=115)

This Chapter analyses the attitudes and experiences of Turkish mayor on the issue of PSPPS. Four variables have been chosen: party; personal mayoral experience (terms of office); the status and the population level of their municipality. Party identity is central to this study's hypothesis about the convergence of Left & Right on the practical aspects of PSPPS. Whether a responding mayor was serving a first or a subsequent term has obvious relevance in that PSPPS policies take time to mature. The status and population levels of these mayors' municipalities are also highly relevant to the analysis because PSPPS is a viable option only in the higher status and larger municipalities.

This simple profile will show, firstly, the survey's coverage of all mayors in the country, with its strong emphasis on the major municipalities. Only mayors of municipalities with at least 10k population were approached with the questionnaire. The purpose of this threshold was to cut out the large numbers of smaller population authorities among the District and Town municipalities who almost certainly lack the resources, or the prospective volume of business, to make PSPPS viable, even if the mayor and council wished to try it. The survey was intended to concentrate on the major authorities where these restrictions would not apply, in order to obtain both the mayors' views and their reports of PSPPS which would cover or be relevant to the bulk of the population of Turkey living in municipal areas. The survey was sent to the mayors of all sixteen Metropolitan municipalities, all 65 Provinces and also (increasingly selectively) to the mayors of Metropolitan Districts, Districts and Town municipalities in turn.

National totals and the effect of the 10k cut-off are as follows:

Table 8.1: Numbers of Turkish municipalities and questionnaire response rates by type of municipality

	National total (N)	Survey sent (N)	% coverage	Respondents (N)	%
Metropolitan municipalities	16	16	100	4	25
Metropolitan District municipalities	89	45	50	26	57
Province municipalities	65	65	100	12	18
District municipalities	10k population: 370*	86	23	56	65
Town municipalities	10k population: 69*	28	40	17	69
Total with 10k population	609	240	39	115	48

* There is no published complete breakdown of Turkish municipalities' populations and types. The total numbers of District and Town municipalities in Turkey was 792 and 2,254 respectively. So the numbers of District and Town municipalities which had more than 10k population have been produced by a manual check of each of these 3,046 municipalities' populations.

As Table 8.1 shows, there were 370 District and 69 Town municipalities with 10k populations. It appears that the 56 respondents from these District municipalities represented fifteen per cent of Districts with above 10k population, while the seventeen from Town municipalities with 10k population represented 25 per cent of this group. The percentage response rates among the five types of local authority are listed in Table 8.1. This study could not usefully have tried to contact all 3,046 District and Town municipalities, particularly on a subject irrelevant to many of them because of their very modest activities and resources in which the private sector would have no practical interest.

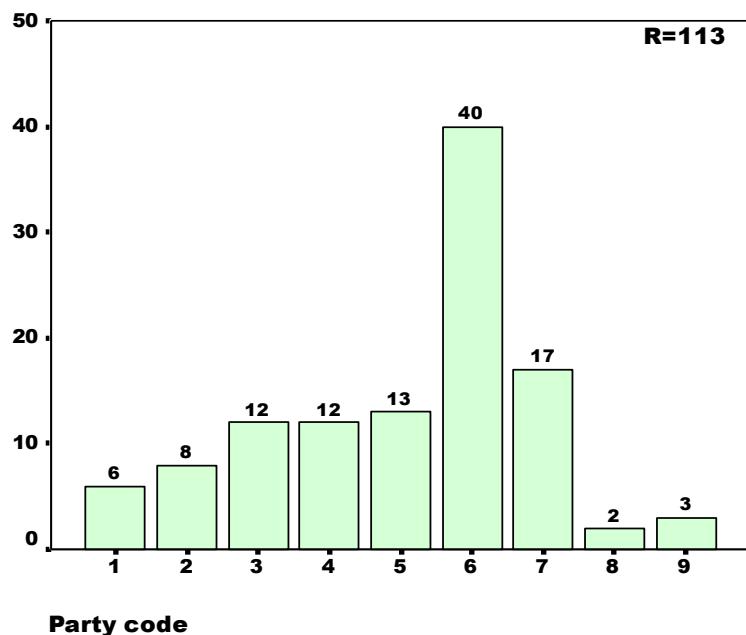
An outline comparison with one semi-official survey of Turkish local authorities (conducted by YYAEM — a section of TODAIE — in June, 1997) offers some limited value in assessing the present study's coverage (YYAEM, 1998). YYAEM is a centre established within the Public Administration Institute for Turkey

and the Middle East (TODAIE) responsible for research and education on local authorities. The TODAIE research unit's survey addressed 2,833 of Turkey's 3,216 local authorities and received 462 responses (16.3 per cent). It concentrated on the chosen methods of PSPPS but failed to report these classified by type of authority. As a result, only a very general impression of any similarity in findings to the present study (conducted three years later in 2000) is possible. The range of methods for PSPPS reported by TODAIE was very similar to the present study but its profile or incidence across the 462 responding local authorities was unclear. Whereas the present study succeeded in concentrating on the more significant authorities for the topic of privatisation, it is possible that the TODAIE survey did not and was therefore skewed towards larger numbers of smaller municipalities. It did not adopt a minimum population cut-off, equivalent to the present study's 10k.

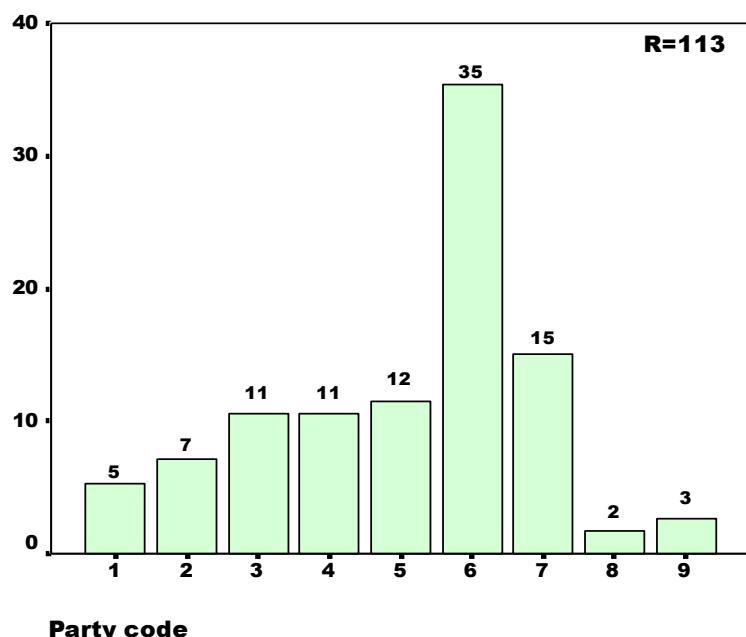
This outline profile now continues with party, experience, status of municipality and population. Turkey has a multi-party system, based on both Left-Right and Islamist-secular divisions. There is also a nationalist dimension, while the Kurdish population mainly sustains its own party. The 115 respondents represented seven principal and two minor parties; three mayors were independents. The simple party distribution, Left to Right, is shown next (with the three independents at the end of the row). It is difficult to place the former Virtue Party, because it was Islamist rather than Left or Right, but its economic ideas (particularly on privatisation of public services) suggest a position between centre Right and Right, as shown here.

Figure 8.1 Responding mayors' party:

(i) Number of mayors in each party



(ii) Percentage in each party



***Key to Political Party names** (Running from Left to Right ideology): 1 HADEP/PDP (People's Democracy Party), 2 CHP/RPP (Republican People's Party), 3 DSP/DLP (Democratic Left Party), 4 ANAP/MP (Motherland Party), 5 DYP/TPP (True Path Party), 6 FP/VP (Virtue Party), 7 MHP/NMP (Nationalist Movement Party), 8 Minor Parties, 9 Bagimsızlar (Independents)

(iii) Party groupings

This range of parties is simplified into four groupings (Left, Centre-Right and Right) with the largest party (Virtue) standing alone and the three independents added on. These are *groupings*, for easier analysis, and do not indicate any regularly acting together as party *groups*, whether on privatisation or any other issues. The groupings are: (Left (parties 1, 2 and 3); Centre-Right (parties 4 and 5); Virtue (party 6); Right (parties 7 and 8); and Independents (9).

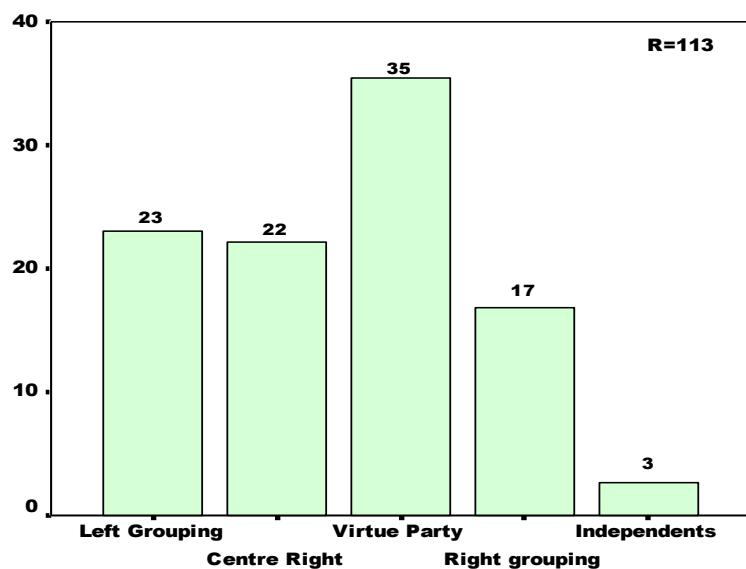


Figure 8.2 Experience (number of terms — normally five years)

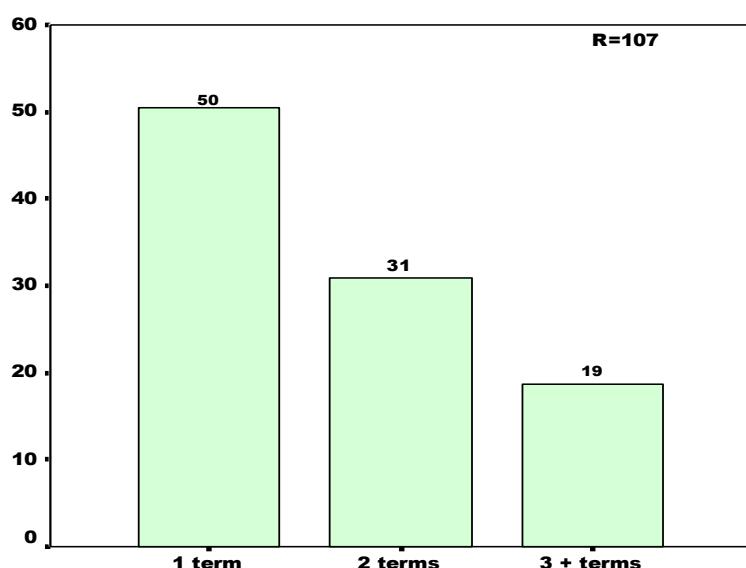


Figure 8.3 Status of mayors' municipalities

(Town — minor authorities — up to Metropolitan municipalities)

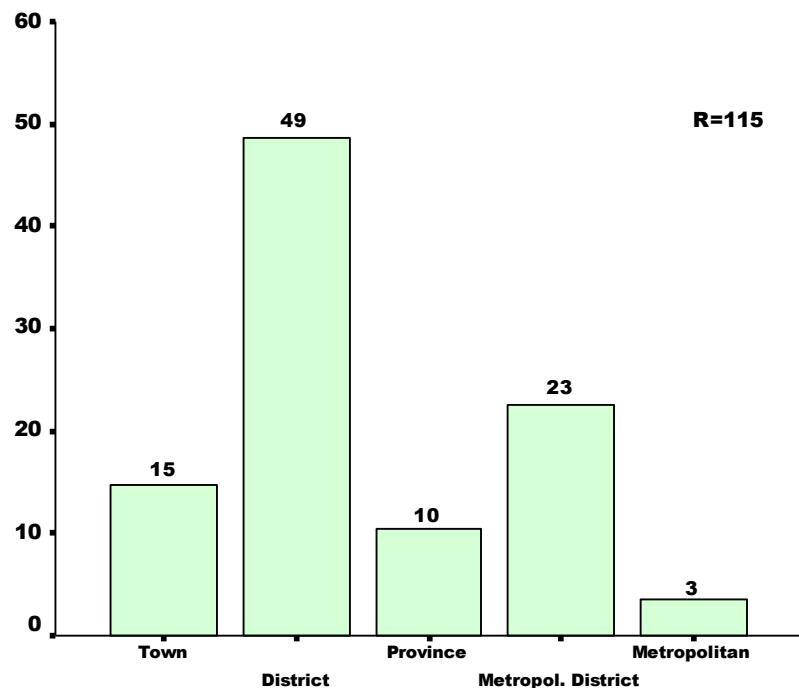
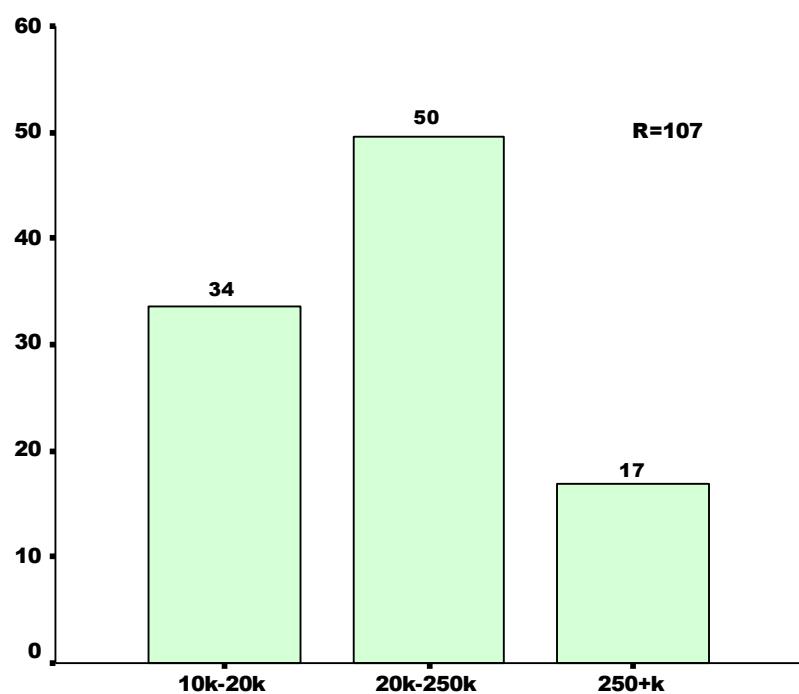


Figure 8.4 Population ranges of mayors' municipalities



Looking firstly at party allegiance, the main feature was the striking success of the Virtue Party (formerly the Welfare Party and now, broadly speaking, the basis of the newly governing Justice and Development Party). During early 2000, when most of the mayors were responding to this survey it had (and still has) many mayors in office: in this survey 40 appear as against 26 Left-party (parties 1, 2 and 3) and 25 Centre-Right (parties 4 and 5) mayors.

How representative of all Turkey's mayors above the 10k population level was the party profile of the 113 respondents who reported their party (including the three independents)? The following Figure 8.5 shows the comparison of respondent mayors with all Turkey's mayors in the three highest status types of authority: Metropolitan, Metropolitan District and Province. The following Figure 8.6 shows the same comparison for all of Turkish municipalities above 10k population.

Figure 8.5 Responding mayors' vs all of Turkey's mayors' party groupings in the three highest status types of authority: metropolitan and province

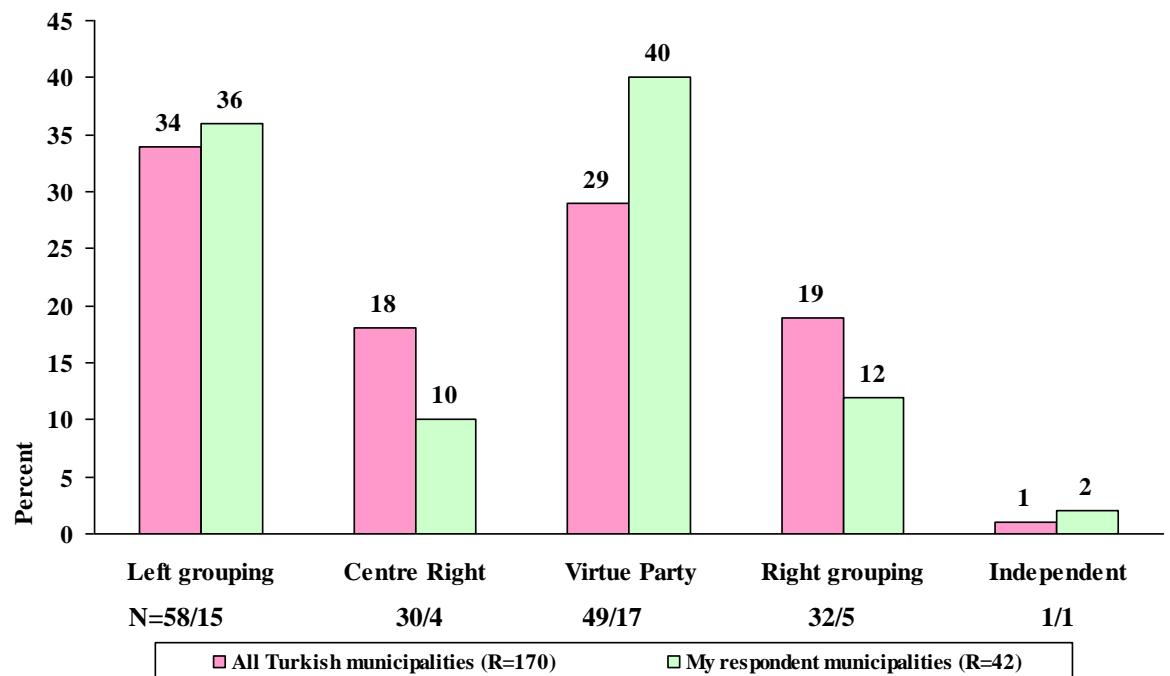
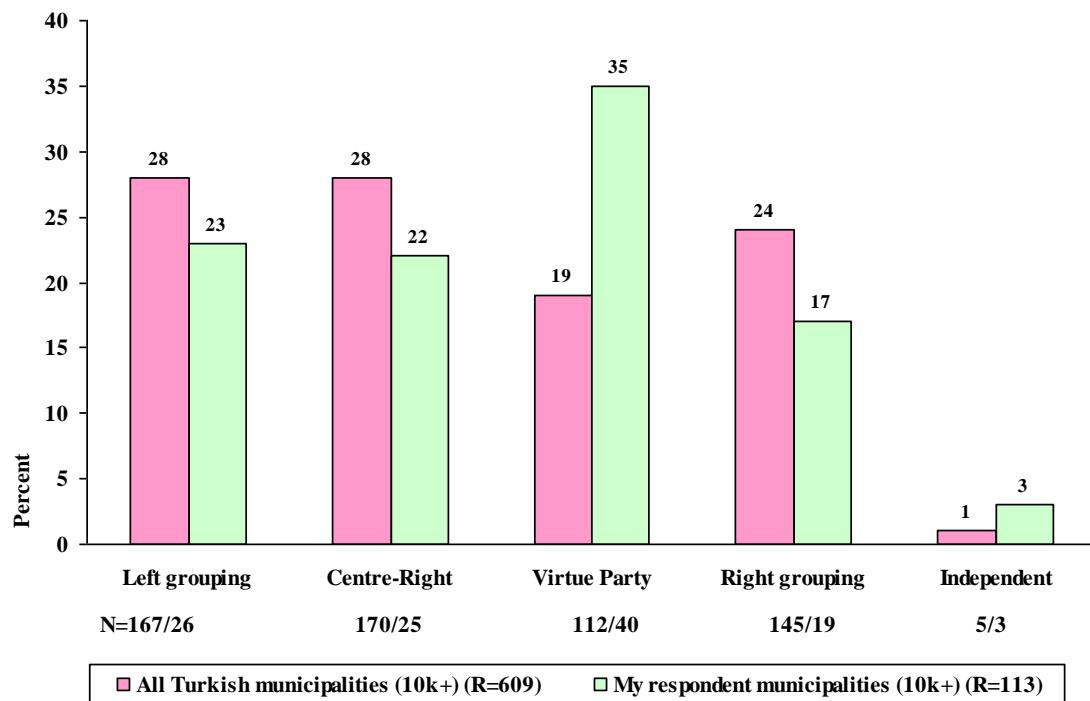


Figure 8.6 Responding mayors' vs all of Turkey's mayors' party groupings (above 10k)



For a study of privatisation, these three types of major authority are the significant ones. Within the 42 major municipalities who responded, the Left grouping almost exactly matched the 170 equivalent mayors nationwide (36 per cent and 34 per cent). The Centre Right and Right were under-represented among the responding mayors (ten per cent as against eighteen per cent nationwide) while the dominant Virtue Party was over-represented (40 per cent as against 29 per cent nationwide). It is possible that Virtue mayors were particularly interested in this questionnaire because privatisation is a major party policy. The Centre Right and Right grouping mayors may have under-responded because of their greater indifference to all research enquires compared with Left or Virtue mayors: this weakness has been noted by other Turkish researchers.

Looking next at the responding mayors' **overall experience** in office (the number of terms — normally of five years) we note from Figure 8.2 that it was not great: only one-half were beyond their first terms. Turkey holds all local government elections on a common day so measuring periods in office is easy. The previous

national election date for local authorities was about one year before most questionnaires were completed so the one-half of all the mayors who reported a first term status typically had perhaps only ten months of practical experience. As will be noted again below, it may be that one major reason why about half of all respondents had not privatised any municipal services was a lack of preparation time before completing the questionnaire. There is very little tradition in Turkey of mayors moving on to a second municipal authority, so all or nearly all of the first term respondents had no previous mayoral experience — although many had experience as municipal officials or political staff. Some further comments on respondents' experience will be made below when cross-tabulations with party or other variables are made.

Turning to the **status** of the respondents' municipalities, Figure 8.3 shows that about one-third (36 per cent) of all 115 respondents who reported their authority's status or type were mayors of the major authorities (Metro and Province) and the rest (64 per cent) were District or Town mayors. Enough big cities' mayors responded to the survey to cover 82 per cent of Turkey's urban population (and 59 per cent of the total population). As the survey's topic of privatisation mainly concerns the larger authorities, with their much higher levels of both opportunity for private operators and resources to negotiate private sector contracting or sales of assets, this is a very satisfactory outcome. The pattern of Figure 8.3 should be seen with the figures in Table 8.1 (which compared the respondents' profile by type of authority with the national profile).

The last of the four basic variables used in this study is **population range**. It is important to note that diversity of municipal status and populations in Turkey is great. For historical and political reasons, 'minor' authorities (such as a few Town municipalities) may have more than 100k population while 'major' ones (such as a few Metropolitan Districts) may have fewer than 14k. Therefore, any analysis or discussion of privatisation issues — or any other relevant topic — which is too much based on formal municipal status would risk unreality. This great diversity means that the expected correlation between an authority's population or resources and its practical relevance to private sector service provision is weakened. The authority's

formal status may be a poor guide to its potential for any privatisation, although there is a general expectation.

This outline profile of the responding mayors concludes with cross-tabulations of their party allegiance with the other basic variables: experience (terms of office); municipal status; and population ranges.

Figure 8.7: Mayors' party and experience (terms of office) (R=105)

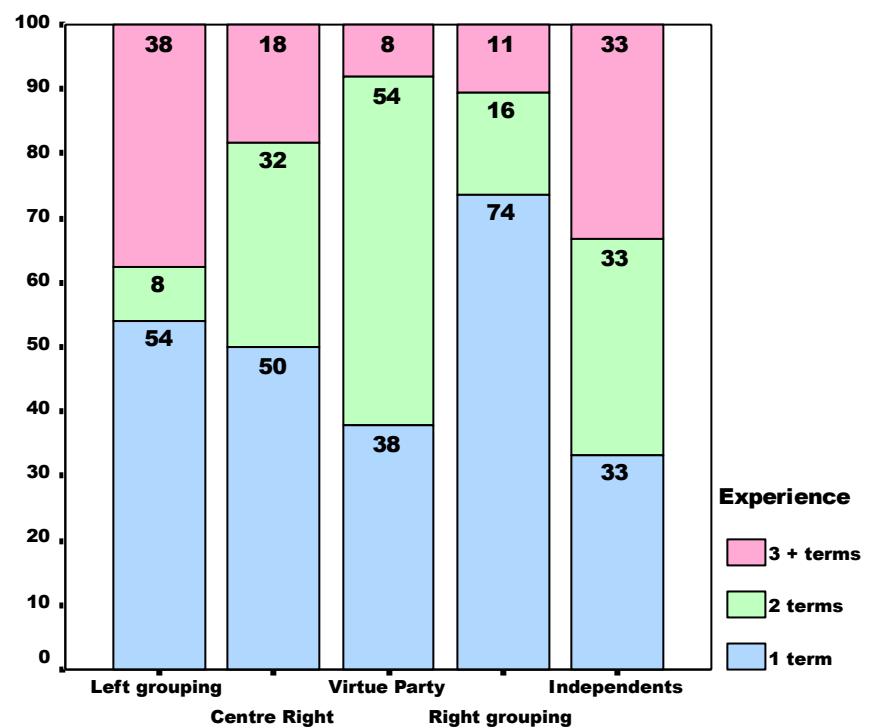


Figure 8.8: Mayors' party and municipal status (R=113)

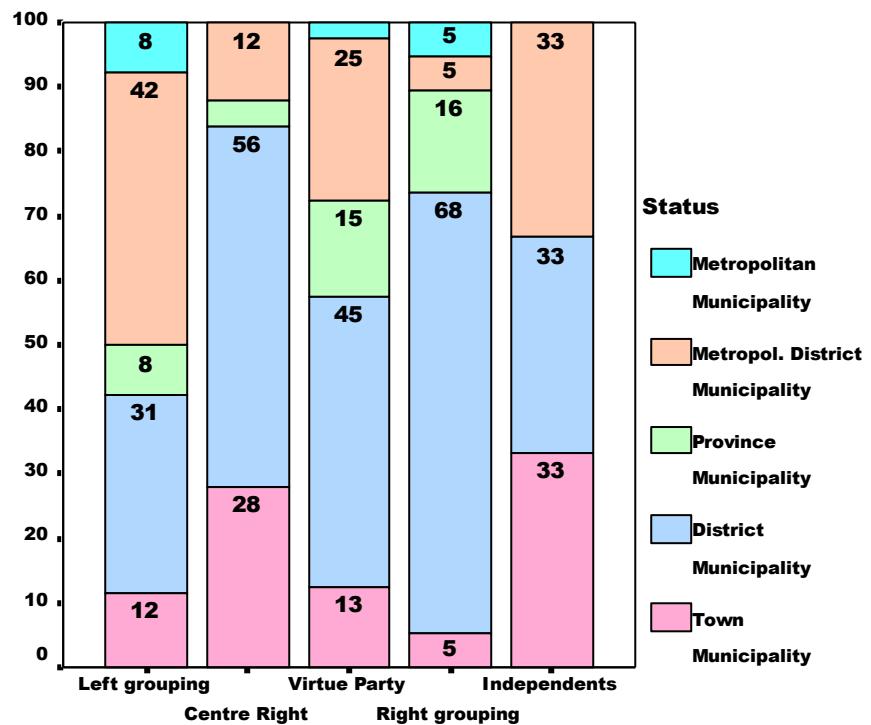
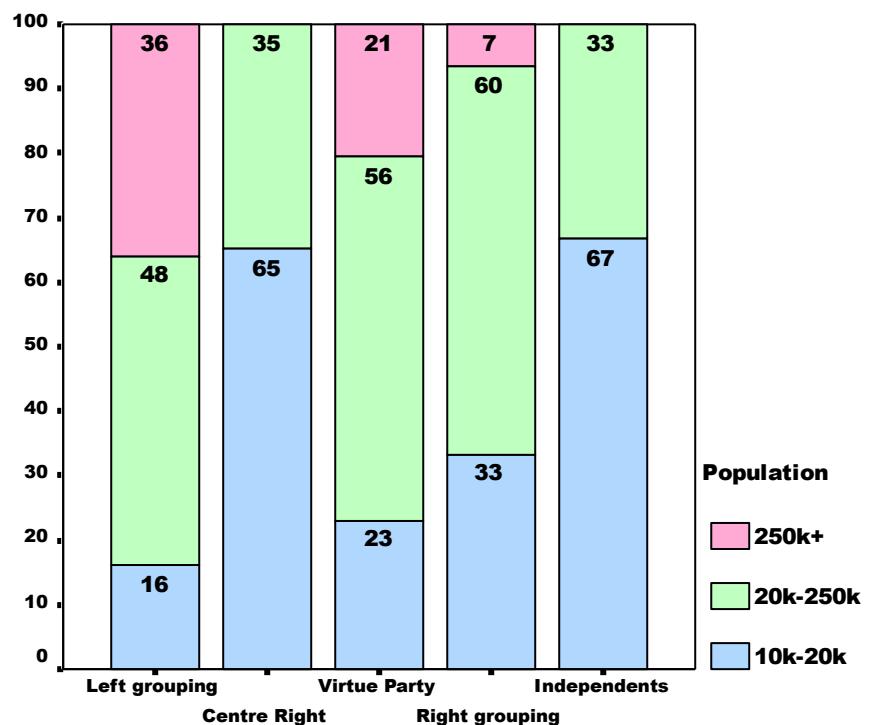


Figure 8.9: Mayors' party and population ranges (R=113)



Looking firstly at party and experience (terms of office) in Figure 8.7, the relative inexperience of the Right grouping is plain: 74% of them were in only their first term — in practice having been in office for only about thirteen months at the time of the survey. This compared with about half of the Left and Centre-Right mayors (54% and 50%) and contrasts strongly with the much more experienced Virtue Party mayors, only 38% of whom were also in their first term (about thirteen months of office).

Turning to municipal status, it is important because it is mainly the three most significant types of municipality (Metropolitan, Metropolitan District and Province) for whom significant privatisation of services of some type would have enough practical interest for the private sector to make it a real option. Among the four party groupings in Figure 8.8, the Left mayors were in office in the greatest proportion (57%) of these three types of municipality. The success of the Virtue Party in a large number of local authorities has already been noted, as also their mayors' relatively longer service in this group of 105 respondents. But the party's strongest advances have been at District and Town levels and this is correctly reflected in the present survey. Only 42% of their respondents are mayors of the other, generally more significant, types of municipality. The Centre Right and Right mayors among the respondents who represented these more major authorities were quite few: only sixteen per cent and 26 per cent respectively, with no Centre Right mayors from any of the sixteen Metropolitan Municipalities. This party grouping profile in this survey broadly reflected the national position of all Turkey's mayors and municipalities. The same is generally true of these respondents' cross-tabulation of the mayors' party and the population range of their municipality. The Left and the Virtue Party groupings had more big city mayors (above 250k population) than the Centre Right or Right groupings: 36 per cent (Left) and 21 per cent (Virtue Party) as against nil (Centre Right) and seven per cent (Right). If population is assessed from the lowest level (the 10k threshold for this survey) to the 20k level, only sixteen per cent of Left mayors and 23 per cent of Virtue Party mayors represented municipalities between 10k and

20k population, whereas 65 per cent of Centre Right and 33 per cent of Right mayors did so.

These three cross-tabulations may be summed up by noting that, taken as a group, the Left mayors appear to have had a significant amount of time in office (at the time of the survey in early 2000): 46 per cent in their second or subsequent five-year terms. They also had enough presence among the three most significant types of municipality (56 per cent) and those with the largest populations (36 per cent above 250k and 84 per cent above 20k). Contrary to the Left's traditional hostility to privatisation of any kind, many of these Left respondents said they favoured it. Judging informally from the expert interviews obtained as part of this study, this favour probably rests on strictly practical grounds rather than from any new political position. So this study must try to show from the responses what these Left mayors have actually done about it. This point will be presented in Table. 8.4 in section 8.7, below.

Conversely, the Virtue Party always promoted privatisation — in fact as its particular trademark — and had gained a strong municipal base in successful mayoral election campaigns. As we have seen (Fig 8.2) the Virtue Party mayors in this survey were the most experienced of the party groupings: 62 per cent in their second or subsequent terms (the Left figure was 46 per cent); they had less of a hold on the major authorities (42 per cent as against the Left's 56 per cent) (Figure 8.8) and on the biggest populations (21 per cent over 250k as against the Left's 36% (Figure 8.9).

This study's 'Principal Table' (Appendix 1) reports the considerable amount of attitude data drawn from mayors on the issue of PSPPS ('privatisation') in response to some 22 statements offered to them. Section 8.3 and following sections will analyse these data. Before analysing the Principal Table's data, the next section (8.2) will give brief information on the expert interview exercise conducted for this study as a partner to the mayors' questionnaire project.

8.2 A note on the 39 expert interviews conducted for this study

An informally selected range of expert or practitioner interviews was conducted to support the mail-back questionnaire exercise. Topics included the historical background and the policies of the Özal era which was the most significant period for the introduction of privatisation policies at both national and local levels. The adopted method was a semi-structured elite interview with selected experts and practitioners with knowledgeable opinions and definite views.

Considering the difficulties of getting appointments from interviewees of this type, the target number of interviews was more than sixty. However, some contacts did not succeed so the number dropped down to 39. Most of these interviews were conducted during the Autumn of 1999 and the rest during 2000.

To achieve a broad view of the problems and politics of privatisation practices, the interviewees varied from present and former political and official local government practitioners to academics and the officials of central government. The aim of interviews with mayors and other municipal officials was to understand the privatisation at local level, including practical problems and the various methods used.

As was seen in Chapter Three, Turkey is a highly centralized state. The central government has excessive power over local governments and their economic policies. Therefore, present and former national government officials were included in the interview list. Their opinions on privatisation and central-local relations were important for an understanding of privatisation policies at local level.

The third part of the interview group was trade union representatives. Privatisation policies change the labour structure of municipal services. PSPPS policies in labour-intensive municipal services affect the workforce and therefore the trade unions. For this reason, the three main municipal trade unions were included. It can be criticized that trade unions are in their nature against privatisation. However, in

the Turkish case, as was seen in the previous Chapters and particularly in the Quotation Boxes, there is one right-wing municipal trade union which is not against privatisation on basic ideological grounds but which may be critical on practical aspects.

Other important actors on PSPPS include the political parties. A three-party coalition government was in office when these interviews were conducted. Opinions of the governing and other political parties represented within the Parliament were also needed to complete the picture of the PSPPS policies in Turkey. Representatives of all seven political parties in Parliament were contacted and interview appointments made. However, some of them did not attend despite further initiatives. Only three of them succeeded.

Finally, academics were included in the list because they could give a broader picture of the privatisation policies at national and local level as possibly more objective observers of the issues.

The interviews used informal, semi-structured questions to record any points in common and to compare different aspects and opinions on PSPPS. However, because each interview depended on the background and experience of the interviewee, some extra questions were raised. The interviews were tape recorded. The style was open and attributable. Only one out of 39 interviewees was not happy to be identified. The interviews have been used as text references and for the Quotation Boxes in Chapters Three to Seven.

A wide range of issues was discussed: general opinions on privatisation; central-local government relations; the Turkish centralist tradition; legal regulations; Özal and his privatisation policies — as well as the policies of the coalition government in the office at the time. Democracy, liberalization, westernisation, efficiency and effectiveness were all touched on as the background to PSPPS.

The interviewees can be classified as follows:

Table 8.2: Classification of 39 interviewees of this study

Groups	Number
Municipal experts (mayors and officials)	18
Officials (central government)	8
Trade union representatives	3
Political party representatives	3
Academics	6
Other	1
Total	39

8.3 Analysis, including cross-tabulations, and discussion of the data in the Principal Table (Appendix 1)

8.3.1 Introduction: this study's hypothesis is strongly supported

The Principal Table shows agreement levels on statements supporting or concerning private sector provision of local public services (PSPPS) (called privatisation in the survey) among all the responding mayors – up to 115 on any given statement. High percentage figures indicate high agreement levels with the (pro-PSPPS) statements (such as privatisation increases the quality of local public services'). (Throughout this study percentage agreement levels exclude the 'don't know' responses: they are percentages of 'agree' plus 'disagree'.)

The Principal Table shows the strong approval of PSPPS ideas among these mayors across the spectrum of the Turkish political parties, Left and Right, and also in lower and higher status municipalities and with smaller and larger populations.

I claim that these survey results fully uphold the hypothesis of this study, introduced above in Chapter One (Introduction). This states that political tradition or

ideology — notably on the Left — are no longer the basis for pro or anti-privatisation attitudes which they used to be. Instead, practical or ‘management’ views have prevailed, producing a lot of support for private sector provision of public services, at least among one group of public decision-makers: the country’s mayors. The formal positions of the parties on ‘privatisation’ in general (reviewed above in Chapter 6) are no necessary guide to these politicians’ actual views or likely policy preferences on PSPPS. The mayors’ party allegiance is also no particular guide. General familiarity with Turkish politics suggests that mayors’ party allegiance offers some guidance on their likely views on various other policy-making fields, but it does not offer much guidance on privatisation policies.

The strong empirical support for my hypothesis is demonstrated in this analysis section. My hypothesis was formed and made the basis of this study before the mayors received and returned my mail-back questionnaire. (*The second fieldwork exercise of this study – the 39 elite interviews just described – also contributes to the upholding of the hypothesis, as my reporting and discussion of it in other Chapters show.*)

8.3.2 Analysis of the responding mayors’ attitudes ‘Consensus’ support for PSPPS?

Consensus support is taken here to mean very high and general majority opinion, rather than fully unanimous opinion. Looking through the ‘Totals’ for the four variables presented under each statement in the Principal Table (Appendix 1) reveals the incidence of 70+ per cent figures. (In addition, the figures for each subset – such as the nine party groupings – which register 70+ per cent are shown in bold type.) Among the four ‘Headline’ and seven ‘Key’ statements, only one registers any agreement levels below 70 per cent. This is statement B1: ‘Private sector provision of local public services (PSPPS) decreases their *costs*’. (It may well be that the few mayors withholding their agreement on this point to reduce the agreement to 63-64 per cent are no less supportive of PSPPS but simply doubt the common view that it saves costs.)

Continuing into the ‘Subsidiary’ statements in the Principal Table (C1 to C11) the agreement levels rise even higher, with 84-86 per cent of mayors agreeing that reduced cost, higher effectiveness, higher quality and greater speed of service provision are to be seen as ‘significant positive considerations’ in PSPPS policy-making. Consensus agreement seems to exist on the benefits of local PSPPS. The mayors’ agreement levels on any of these survey statements fall below 50 per cent on only a few suggested aspects of PSPPS. Opinions on these matters may be seen more as commentary on the context of PSPPS than a substantive pro or anti-PSPPS sentiment. Thus only a large minority (43-45 per cent) agreed that ‘relaxing central control’ is a ‘significant positive consideration in privatisation issues’ (statement C6) and similar numbers (44-47 per cent) agreed that ‘public demand’ could be so described (statement C8). The mayors who did not agree with these two statements may well have thought central control and public demand to be important issues in general but they saw no particular significance for privatising local services.

Beyond these two statements, the mayors’ agreement levels fell to only just above one quarter on three statements. Two of these were of only marginal importance: municipal cooperation with the private sector ‘promotes local services’ effectiveness’ (agreement ranged from 23 to 26 per cent); and municipal cooperation and partnership with voluntary organizations ‘promotes local services’ quality’ (agreement was at 30-31 per cent). (If the subject of the questionnaire had been promoting civil society in Turkey, emphasising public-private links, the response on voluntary organisations may well have been stronger: in the PSPPS context, however, it may have been seen as marginal.) It is worth noting that these low agreement levels offer some reassurance that this survey did not suffer from unthinking acceptance by the respondents of all its statements. These mayors were quite ready to disagree with items on the mail-back questionnaire.

The third of these only weakly supported statements carried much more political weight and its agreement level of only 28 per cent deserves a fuller comment. The statement (C7) said: ‘limiting trade union influence is a significant positive consideration in privatisation issues’. As can be seen in various parts of this study, the

idea that all privatisation weakens trade union influence is common – whether it is a welcome or a threatening prospect for the observer in question. It would be understandable that a Left-party mayor would not like to record his agreement with this statement, even if he privately agreed with it. (Agreement among all 26 Left-party mayors who responded on this question was 28 per cent while the figure for the subset of 40 Virtue Party mayors (the most pro-privatisation party) was only 23 per cent.)

About one half of the mayors had no personal experience of privatising any local services (partly, no doubt, because they had been in office for only about one year) so they would not know at first hand whether trade union influence was reduced by privatising any local services. They would all know that this was a common opinion among both supporters and opponents of privatisation (as some of the Quotation Boxes confirm). But only a minority could agree with this aspect as being a ‘significant positive consideration’. Municipal trade unionism is weak in Turkey, so seeing PSPPS as a means of limiting it further would not be a strong idea.

The mayors’ support for PSPPS may be seen to be very simple and practical. They seem to have supported it because it is believed to ‘work’: efficiency, effectiveness, quality and speed of service provision. It would seem not to be tied in their minds into any wider liberal programme of public-private, or official-voluntary, cooperation aimed at greater pluralism or a stronger civil society. But perhaps this interpretation of these results would underplay the most dramatic result among this mayors’ generally strongly positive support for privatisation. This is the 78-80 per cent agreement with the basic ideological statement (A3) declaring that ‘economic liberalisation improves political freedom and democracy’.

This was the only broad ‘ideological’ statement in a questionnaire whose general objective was to offer practical points about the relative costs or effectiveness of PSPPS to gain the practical views of incumbent public officials. So this was their only opportunity to express a broad ideological view. Response rates varied from 104 to 112 of the 115 mayors according to the different cross-tabulated variables of party identity, experience (seniority), municipality’s status and population band. The level of

agreement with this quite controversial and provocative statement is remarkable: 78 to 80 per cent on the four variables. With so much political debate in Turkey (as in every other developing country) about the impact of globalisation, international market forces and the ‘need’ to privatise and reduce public sector service structures or state-owned industries, this sweeping claim for ‘economic liberalisation’ and its political benefits is at the heart of public policy-making.

This strong statement of one side of the Left-Right divide would be expected to attract the clear disagreement of all Left politicians: they support economic collectivism and traditionally assert that economic liberalization damages the freedom and democratic rights of the great mass of ordinary people – the workers. In the Turkish case, this statement would also be criticized by the étatist and collectivist followers of the Kemalist tradition who have shared these values with socialists or communists, although basing them on Ataturk’s individual ‘non-ideological ideology’ which (he claimed) transcended the Left-Right (collectivist-individualist) divide.

The differences within this very high level of agreement with this fundamental ideological statement between the Left-party and other mayors – and between the three Left/Kemalist parties’ mayors’ — are reported below in sections 8.5 to 8.7.

8.4 Comparative analysis of the attitudes of the 58 mayors who had not privatised at least one municipal service and the 56 who had done so.

This section offers further analysis of a large sub-set of the 115 mayors: up to 58 who reported that they had not introduced PSPPS into any of their municipality’s services. This one-half of the total were offered further statements about PSPPS for their agreement or disagreement as a means of discovering their reasons for not having introduced it.

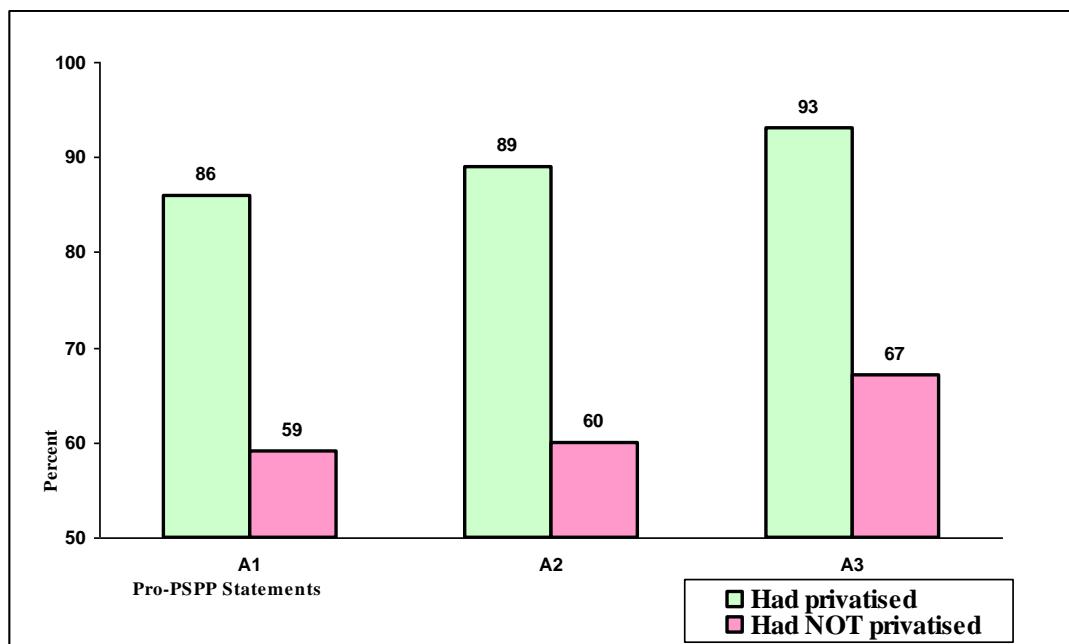
As Table 8.3 shows, nearly 60 per cent of those mayors in this group of 58 who responded to this question recorded that they had ‘some other reason’ than any

personal political hostility to PSPPS for not having privatised any of their municipality's services. A majority (63 percent) of the 46 mayors who both responded to this question and reported their experience (terms of office) were in their first term. The most recent general elections for mayors had taken place only some thirteen months before most questionnaires were completed, so these first-term mayors had been in office for only that period. This may well have been too brief to allow them to complete any privatisation in their municipality. Lack of time was probably a common 'other reason' why these new mayors had not introduced any particular PSPPS scheme.

Table 8.3 and 8.4

It is clear from Table 8.4 that the one half of all the mayors who had privatised at least one municipal service were much stronger supporters of the idea than the other half who had not. The following Figure (8.10) offers a more graphic view of the Table by placing the 'had privatised' and the 'had not' groups on a scale of agreement with the pro PSPPS statements (as analysed by the mayors' party – noting that the figures for the other three variables are almost identical.)

Figure 8.10 Graphic extract from Table 8.4: agreement levels on pro-PSPPS statements of mayors who had not privatised and those who had done so (as analysed by party)



The mayors who had privatised at least one service stand 27 percentage points above the other group in agreement with statement A1 (the greater effectiveness of privatised services); 29 points above on A2 (better quality); and 16 points above on the ideology statement linking liberalization with freedom.

It cannot be judged from these data whether the experienced privatisers had become even more positive towards this policy as a result of their experience. They may have pushed their privatising ideas into practice because of their established enthusiasm and not altered this positive view at all. To learn exactly how their view

and their actions had worked out would have required a further set of questions or statements to be added to an already demanding survey. Exploring this relationship of policy ideas and practical policy making on PSPPS is one suggestion for further research on this subject made in the Conclusion below.

The group of mayors who had not privatised any service did not all contribute to the generally high levels of support for PSPPS found in this survey overall. Some were Left party mayors lacking much enthusiasm for the idea. They would probably not have agreed with the statement that it was some reason other than personal political opposition which explained this fact. Some of them had not attempted, nor perhaps even considered, this policy for the simple reason that they opposed it or were uninterested. Again, their views and priorities would need a separate survey.

Table 8.5 shows the profile of inexperience and experience within each party grouping in percentage terms rather than simple numbers of mayors.

Table 8.5 Mayors' experience profile within each party grouping

Per cent of their party grouping's number of mayors					
	Left grouping	Centre Right	Virtue	Right grouping	Independents
One-term	54%	50%	38%	74%	[33%]
Two-terms	8%	32%	54%	16%	[33%]
Three + terms	38%	18%	8%	11%	[33%]
	100% (N=24)	100% (N=22)	100% (N=37)	101% (N=19)	99% (N=3)
Total number of mayors reporting their experience (terms): 105					

The Table shows, for example, that 54 per cent of all 24 Left-party mayors were in only their first term while 38 per cent of them were in their third or later term. This 54 per cent contrasts with as many as 74 per cent and the 38 per cent contrasts as few as eleven per cent in the case of the Right party grouping. The different profiles within each grouping are clear. The Left Parties are numerically weak at the two-term level and stronger at the one-term and three-or-more-terms levels. The Virtue Party lacks mayors at this latter level. The Right and Centre Right both showed the favourable results of more recent elections, with 50 per cent and 74 per cent, respectively, of their

mayors in only their first term. Their two-term and three-or-more-terms figures fall away from these first-term levels.

This profile from responses mostly made in early 2000 naturally reflected election results of earlier years: as a result, Virtue was strong at the two-term level and the Left at the three-plus-term level. There has always been a quite strong ‘incumbency effect’ among Turkish mayors, which has produced this profile based on earlier electoral fortunes. Turkish mayors are all elected or re-elected on the same nationally fixed date and the most recent occasion had fallen only ten months before the questionnaire was launched. About two-thirds of the questionnaires were returned within three months so it is fair to say that most of the first-term mayors had only about thirteen months’ experience when they responded — and even the last to respond had no more than 20-24 months.

8.5 Comparative analysis of the Left grouping’s and all other mayors’ attitudes to PSPPS

Only 26 of the 115 responding mayors were representatives of Left parties (23 per cent) so a general majority of up to 77 per cent of all mayors could be recorded on any of the statements without any Left mayors supporting it. Their exact views therefore need to be presented: how far were the overall strongly pro-PSPPS positions of the Centre Right, Right and Virtue Party mayors shared by their Leftist counterparts? Table 8.6 compares the Left party mayors with the other parties’ mayors. It will be convenient to repeat the data in Figure 8.1 in the following list, but including party names for greater clarity.

<i>Party code</i>	<i>Party name</i>	<i>Party classification</i>	<i>No of mayors responding</i>
1	People's Democracy Party	Left	6
2	Republican People's Party	Left	8
3	Democratic Left Party	Left	12
4	Motherland Party	Centre Right	12
5	True Path Party	Centre Right	13
6	Virtue Party	pro-Islamist	40
7	Nationalist Movement Party	Right	17
8	Other minor parties	Right	2
9	Independents	-	3
Total			113*

* two of the 115 responding mayors did not record their party

The Virtue Party (previously the Welfare Party) carried this name during the period of this questionnaire project: it was later banned by the Turkish Supreme Court as unconstitutional because of its alleged Islamist basis. It cannot be simply classified alongside the other parties on a Left-Right spectrum, but its political and economic outlook is certainly more Right than Left, despite its populist appeal on some economic issues. It therefore stands separately in the party classification offered here, between the Centre Right and Right groupings.

In the following Table (8.6) percentages of disagreements with statements and 'don't know' responses are included. This gives a fuller picture of the views of the three Left parties which are the focus of this section. The Table gives the responses of the 110 party-identified mayors on the 'Headline' and 'Key' statements in the Principal Table – (the pro-PSPPS statements).

It will be convenient to reproduce the statements to which these following party-based results referred.

Table 8.6: Left party mayors' (parties 1, 2 and 3 combined) agreement with pro-PSPPS statements compared with other parties' mayors

(See immediately above for the party classification details; three independents are excluded, producing an N of 110. Left party mayors' responses and other parties' agreement levels at 70+ per cent are all shown in bold face.)

A) 'Headline statements'

A.1. 'To increase *effectiveness* of local public services, most of them should be privatised' (R=110);

	% agreeing	% disagreeing	% don't know	total %	N=
Left party mayors	62	31	8	101	26
Centre Right party mayors	64	24	12	100	25
Virtue Party mayors	80	15	5	100	40
Right party mayors	78	22	-	100	19

A.2. 'To increase *quality* of local public services, most of them should be privatised' (R=110);

	% agreeing	% disagreeing	% don't know	total %	N=
Left party mayors	65	31	4	100	26
Centre Right party mayors	79	17	4	100	25
Virtue Party mayors	80	13	8	101	40
Right party mayors	67	28	6	101	19

A.3. 'Economic liberalisation improves political freedom and democracy' (R=110)

	% agreeing	% disagreeing	% don't know	total %	N=
Left party mayors	58	42	-	100	26
Centre Right party mayors	88	4	8	100	25
Virtue Party mayors	87	10	3	100	40
Right party mayors	84	5	11	100	19

B) 'Key statements'

B.1. 'Private sector provision of local public services (PSPPS), decreases their *costs*' (R=110);

	% agreeing	% disagreeing	% don't know	total %	N=
Left party mayors	54	35	12	101	26
Centre Right party mayors	60	36	4	100	25
Virtue Party mayors	75	20	5	100	40
Right party mayors	68	26	5	99	19

B.2. 'Private sector provision of local public services (PSPPS), increases their *efficiency*' (R=110);

	% agreeing	% disagreeing	% don't know	total %	N=
Left party mayors	72	12	12	101	26
Centre Right party mayors	84	-	16	100	25
Virtue Party mayors	93	3	5	101	40
Right party mayors	89	6	6	101	19

B.3. 'Private sector provision of local public services (PSPPS), increases their *effectiveness*' (R=110)

	% agreeing	% disagreeing	% don't know	total %	N=
Left party mayors	81	8	12	101	26
Centre Right party mayors	80	-	20	100	25
Virtue Party mayors	80	5	15	100	40
Right party mayors	68	16	16	100	19

B.4. 'Private sector provision of local public services (PSPPS), increases their *quality*' (R=110);

	% agreeing	% disagreeing	% don't know	total %	N=
Left party mayors	81	12	8	101	26
Centre Right party mayors	84	4	12	100	25
Virtue Party mayors	93	3	5	101	40
Right party mayors	84	11	5	100	19

B.5. 'Private sector provision of local public services (PSPPS), increases their *quantity*' ($R=110$);

	% agreeing	% disagreeing	% don't know	total %	N=
Left party mayors	81	-	19	100	26
Centre Right party mayors	84	4	12	100	25
Virtue Party mayors	85	3	13	101	40
Right party mayors	74	5	21	100	19

B.6. 'Private sector provision of local public services (PSPPS), increases their *speed of provision*' ($R=110$);

	% agreeing	% disagreeing	% don't know	total %	N=
Left party mayors	85	4	12	101	26
Centre Right party mayors	84	4	12	100	25
Virtue Party mayors	87	8	5	100	40
Right party mayors	79	11	11	101	19

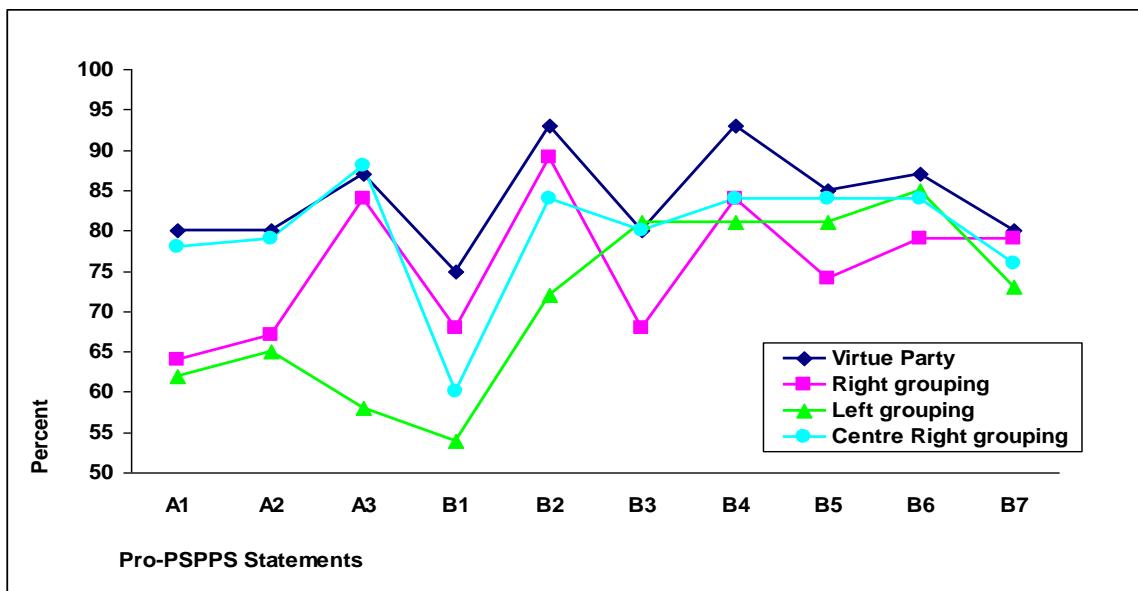
B.7. 'Private sector provision of local public services (PSPPS), decreases their *local bureaucracy*' ($R=110$);

	% agreeing	% disagreeing	% don't know	total %	N=
Left party mayors	73	8	19	100	26
Centre Right party mayors	76	20	4	100	25
Virtue Party mayors	80	8	13	101	40
Right party mayors	79	21	-	100	19

The Left mayors' positions

To repeat the question posed above, how far were the overall strongly pro-PSPPS positions of the mainly Rightist and Virtue Party mayors shared by their Leftist counterparts? Table 8.7 shows the data but the following Figure 8.11 offers a more graphic report. Three 'Headline' and seven 'Key' pro- PSPPS statements are set out with their levels of agreement among the Left party and other mayors.

Figure 8.11: Left party and other mayors agreement levels with pro-PSPPS statements (data from Table 8.7)



Looking first at the three ‘Headline’ statements in Table 8.6 and Figure 8.11, (A1, A2, A3) the contrast between the Left and other party mayors and the rest is quite strong. No statement achieved more than 65 per cent agreement among the Left mayors while all three statements scored at least 64 per cent with the other mayors (rising to 84/87/88 per cent on the ‘ideology’ statement linking liberalization to freedom and democracy). It is worth noting the relatively modest level of agreement (64 per cent) among the Right mayors with statement A1 that ‘most local public services should be privatised’ in order to increase their ‘effectiveness’. These mayors agreed very closely (64 per cent compared with 62 per cent) with the Left party mayors on this statement.

The views of the Left party mayors on these three ‘Headline’ statements were quite closely bunched (between 58 and 65 per cent). Their agreement level of 58 per cent on the ideological statement (A3) — asserting that economic liberalization improves freedom and democracy — is of considerable interest coming from Turkish Left party office-holders. But it is no surprise that this 58 per cent contrasted with 88 and 84 per cent among Centre Right and Right party mayors and 87 per cent from the Virtue Party mayors.

On the seven ‘Key’ statements (B1-B7) however, the Left party mayors were almost fully in line with the other mayors in their high levels of agreement with these pro-PSPPS statements. Again, there was one exception: the statement claiming that PSPPS decreases service costs. The Left mayors did not share this opinion very strongly (54 per cent) compared with the Virtue Party mayors (75 per cent) and the Right (68 per cent). But the Left mayors were not isolated: the Centre Right mayors gave this statement only 60 per cent agreement.

All the mayors seemed relatively sceptical about PSPPS ‘decreasing costs’ compared with its other suggested advantages. Believing that privatising a service in some manner will probably reduce its cost may well be a reason to support such a policy. The Virtue Party mayors registered 75 per cent agreement on this statement and some may hold it as an article of faith. But being doubtful about cost savings is not an anti-privatisation opinion: it is clear, both logically and from these mayors’ responses, that PSPPS may be supported despite seeming to the person in question as probably offering no significant savings. If the quality, quantity, speed or effectiveness of the service is expected to be better, the lack of a direct cost advantage need not be a major drawback.

The ranges of agreement levels with these pro-PSPPS statement among the four party groups show the Left group’s relative position. Excluding the ‘ideology’ statement (A3) linking liberalisation to freedom and democracy (this being a very different kind of assertion from more practical PSPPS concerns) the ranges are:

Virtue party:	75% agreement up to 93%
Right group:	67% agreement up to 89%
Centre Right group:	60% agreement up to 84%
Left group:	54% agreement up to 85%

Given the Virtue Party’s particular enthusiasm for privatisation and noting once again that it (like its principal successor, the Justice and Development Party) is not conventionally to the Right on the traditional Left-Right spectrum, this grading of

agreement levels is fully as expected. The 26 Left grouping mayors were slightly less attracted to these pro-PSPPS statements than the 25 Centre Right mayors, while the 19 Right group mayors ran some way in front of them. The 40 Virtue mayors were, of course, the most supportive group. But simply to record the Left group as the least supportive and to imply no change in their ideological hostility to PSPPS would overlook their actual agreement levels. All of these quite definite assertions of the merits of PSPPS gained these Left mayors' majority support, 54 per cent being their lowest agreement score (concerning PSPPS's likely cost levels). Apart from this item, their majority agreements read upwards from 62 per cent to 65, 72, 73, 81 (on three statements) to 85 per cent (on the greater speed of privatised services on which point all four party groups of mayors were highly positive).

Comparing the agreement levels on the 'ideology' statement (A3) about economic and political freedom with these ranges of agreement carries only one party group — the Centre Right — outside its range on the practical PSPPS issues (88 per cent agreement on A3 as against its highest figure of 84 per cent on the issues). The Left group's 58 per cent agreement with this fundamentally anti-traditional Left ideological statement is, not surprisingly, towards the bottom of its range of agreements on the PSPPS issues (54 per cent up to 85 per cent).

Comparing these 26 Left mayors with the rest of the 110 party-identified mayors who responded to these survey questions shows, in general, that they are part of the emerging acceptance of PSPPS ideas, with only a limited reservation, including even on the basic issue of 'economic liberalisation' promoting 'political freedom and democracy'.

8.6 Comparative analysis of the attitudes of the three Left parties' mayors with each other and their parties' formal policy positions on PSPPS

With three parties comprising the Left grouping featured in this Chapter, it is necessary to check on any significant differences between the views on PSPPS of their respective groups of mayors. The Republican Peoples' Party mayors might offer particular interest because, as Atatürk's own party originally, the RPP has an étatist, rather than conventionally socialist, tradition. Atatürk claimed that his party rose above the normal Left-Right divide in politics in order to express the true interest of the whole nation. As the traditional guardian of Kemalist values — secular centrally controlled nationalism — the RPP might be the party most opposed to the globalist liberalization of the economy which PSPPS ideas are seen to represent. Unfortunately, having only eight responding RPP mayors limits this discussion.

This section will also try to address the question of how far these Left mayors' views on PSPPS conform to their respective parties' formal policy position. With only 26 mayors from these three Left parties, numbers in various subsets are very small — and per cent figures therefore particularly misleading. These mayors' agreement levels on the pro-PSPPS statements are extracted here from the Principal Table (Appendix 1) ('Headline' statements A1, A2, A3)

Table 8.7: Three Left parties' mayors agreement levels with 'Headline' statements

	A1 'To increase <i>effectiveness</i> <i>privatise</i> most local public services'	A2 'To increase <i>quality</i> <i>privatise</i> most local public services'	A3 'Economic liberalization improves political freedom and democracy'
Party 1: Peoples' Democracy Party (HADEP) [Kurdish Party]	50 % agreement (3 mayors among 6)	50 % agreement (3 mayors among 6)	67 % agreement (4 mayors among 6)
Party 2: Republican Peoples' Party (CHP)	63 % agreement (5 mayors among 8)	63 % agreement (5 mayors among 8)	38 % agreement (3 mayors among 8)
Party 3: Democratic Left Party (DSP)	67 % agreement (8 mayors among 12)	75 % agreement (9 mayors among 12)	70 % agreement (7 mayors among 10)

Table 8.7 shows the small cell sizes among these 26 Left grouping mayors and the absence of any pattern in these agreement levels which could support any political conclusion about these three Left parties when they are compared with each other. The number of mayors is specified in each cell to prevent misleading ideas based on the per cent figures — for example the 50/63 per cent differences on statements A1 and A2 between parties 1 and 2. It might be fair to suggest that (if such numbers could indicate anything) the six mayors of the Kurdish PDP (party 1) did appear rather less supportive of the claimed benefits of PSPPS (statements A1 and A2) than the twelve DLP (party 3) mayors seemed to be. But any idea that the PDP is plainly the most hostile or Left wing of these three parties (as indicated by these few mayors) is lost when the ‘ideology statement’ (linking liberalisation with political freedom) is noted. These six PDP mayors divided 4/2 in favour of this strong statement (67 per cent agreement) in contrast to the eight mayors of the Kemalist Republican Peoples’ Party whose figures were 3/5 (38 per cent agreement). The ten mayors of the Democratic Left Party — Turkey’s principal ‘normal’ Left party (which is neither a particular Kurdish party nor the modern form of Kemal Atatürk’s particular party) — gave the same, high level of agreement to this ‘ideology’ statement as the Kurdish PDP mayors: 7/3 (70 per cent agreement).

This section of the present Chapter cannot note significant differences between the 26 mayors of the three Left parties because cell sizes are too small. Only a full survey concentrating on Turkey’s Left mayors could generate enough cases to determine any differences between the Kurdish party and the other two, or any specially negative position on PSPPS which the mayors or other politicians representing the formerly officially Kemalist Republican Peoples’ Party might still hold.

Section 8.4 of this Chapter has already noted that the surveyed mayors as a whole who had privatised at least one local service indicated much stronger support for PSPPS than those who had not. This distinction also applied within the 25 Left mayors who responded on this point as Table 8.8 shows:

Table 8.8: Left party grouping mayors' agreement with pro-PSPPS statements presented by personal experience of privatising a service

	Statement A1 'Privatise for <i>effectiveness</i> '	Statement A2 'Privatise for <i>quality</i> '	Statement A3 'Economic liberalisation promotes freedom'	No of mayors
Left mayors who had <u>not</u> privatised any service	50 % (R: 16)	57% (R: 16)	47% (R: 15)	16
Left mayors who had done so	89% (R: 9)	89% (R: 9)	78% (R: 9)	9

The logical point on this quite striking difference between agreement levels which was made in section 8.4 deserves repetition in the Left mayors' case. It cannot be assumed that the personal experience of privatising a local service had made these mayors more strongly pro-PSPPS than the mayors who, as yet, lacked this experience. The privatising mayors had presumably been particularly strong in their policy opinion and this – combined with their municipality's local circumstances, perhaps –had led them to take this action.

The second task of this section on 26 Left mayors is to touch briefly again on their parties' official policy positions on PSPPS to see if these municipal politicians' views are in line with their national parties' line. The Kurdish People's Democracy Party recorded a highly uncertain view of PSPPS on its website (as was noted in Chapter 6, above, reviewing all the parties' policy positions). In 2002-03 (when the PDP was forced by a constitutional court ban to re-form as the Democratic Peoples' Party) the party was against municipal privatisation but in favour of the municipal workforce somehow openly competing for work contracts in order to avoid wasting resources – perhaps something like British compulsory competitive tendering or 'best value' bidding but maybe confined to competition between groups of existing municipal staff. On public transport, municipal services were preferred but with positive cooperation towards commercial services. The balanced views of the six Kurdish party mayors shown in Table 8.9 express this national position quite well.

The Kemalist Republican Peoples' Party has moved towards PSPPS but only as a side issue to its very bold and optimistic promise to reform the whole Turkish public sector on open democratic and local autonomy principles. Chapter Six, above, noted some recent pro-PSPPS statements but the views of the eight mayors in the Table are probably typical of their party in falling short of the high agreement levels of mayors in the Centre and Right parties. The étatist ideas of the Kemalist tradition will need to become much weaker — or the RPP must finally cut its historic links with these ideas — before the party can be truly open to PSPPS ideas on their merits. As recorded in Chapter Six, there may be an idea of tactics (pleasing the IMF) associated with its claimed position on liberalising the economy or municipal services.

As for the Democratic Left Party, Chapter 6.4 noted its generally democratic, participationist and localist claims — very similar at their face value to the RPP. But the DLP has a definite record promoting privatisation nationally, as that Chapter has recorded, even though little recent reference has been made to specifically municipal PSPPS. The very few mayors involved here cannot show any difference in attitudes between the Kemalist RPP and the normally Left Democratic Left Party, although a full study of Turkey's Left parties' positions on PSPPS might do so. The DLP's record on promoting a constitutional amendment to facilitate privatisation and on trying to part - privatise Turk Telecom (both mentioned in Chapter 6.4) does distinguish it from the other Left parties and certainly forms part of the case for this present study's hypothesis that the Turkish Left is generally and cautiously moving to accept the practical need for economic liberalisation, notably PSPPS.

8.7 Comparative analysis of the Virtue Party and Left grouping's mayors' attitudes to PSPPS

The purpose of this section is to compare the expected poles of the mayors' overall views – the pro-PSPPS Virtue Party and the Left grouping. Virtue Party mayors deserve particular attention because they formed the largest partisan group (40 mayors) and because Virtue has since become, broadly speaking, the new national

governing party, following the dramatic general election of 3 November, 2002. The new JD government is therefore close to being the Virtue Party but in a new form which any future Supreme Court ruling would be more likely to admit as constitutional — so long as the constitutional proscription on ‘Islamist’ parties may continue in force.)

These 40 Virtue Party mayors continue in office — there has been no municipal election since this survey was conducted — nearly all of them now identified with the new JD Party and its government. (No comprehensive figures exists showing former Virtue Party mayors’ new allegiances. However, press reports and commentary since the election on the dramatic change to party politics which it produced suggest that this is the case.) If the new JD government decides to legislate in support of more privatisation in local government, the views of its own party’s mayors will be important in shaping and implementing the new policies. Therefore, the views and experiences of the 40 Virtue Party mayors in this survey deserve special attention. The profile of these mayors is shown in Table 8.9:

Table 8.9 Virtue Party mayors

Experience of Virtue mayors (R=37: three failed to report on this point)

1 term (5 years)	14 mayors	38 %
2 terms	20 mayors	54 %
3+ terms	3 mayors	8 %
Total	37 mayors	100 %

Status of Virtue mayors’ municipality (R=40)

Town municipality	5 mayors	13
District municipality	18 mayors	45
Province municipality	6 mayors	15
Metropolitan District municipality	10 mayors	25
Metropolitan municipality	1 mayor	3
Total	40 mayors	101

Population ranges of these municipalities (R=39: 1 mayor failed to report)

10k-20k	9 mayors	23
20k-250k	22 mayors	56
250k+	8 mayors	21
Total	39 mayors	100

The Virtue Party and the Left-grouping's mayors' views and experiences are compared next. Table 8.10 shows their respective levels of agreement with the three 'Headline' pro-PSPPS statements.

Table 8.10: Statements and levels of agreement for 40 Virtue Party (R= 36-40) and Left grouping's mayors (R=26)

Virtue Party mayors	Left grouping's mayors																						
A1. 'To increase <i>effectiveness</i> of local public services, most of them should be privatised':																							
(i)																							
<table border="1"> <thead> <tr> <th></th><th>R*</th><th>% agreeing</th></tr> </thead> <tbody> <tr> <td>Party: Virtue</td><td>40</td><td>80</td></tr> </tbody> </table>				R*	% agreeing	Party: Virtue	40	80															
	R*	% agreeing																					
Party: Virtue	40	80																					
(ii) Mayor's experience (seniority)																							
<table border="1"> <thead> <tr> <th>Five-year terms</th><th>R*</th><th>% agreeing</th></tr> </thead> <tbody> <tr> <td>1</td><td>14</td><td>71</td></tr> <tr> <td>2</td><td>20</td><td>80</td></tr> <tr> <td>3+</td><td>3</td><td>100</td></tr> <tr> <td>Totals</td><td>37</td><td>78</td></tr> </tbody> </table>			Five-year terms	R*	% agreeing	1	14	71	2	20	80	3+	3	100	Totals	37	78						
Five-year terms	R*	% agreeing																					
1	14	71																					
2	20	80																					
3+	3	100																					
Totals	37	78																					
(iii) Status (type) of mayor's municipality																							
<table border="1"> <thead> <tr> <th>Status (code no.)*</th><th>R*</th><th>% agreeing</th></tr> </thead> <tbody> <tr> <td>1</td><td>5</td><td>100</td></tr> <tr> <td>2</td><td>18</td><td>67</td></tr> <tr> <td>3</td><td>6</td><td>83</td></tr> <tr> <td>4</td><td>10</td><td>90</td></tr> <tr> <td>5</td><td>1</td><td>100</td></tr> <tr> <td>Totals</td><td>40</td><td>80</td></tr> </tbody> </table>			Status (code no.)*	R*	% agreeing	1	5	100	2	18	67	3	6	83	4	10	90	5	1	100	Totals	40	80
Status (code no.)*	R*	% agreeing																					
1	5	100																					
2	18	67																					
3	6	83																					
4	10	90																					
5	1	100																					
Totals	40	80																					
(iv) Population range of the mayor's municipality																							
<table border="1"> <thead> <tr> <th>Range (code no.)*</th><th>R*</th><th>% agreeing</th></tr> </thead> <tbody> <tr> <td>1</td><td>9</td><td>89</td></tr> <tr> <td>2</td><td>22</td><td>73</td></tr> <tr> <td>3</td><td>8</td><td>88</td></tr> <tr> <td>Totals</td><td>39</td><td>80</td></tr> </tbody> </table>			Range (code no.)*	R*	% agreeing	1	9	89	2	22	73	3	8	88	Totals	39	80						
Range (code no.)*	R*	% agreeing																					
1	9	89																					
2	22	73																					
3	8	88																					
Totals	39	80																					
<p>*Key to code numbers Key to status of municipality: 1. Town Municipality, 2. District Municipality, 3. Province Municipality, 4. Metropolitan District and Subdivision Municipality, 5. Metropolitan Municipality. Key to population ranges: 1. 10k-20k, 2. 20,001-250k, 3. 250k+ R: The number of mayors responding to the statement (agree/disagree/don't know). Percent figures are rounded up (0.5+) or down (0.4-).</p>																							

Virtue Party mayors

A2. 'To increase quality of local public services, most of them should be privatised':

(i)

	R*	% agreeing
Party: Virtue	40	80

(ii) Mayor's experience (seniority)

Five-year terms	R*	% agreeing
1	14	64
2	19	84
3+	3	100
Totals	36	78

(iii) Status (type) of mayor's municipality

Status (code no.)*	R*	% agreeing
1	4	100
2	18	67
3	6	83
4	10	90
5	1	100
Totals	39	80

(iv) Population range of the mayor's municipality

Range (code no.)*	R*	% agreeing
1	9	89
2	21	76
3	8	88
Totals	38	81

Left grouping's mayors

A2. 'To increase quality of local public services, most of them should be privatised':

(i)

	R*	% agreeing
Party: Left Grouping	26	65

(ii) Mayor's experience (seniority)

Five-year terms	R*	% agreeing
1	13	70
2	2	100
3+	9	56
Totals	24	67

(iii) Status (type) of mayor's municipality

Status (code no.)*	R*	% agreeing
1	3	100
2	8	63
3	2	50
4	11	64
5	2	50
Totals	26	65

(iv) Population range of the mayor's municipality

Range (code no.)*	R*	% agreeing
1	4	75
2	12	58
3	9	67
Totals	25	64

***Key to code numbers**

Key to status of municipality: 1. Town Municipality, 2. District Municipality, 3. Province Municipality, 4. Metropolitan District and Subdivision Municipality, 5. Metropolitan Municipality.

Key to population ranges: 1. 10k-20k, 2. 20,001-250k, 3. 250k+

R: The number of mayors responding to the statement (agree/disagree/don't know).

Percent figures are rounded up (0.5+) or down (0.4-).

Virtue Party mayors

A3. 'Economic liberalisation improves political freedom and democracy':

(i)

	R*	% agreeing
Party: Virtue	40	87

(ii) Mayor's experience (seniority)

Five-year terms	R=*	% agreeing
1	14	86
2	19	95
3+	3	33
Totals	36	86

(iii) Status (type) of mayor's municipality

Status (code no.)*	R=*	% agreeing
1	5	80
2	17	94
3	6	83
4	10	80
5	1	100
Totals	39	87

(iv) Population range of the mayor's municipality

Range (code no.)*	R=*	% agreeing
1	8	75
2	22	86
3	8	100
Totals	38	87

Left grouping's mayors

A3. 'Economic liberalisation improves political freedom and democracy':

(i)

	R*	% agreeing
Party: Left Grouping	26	58

(ii) Mayor's experience (seniority)

Five-year terms	R=*	% agreeing
1	13	62
2	2	50
3+	9	56
Totals	24	58

(iii) Status (type) of mayor's municipality

Status (code no.)*	R=*	% agreeing
1	3	67
2	7	57
3	2	0
4	10	60
5	2	100
Totals	24	58

(iv) Population range of the mayor's municipality

Range (code no.)*	R=*	% agreeing
1	4	50
2	11	55
3	8	63
Totals	23	57

*Key to code numbers

Key to status of municipality: 1. Town Municipality, 2. District Municipality, 3. Province Municipality, 4. Metropolitan District and Subdivision Municipality, 5. Metropolitan Municipality.

Key to population ranges: 1. 10k-20k, 2. 20,001-250k, 3. 250k+

R: The number of mayors responding to the statement (agree/disagree/don't know).

Percent figures are rounded up (0.5+) or down (0.4-).

Table 8.10 above begins, at item (i) by repeating the Virtue mayors' overall agreement levels with three 'Headline' pro-PSPPS statements: 80 per cent on the statements about the greater 'effectiveness' and 'quality' of privatised services and 87 per cent on the 'ideology' statement about political freedom. It then shows the analysis for the three statements of the three other variables. None of these totals drop below 78 per cent agreement. Only one cell registers between 60-65 per cent: this is the 64 per cent of the fourteen Virtue mayors in their first term who agreed with statement A2, which asserts the better quality of privatised services.

Comparing these Virtue figures with the Left grouping's agreement levels, the difference between the Virtue mayors' consensual levels of agreement and the Left mayors' clear support for these pro-PSPPS statements is clear. In their own terms, the 23-26 Left mayors responding and being recorded under each of the four variables do not fall below 57 per cent agreement, whether on the two practical aspects privatisation (effectiveness and quality of services) or on the ideology statement. With small cell sizes arising from analysis of only 40 Virtue mayors and 26 Left group mayors, it is best to analyse them closely, looking at actual numbers rather than percentages. A key variable is a mayor's personal record of privatising a service. Table 8.11 therefore shows how many Virtue and Left mayors had or had not privatised a service, according to their term of office.

Table 8.11

An overall review of Table 8.11 repeats the impressions already presented in this study — that the Left mayors were, naturally, less enthusiastic about PSPPS and the political benefits of economic liberalization than the other mayors; that the more experienced mayors were somewhat more supportive than the inexperienced ones; and the obvious point that those mayors who had privatised at least one service were more positive than those who had not (this being obviously so because the non-privatising mayors included those who opposed the policy and who would not have even considered such an action).

Putting together these variables of party identity, longer experience as mayors and a personal record of privatising at least one service would be expected to show the experienced Virtue Party mayors who had privatised a service to be the most pro-PSPPS group. This was the case, notably among the two-term Virtue mayors — the least small of the sub groups presented in Table 8.11. There was only one disagreement with the two practical PSPPS issues ('effectiveness' and 'quality') and none with the ideology statement out of fourteen second-term mayors who had privatised a service. But the five Left mayors in their third or subsequent terms and who had also privatised a service also supported the two practical pro-PSPPS statements — although two of them disagreed with the basic statement of economic liberalism ideology. Both of these groups of mayors are shown in bold face for emphasis.

This same visual emphasis has been applied to the two least supportive subgroups in the Table: the one-term and three-plus term Left mayors who had not privatised any service. Presumably, the two or three most experienced Left mayors who had never privatised a service in their ten or more years in office had always been politically opposed to PSPPS and not persuaded by any practical agreements in its favour. But it should be noted that this information is confined to the mayor's formal record of having privatised a service and does not reveal, for example, the opinions of a mayor's council or local Left party organisation. It is possible that some non-privatising Left mayors had been prevented by local opinion. The only useful

interpretation of an elaborate Table such as 8.11, with its numerous small cells, is based on possible clusters of opinion: four have been suggested and printed in bold face for emphasis.

An overall concluding comment on both Table 8.11 and this Chapter Eight data as a whole might be that – despite very small numbers in most parts of this Table – it does show the Left mayors’ divided opinions and willingness of some to privatise one or more of their municipality’s local services. As the original hypothesis of the present study suggested, PSPPS seems to be a practical, not an ideological, issue for left mayors in parties with a considerable historical hostility to the idea.

8.8 A statistical appendix to Chapter 8: the methods used by this study

A questionnaire of five pages was distributed between December 1999 and June 2000 to 240 of Turkey’s mayors of municipalities with more than 10k populations (see Appendix 5). It requested the mayor’s opinions and reports of his municipality’s practices and experiences on local privatisation. The Principal Table (see Appendix 1) presents the results together with other reported factual data about each mayor and his municipality: party allegiance; experience (terms of office) and the municipality’s population band (above 10k) and status (type of municipality).

To encourage a good response the questionnaire was confined to checking boxes with no requests for comments. Even though there was an ‘other’ option in every question, there was little response to them. A three-point scale to register agreement/disagreement/’don’t know’ on offered statements is presented in this study, simplifying the five-point scale of the questionnaire itself, to make all tables etc. less cumbersome.

The general objective was to obtain a good N with this quantitative exercise as a partner to my qualitative interview exercise (N=39) which has been presented above in Chapter 8.2.

The mayors were reminded of this research questionnaire on my behalf at various meetings and conferences in addition to my own follow-up efforts (reminding them through e-mails and by telephoning and sending second copies of the questionnaire as necessary). The responses were steadily returned until 115 had been received by June 2001, ready for analysis.

Any additional comments written on the forms have been informally added to my overall understanding principally gained from the many points made in the 39 interviews presented in Quotation Boxes throughout the thesis (with interviewees' names listed in Appendix 2).

I am fairly confident from the comments received in the course of gathering back these 115 questionnaires that the mayors gave it their personal attention: a large number are signed or initialled by the mayor. Where a staff member has recorded the various opinions and the local experiences in the mayor's name, I have noted that this person was very likely the mayor's senior political or policy aide who would know the mayor's position as well as that municipality's experiences.

The questionnaire promised anonymity on the mayor's and the municipality's names. (The acknowledgements section in the front of this thesis thanks the several intermediaries in Turkey who assisted me with distributing and recovering these questionnaires).

Turning from field work methods to the question of statistical analysis of data, it quickly became clear that the mayors' general support for PSPPS policy ideas was high — with majority support on most points even among the Left mayors. This 'near consensus' character of the data has been presented and fully analysed, as appropriate, in this present Chapter. In the face of this consensual character of results, the analysis has followed supervisor's advice that analysis of the factors 'causing' these very high levels of agreed views on the topic being investigated would be statistically questionable and of no practical use in improving the conclusions. On this advice, analysis does not therefore run beyond cross tabulations of the main variables (party grouping; personal experience (number of mayoral terms); municipal status; and

population band) plus the distinction between the (roughly one half) of the 115 mayors who had not privatised any local service and those who had privatised at least one service.

In this study the mail back questionnaire was used as the main resource to find out the municipal practice and mayors' opinions on privatisation of local government services. In Turkey, surveys are not as common as in the developed European countries. Turkish mayors are simply too busy to reply to the questionnaire and they are not aware of the importance of the surveys for social science. From my personal experience during preparation of the survey and initial practice, it was noticed that, particularly in smaller municipalities, mayors were not willing to fill the questionnaire at the time but promised to post it back. However, none of them did so. Answering the survey was regarded as if giving away the confidential information of the municipality. Despite this lack of survey tradition, with repeated reminders and personal follow-ups, 115 responses were finally received.

The secondary source of this study was elite interviews within various elite groups (as listed in Appendix 3). Initially, more than 60 were intended. However, senior public officials are particularly reluctant to be interviewed so it was impossible to reach this number. Appointments were made with Province Governors (*Valis*), Deputy Governors, Members of Parliament, political party representatives and mayors. They often failed to appear, sometimes with an apology. Therefore, the number of interviewees is limited to 39. The recent additional fieldwork in Izmir province added five further useful interviews. This number was of course inadequate for quantitative analysis. Following discussion with Mr Eric Tanenbaum and Mr Barker, I have presented these interview responses in Quotation Boxes.

Chapter 9

Current Turkish PSPPS in practice: five municipalities within the Izmir Province

9.1 Further field work: November 2004

In this Chapter we will attempt to demonstrate the latest developments in municipal systems and their service provision. My case reports are taken from the Izmir Province, the third biggest conurbation in Turkey, with nearly 3.5 million inhabitants (3,370.866).

My fieldwork in Izmir was conducted in early November, 2004: six municipalities were visited, five of them with some limited success. These visits confirmed that the mayors are the key persons in Turkish municipal administration. (In particular, without their knowledge or approval, their officials are reluctant to give away a single paper on municipal activities.)

As well as seeking a good comparison between Izmir's municipalities, I particularly chose them based on the mayors' experience in office (number of terms). At the March 2004 local government election, many mayors were defeated. Only two in the Izmir Metropolitan municipalities held their positions: the mayors of Narlidere and Buca Metropolitan Districts. In the Metropolitan District of Gaziemir the former mayor of 1994-1999 was re-elected after having been voted out for the period 1999-2004 so he is also now a second term mayor with that break in service.

I attempted to gather personal interviews and written information on PSPPS policies from these five mayors, four of them in their second or third terms. Izmir Metropolitan municipality is the upper tier conurbation authority and the Cesme District municipality is a lower tier authority. (As mentioned, the sixth municipality failed to give any response, despite its deputy mayor's promises.)

The municipalities and their mayors are:

1. Izmir Metropolitan municipality (the upper tier)

Mayor: Aziz Kocaoglu (first term) Party: Republican People's Party;

Population: 2,232,265 (by 2000)

2. Buca Metropolitan District municipality

Mayor: Cemil Seboy (third term)

Party: from April 2004 Justice and Development; 1999-2004,

Democratic Left; 1994-1999, Motherland; Population: 314,638 (by 2000)

3. Gaziemir Metropolitan District municipality

Mayor: Adnan Yuksel (second term, after a break)

Party: from April 2004 Justice and Development; 1994-1999,

Motherland; Population: 70,035 (by 2000)

4. Narlidere Metropolitan District municipality

Mayor: Abdul Batur (second term)

Party: from April 2004 Republican People's; 1999-2004, 2000-2002

Independent; 1999-2000 True Path; Population: 54,107 (by 2000)

5. Cesme District municipality (lower tier authority)

Mayor: Faik Tutuncuoglu (third term);

Party: Republican People's; population: 25,257 (by 2000)

These six approaches were similar my 115 contacts in my main survey in that even a brief and basic personal contact with the mayor (or occasionally a deputy mayor or senior policy adviser) is often essential if written statistics or other information is to be received because only they seem to have the authority to issue it. The interview also appear to be essential in that papers will be passed over only in

support of some interview comment and not in response to a direct request for them. Table 9.1 lists these five mayors' outline reports on my overall inquiry which was this follow-up fieldwork trip's purpose: to learn more on actual current Turkish municipal privatisation practice. I gained outline information on the five service fields listed for the five municipalities (plus public transport in the case of the Izmir Metropolitan (upper tier) authority which has this service function).

Table 9.1 PSPPS practice in five service fields in five municipalities within the Izmir province

Service field	Izmir Metropolitan	Buca Metro District	Gaziemir MD†	Narlidere MD	Cesme District
Refuse collection	C	B	A	F	F*
Street cleaning	C	B	A	F	F*
Road building and maintenance	C	C	C	F	C
Parks and gardens	F	C	C	F	F
Infrastructure	D	C	C	C	C
Public transport	E	-	-	-	-
Other (building a sport/culture complex)				A	

Key:

- A Fully contracted out
- B Mixed: 80% contracted out
- C Mixed: contracted out and direct municipal service (% not specified)
- D Mixed: as for C plus service by municipal corporation
- E Mixed: direct municipal service and municipal corporation
- F Fully direct municipal service

(*: direct municipal service due to be contracted in 2005)

(†: Gaziemir's mayor gave only brief written responses and denied any documents)

An overall visual impression of these key letters indicates the advance of alternatives to traditional municipal service. The letters C, D and E (mostly C) conceal a wide range of mixtures of direct municipal service and some more “marketised” provision. It was not only the shortage of time in interviews but probably also political sensitivity which held back more detail on the proportions of services delivered by direct or market methods. However, the published annual reports, overall budgets and some service reports from four of these municipalities did offer some facts.

A brief contrast between Buca and Narlidere and their mayors shows up the essence of this topic: a mayor’s established capacity to promote or discourage PSPPS methods and the lack of ideological party discipline acting on him. As indicated in Table 9.1, Mr Cemil Seboy has served ten years as Buca’s mayor in the name of three parties: two right and one (the Democratic Left) formally centre-Left but (according to Budge *et al.*’s data) slowly moving Right. He clearly stated that he is not pro-PSPPS simply to follow his current Justice and Development Party. He has always followed it including his ‘Left’ period with the Democratic Left (1999-2004). He has been the same man. He began by contracting out refuse collection and street cleaning on his street cleaning on his first election (1994 for the Motherland party) and has gradually increased the share to 80 per cent. He does not expect to reach 100 per cent, even in these services because municipal jobs in these services cannot be reduced any further.

Narlidere Metropolitan District’s second term mayor, Mr Abdul Batur has also showed political independence, as the list of five mayors, above, has recorded: two parties and a period as an independent mayor. He defines himself as a social democrat, saying that he cannot therefore promote marketised public services. But building capital projects off the municipal budget, using private sector partners, is a different matter. A new market place was built jointly by his municipality and the market traders’ association and a new sports and cultural complex paid for by a property company in return for the municipality’s giving it around 25-33 per cent of the land. Both these mayors, currently representing the strong pro-market Justice and Development Party and the more ambiguous. Formally Left, Republican People’s

Party, seemed most sensitive on PSPPS issues to the potential loss of municipal service jobs.

9.2 Turkish municipal contracting in context, 2003-2004

The field work visit of early November, 2004 also addressed the national context of PSPPS, at least with regard to contracting out where the numbers and financial value of contracts can be aggregated. The National Public Procurement Authority (PPA) (Kamu İhale Kurumu) (established only in 2002 and therefore still a limited, novel source) publishes these numbers and values for all national government ministries (plus Parliament, the higher courts, universities, etc.) and (as a single total) all local authorities including all municipalities. Three ministries which relate closely to local government are Public Works and Settlement; Health (both involved in grant support and supervision of the rural Village system); and Transport (which gives capital and revenue support to the major municipalities providing public transport). These three ministries' levels of contracting, placed alongside the national total for all local governments, show the following figures:

Table 9.2 National and local government contracting

Ministry	Number of contracts		% increase	Value of contracts		% increase
	2003	2004 (January-September)		Billion Turkish Lira	2003	
Public Works and Settlement	1178	1240	5	410,518	1,138,706	177
Health	4289	8127	89	306,272	906,552	66
Transport	1109	1229	11	76,049	299,762	294
<i>All Local Governments</i>	2700	4856	80	585,211	1,336,167	128

Source: PPA (2004a, 2004b)

The increases from 2003 to 2004 partly reflect the rising level of reporting by these ministries' provincial branch officer and the municipalities.

Crude totals of numbers of contracts conceal what each ministry or municipality may count as a separate contract. A Health ministry contract with a doctors' or nursing practice is a smaller matter than a Transport contract for part of a highway. But the dramatic increase by 89 per cent in the number of Health contracts over these two periods (from 4289 in 2003 (twelve months) to 8127 in only nine months of 2004) suggests a major shift in methods compared to the other two ministries. All local governments also approached a doubling of their number (80 percent increase). The full 2004 figure may see at least a doubling of Health and Local governments' contract numbers.

The financial figures expressing contract values are generally affected by Turkey's recent inflation but broad relative movement can be usefully noted. The per cent increase in the Health ministry's contracting value is less (66 per cent) than its increase in contract numbers (89 percent). The striking contrast is with both Public Works (numbers increased by only 5 per cent but value by 177 per cent) and Transport (numbers of contracts only 11 per cent greater but their value — over only nine months of 2004 — 294 per cent greater). Local government's increases were 80 per cent in numbers and 128 per cent in value during this nine month period. As the inflationary increase in the values has been roughly standard, there seem to have been dramatic policy changes in the scale and application of contracts to take on much more costly programmes by this method. This is in line with the pro-market policy of the Justice and Development Party government which holds office without coalition partners and with a comfortable majority of seats. The only other parliamentary party is the RPP opposition whose attitude to PSPSS has become pragmatic. How far the *étatist* 'constitutional' interests entrenched in the senior judicial, military and civil service ranks may react openly to this continuing reduction in direct state service delivery is not yet clear. The JDP government may well continue its PSPPS policies with caution particularly regarding public sector job losses. As with national and local

government privatisation in the UK, there is a strong tendency in Turkey of state jobs being transferred to the private sector rather than abolished.

The JDP government has introduced new direct incentives for municipalities to increase their contracting. Similarly to the British Audit Commission, the Turkish national audit agency is now attempting to monitor contracting to allow the government to reduce municipalities' debts as a reward. Opposition mayors such as Narlidere Metropolitan District's Mr Batur (Republican People's Party) are under financial pressure to introduce or extend contracting.

Chapter 10

PSPPS in Turkey: Summary and Conclusions

This project has aimed to study the political aspects of the private sector provision of public services (PSPPS) in the Turkish local government system. It has mainly concerned municipal public services because of their mainly urban character and greater eligibility for PSPPS.

Privatisation of local public services has been analysed within the frame of Left – Right ideology, practical necessities and external factors in the highly centralised Turkish state system. Chapter One explained the hypothesis of the study together with framing the centralised bureaucratic state structure in Turkey. The hypothesis was that

- (i) the traditional Left-Right ideological and political division over the provision of Turkish municipal public services by state or private sector bodies has lost much of its former importance in explaining the type and character of these services;
- (ii) instead, three influences compete to determine this type and character: a) the severe practical problems and weakness of the traditional state structure at municipal level, b) the continuing pressure on the Turkish central state from powerful international partners and advisers, such as the IMF and the World Bank, c) the opposite anti-privatisation influence of the entrenched bureaucratic and military elites who continue to assert centrist, statist and nationalist traditional values..

The dominance of the Kemalist civil and military bureaucracy and their resistance to structural reforms, at national as well as local government levels, have been emphasised. These ideological conflicts are part of Turkish political and social life. They have been between Left-Right, internationalist-nationalist, authoritarian-liberal and secular-islamist lines among the various political party-based elites. They have been mostly obviously experienced on aspects of social and political life such as

the insistence upon Kemalist secular education and the consequent banning of headscarves in the public schools, the universities and other public facilities.

This project has used fieldwork to analyse the hypothesis. The main source was the mail-back questionnaires received from 115 mayors of Turkish municipalities with more than 10k population. The study has showed that the hypothesis can be clearly upheld by the data taken from the 115 mayors. It also received general support among the 39 elite expert observers of Turkish political and economic affairs (my interviewees). These experts varied from some present and former municipal mayors (outside the 115 surveyed) and other officials to politicians, academics and local government trade union leaders. Their own political and policy preferences varied dramatically but mostly they endorsed this study's hypothesis.

In terms of economic life (and particularly on PSPPS as the main subject of this study) this ideological conflict has lost its central character because Left parties, whether in power or opposition, have had to accept and declare their support to privatisation. This may have been as part of new pragmatic party policies to increase their vote as an outcome of pressure by international organisations such as the IMF or World Bank. The significant change in the policies of the Kemalist Republican People's Party is a good example of this convergence of Left-Right ideologies on privatisation if not also other social issues.

The meanings of PSPPS or marketisation as emerging but diverse worldwide phenomena were reviewed in the Introduction (Chapter 1). Chapter 2 considered the West European comparative research and noted its rather narrow economic or business studies basis, making political conclusions difficult.

Chapter 3 has explained the heavily centralised Turkish state structure which was mainly adopted from the French tradition during the last decades of the Ottoman Empire. However, some its mentality has lasted to the present day. This Chapter has demonstrated that local authorities (Special Provincial Administrations, municipalities and villages) are all politically and financially dependent on the central state. Particularly, provincial administration is more confusing because of its dual

management by powerful centrally appointed governors (*Valis*). It is a controversial issue that the appointed *Vali* is the head of both the SPA (elected local government unit) and General Provincial Administration (agent of central government). This has caused continuing debate in the political arena. Within this weak local government structure, Özal's attempt to strengthen it has deserved special attention in this Chapter. His creation of Metropolitan municipal authorities and empowering them with more financial resources was successful to some extent. Nevertheless, this new structure has been criticised on the ground that it has caused confusion of powers between Metropolitan and Metropolitan District municipalities. The Village authorities have been defined as the weakest part of the local government system and their position as the agents of central government has resulted in questioning of their identity (together with the SPAs) as legitimate local government authorities.

Chapter 4 has focused on central-local government relations in a highly centralised Turkish state tradition. Özal attempted to change the centralised structure, particularly in his first term as Prime Minister (1983-1987). Despite his bold attempt to change this centralized hierarchical structure by empowering the major local authorities, his success was limited because of the strong obstacles erected by the centralist, statist and Kemalist elite.

Chapter 5 has analysed the Özal era with his policies towards the liberalisation of the Turkish economy and political system and his achievements in changing the economic structure of Turkey. This Chapter has mainly focused, as one of part of privatisation policy, on the structure of the private sector and their approaches and way of doing business under the wing of the state. Özal used privatisation policies at national and local level as a mean of promoting liberalisation, political freedom and democratisation. The Chapter clearly showed that privatisation ideas and PSPPS practice have effected dramatic changes in the mentality of both the private and the public sectors at large. The private sector became more independent from the state and was encouraged to be more self-motivated and more productive without depending on the state. Özal era policies have also changed the structure of the state in general and the local government structure in particular.

Chapter 6 has presented another aspect of 'the Turkish Political Context': the political parties' stated policies and opinions on PSPPS within the context of the idea of allowing Turkish local authorities greater flexibility and independence as major public service providers. This Chapter has clearly indicated that all political parties are in favour of local government reform and strengthening the financial and political structure of local authorities. Despite this visible general idea that all parties are widely agreed on, the necessary practical measures to restructure the highly centralised and bureaucratic central state and to transfer more power and financial resources to local government have failed to be achieved. A ritual and impractical general endorsement of local empowerment by all the parties — an aspect of 'political correctness in current Turkish politics — may be in place.

A recent development in Turkey showed that not only the political parties but also the centralised system can be an obstacle to reform of the state in favour of more democratic and financially strengthened local government. The present JDP government has passed a new Municipalities Law to replace the outdated Municipal Law of 1930. It was passed through the Parliament in July 2004, but the President has vetoed it on the ground that empowering municipalities against central government is against the 'unity and integrity' of Turkey.

Chapter 7 has focused on the main privatisation methods used to provide local public services. Various implementations and legal bases of PSPPS were reviewed with examples of municipal practices throughout the country. It was underlined that PSPPS is not a new practice in Turkey. Its legal regulations are rooted in the Municipal law of 1930. In principle, the private sector was considered as a legitimate provider of public services at local level. However, the actual practical outcome of PSPPS for at least fifty years after this date was very limited and involved only very 'minor activities such as tree-trimming, lamp-post painting and street sweeping' (Aksoy, 1999, 65).

During the 1980s there were new developments in the international and internal Turkish political arenas. New right, neo-liberal ideology and economic policies were

heavily practiced in the UK and USA. These leading countries' privatisation practices affected other countries as well. In Turkey, during the Özal era (1980-1993), parallel with liberalisation policies of the Motherland Party, PSPPS methods — contracting, franchising, built-operate-transfer, etc. — were used for various public services at both national and local government levels. The scope of services subjected to privatisation was expanded from blue-collar manual services to white-collar office services, notably IT, finance and personnel management.

Despite all attempts to reform Turkey's highly centralised bureaucratic state structure, the governmental public bodies and central organisations have continued to be the major service providers at national level. The reasons for this only limited success of reforms were varied. The long tradition of the dominance of the centre and the different understanding of the public towards the state (giving it a somewhat holy and spiritual meaning) produced a 'recognition of the state's absolute right to legislate on public matters' (cited in Heper, 1987, 131). This limited the speed of reforms. The resistance of elite bureaucrats was another important explanation of this slow motion reform path.

Therefore, despite various attempts of privatising the major state economic enterprises (notably Turk Telekom, Turkish Airlines and some public banks) in the last two decades, the result has not been striking. As a consequence, the central government still keeps the major SEEs in its hands.

The practice of PSPPS at local level is not much different from the central government. There were major attempts to privatise local government services during and since the Özal era, but municipalities have continued to be the biggest provider of public services at local level.

There has until recently been a lack of centrally gathered statistical information on PSPPS at local level. It has not been possible to calculate the size and the value of privatised local public services until the last year or two and firm conclusions are not yet possible. However, broadly speaking, it can be argued that the size and economic value of these privatised services were small within the whole economy. As mentioned

earlier, the semi-official YYAEM conducted a survey in July-September 1997. This showed that municipalities were the major service providers in almost all local government services, using their own organisations and personnel (YYAEM, 1998, 100-101).

In Turkey the centre has a tutelage power over local authorities. Examples of this excessive use of tutelage have been experienced in the long history of the Ottoman Empire as well as the Republic of Turkey. As mentioned in Chapter 7, the operation of ISKI is a good example of the centralist structure at central and local level. It was a peculiar example since the project was launched by the World Bank. Originally, ISKI was created as a division within the municipality of Istanbul solely responsible for providing water and sewerage services. It was made an appointed public body in 1981 but later tied back to the (now Metropolitan) municipal council of Istanbul. This municipal council became ISKI's general supervisory authority, with control over its overall policies and budget, while the mayor of Istanbul became the chair of the board of directors. The Istanbul municipality had a major power with such a huge authority whose budget was bigger than those of many other municipalities. The central government did not want to leave the whole authority for such a major agency with the municipal council. Therefore, even though the General Director of ISKI is nominated by the mayor, the actual appointment is made by the Minister of the Interior (Keles, 1998).

Some significant effects of privatisation have been experienced. Since the beginning of the Republic of Turkey in 1923, the economy was heavily controlled by the state and the government closely involved in economic life as a whole. As explained in Chapters Three and Four, after the consecutive wars (World War I, War of Independence) the economic structure of the country was damaged and there was no strong private sector to undertake initial economic investments, so 'étatism' became one of the six pillars of Kemalism, encouraging a heavily-controlled national economic life. For Kemal Atatürk this was a temporary position since he was in favour of the private sector. During the Atatürk era (1923-1938) there was an attempt to create rich people by the hands of the state to encourage them to participate in the

economic development of Turkey. This temporary situation became a permanent structure. The state-dependent private sector enjoyed this support of the government in the form of getting contracts without competition or franchising. Therefore, this centrally-oriented economic structure has been continued to be heavily dependent on the state in both its public and private sectors. During the multiparty system (since the government of the Democrat Party in 1950) there was an attempt at modernisation of the mainly agrarian Turkish economy, but its character remained mainly untouched.

As a result of Özal's economic liberalisation policy, this state-dependent way of thinking changed and parts, at least, of the private sector have become more or less independent from the state and quite enthusiastic to take initiatives in economic life. Apart from this change in understating, more importantly, Özal's privatisation policies as tools of economic liberalisation were claimed to encourage a more liberal political structure and more political freedom.

As this study has showed, privatisation has not been merely considered as an ideological concept within the traditional Left parties. Particularly at the local level by Left parties' mayors, it was accepted as an economic necessity and solution for the economic problems of their municipalities. They have regarded privatisation as a necessary way of service provision within a financially limited municipal system.

Parties are in favour of privatisation particularly when they are in government. The opposition parties are against the practical problems and methods of privatisation, not the idea itself. The former Democratic Left Party-led three-party coalition government (before November, 2002) was in favour of privatisation under the influence of the external actors such as the IMF, the World Bank and the EU. They proposed privatisation policies but, because of the obstacles of both the Nationalist Movement Party and the military elite, the long-discussed major privatisation projects of Turk Telekom and Turkish Airlines failed one more time. The present Justice and Development Party (the successor of the Virtue Party) government has been in favour of privatisation policies and again started sale process of Telekom and the Airlines in

December 2004. The Council of State (the highest administrative court) struck down of the privatisation of TUPRAS (the leading state petrol refinery) in late June 2004.

In the peculiar Turkish case, the long tradition of heavily bureaucratic centralised state structures and their strong opposition to any loss of their power, prevent them giving away their responsibilities to local authorities. However, by the end of January, 2004 there was an ongoing big reform project within the general public administration system as well as in the local government system. This time the JDP and the public are optimistic that this reform will prevail because the JDP holds 365 out of 550 seats (66 per cent) in the parliament. However, as the short history of modern Turkey has clearly proved, having even a large majority in the parliament may not be enough to complete reforms.

Chapter 8 has been dedicated to the data analysis gathered from 115 municipal mayors through a mail-back questionnaire. Its aim was to explore the practical implementation of PSPPS policies at municipal level in Turkey in authorities at least 10k population by analysing attitudes and experiences of these mayors, along with their personal profiles. The Chapter employed basic cross-tabulations and frequencies to these mayors' responses contained in the mail-back questionnaires. This Chapter has analysed the Principal Table presented as Appendix 1 employing cross tabulations of statements with the four variables of mayors' political parties, experience (terms of office), status and population bands of municipalities. To explore the divergence or convergence of political ideological attitudes of political parties' mayors, a comparison of Left grouping mayors with non-Left parties' mayors was made. Further analysis was applied to understand the attitudes of the three Left parties' mayors to PSPPS. Moreover, to examine further ideological aspects of privatisation, Left groupings' mayors' attitudes have been compared with the mayors in the pro-privatisation Virtue Party.

Chapter 8 showed the Left mayors' divided opinions and willingness of some to privatise one or more of their municipality's local services. As the original hypothesis of this study suggested, PSPPS seems to be a practical, not an ideological, issue for

Left mayors even though their parties have had a considerable historical hostility to the idea.

Chapter 9 reported briefly from field research of five municipalities within the Izmir province and also presented examples of the few national statistics on central and local PSPPS which are available. The developing financial and audit pressure on Turkish local government to privatise or suffer a loss of central funds was noted.

After reviewing the outcome and broad frame of this study, it is necessary to say that this project has been limited to PSPPS at local level with regards to its research base. It was not possible to research every aspect of PSPPS practice in Turkey. Therefore, further necessary research goals must be pointed out:

(i) According to the results of this mail-back questionnaire, the more experienced mayors tended to be more in favour of privatisation of local public services. However, it cannot be judged from these data whether the experienced privatisers have become even more positive towards this policy as a result of their experience. They may have pushed their privatising ideas into practice because of their established enthusiasm and not altered this positive view at all. This question needs to be investigated with more research. To learn exactly how their views and their actions had worked out, a further set of questions or statements would be required.

(ii) Furthermore, more research is required on the governing JDP and their mayors' attitudes towards PSPPS at local level. When the survey for this study was conducted (at the end of 1999 and early 2000) there was no JDP: its predecessor was the Virtue Party. The last local elections were held in April, 1999, before this study was conducted. At that time the Democratic Left Party was the leading party in parliament. The three-party coalition government was formed by Left (DLP), a Right wing (Nationalist Movement Party) and a Centre-Right (Motherland Party) parties. The Pro-islamist Virtue Party was in opposition, but was strong in local government elections holding 112 municipalities out of 609 (and 20 per cent of all municipalities with at least 10k population) particularly winning the major Metropolitan municipalities such as Istanbul and Ankara. However, the Virtue Party was banned and

the successors of the party divided into two groups. While the more traditional followers of the Virtue Party established the Happiness Party, the more liberal followers established the Justice and Development Party under the leadership of the former mayor of the Istanbul Metropolitan municipality, Recep Tayyip Erdogan. As was explained in Chapter Six, the three-party coalition government announced an early general election in November, 2002 and the JDP won 66 per cent of the seats. Following the ban of the Virtue Party, its mayors had to redeploy themselves. Some of them joined the Happiness Party, some joined the JDP and some decided to be independent mayors until the next local elections which were held on 28th March, 2004. The general social and economic policies of the JDP have been observed by its government in particular favouring privatisation and a stronger relation with the EU. Therefore, a new study could now be done, focusing on the JDP mayors' current attitudes and practical policies on PSPPS.

(iii) Finally, more research would be useful on the Left groupings' mayors' attitudes towards PSPPS. This study has upheld the hypothesis that Left grouping mayors are not merely motivated by their parties' traditional ideology against privatisation but see the actual economic need to find new ways to provide municipal services at minimum cost. Privatisation was treated as one of the practical solutions to provide local public services. Particularly to understand the relation between seniority in mayorship and privatisation practices, more questions and statements would be needed, with emphasis on Left mayors. To compare attitudes among Left grouping mayors, more respondent mayors would be needed, particularly from the pro-Kurdish party.

Turkish local authorities' mayors' attitudes towards PSPPS have not been shaped by merely ideological influences. Ideology on the privatisation of local public services has weakened in favour of local economic necessities combined with the increasing problems of urbanised municipalities and the external influence of international organisations.

Appendices

Appendix 1: The ‘Principal Table’ of data giving the results of the attitude survey of mayors

Appendix 2: Characteristics of the respondent Turkish mayors

Table App 2.1: Four main characteristics of the respondent Turkish mayors: age, gender, education and former occupation

Mayors' age	No of Mayors	% of Mayors
25-35	9	8
36-45	49	42
46-55	48	42
56+	8	7
No response	1	1
Total	115	100

Mayors' gender	No of Mayors	% of Mayors
Male	113	98
Female	2	2
Total	115	100

Mayors' Education	No of Mayors	% of Mayors
Primary School	4	4
Secondary School	7	6
High School	20	17
University	69	60
Postgraduate	14	12
No response	1	1
Total	115	100

Mayors' former occupation	No of Mayors	% of Mayors
Academic	2	2
Agricultural engineer	2	2
Architect	2	2
Building contractor	2	2
Civil engineer	6	5
Civil servant/centre	18	16
Economist	1	1
Engineer	10	9
Farmer	4	4
Medical Doctor	6	5
Solicitor	4	4
Teacher	16	14
Tradesman-businessmen	17	15
Worker	1	1
Other	18	16
No response	6	5
Total	115	103

Appendix 3: List of Interviewees

Municipalities

1. Mr. Ali BEKTAS, Mayor of Kozlu, Zonguldak [20 March 2000]
2. Mr. Arif ERSOY: Mayor of Corum (Provincial) municipality (1994-) (Welfare Party/Virtue Party) [20 November 99]
3. Mr. Asim AYKAN: Mayor of Trabzon (Provincial) municipality (1994-) (Welfare Party/Virtue Party) [20 November 99]
4. Mr. Aytac DURAK: Mayor of Adana Metropolitan municipality (Motherland Party) [14 October 99]
5. Mr. Bedrettin DALAN: Former Mayor of Istanbul Metropolitan municipality (1984-89) [3 December 99]
6. Mr. Burhan OZFATURA: Former Mayor of Izmir Metropolitan municipality (1984-89; 1994-99) (Motherland Party-True Path Party) [11-December 99]
7. Mr. Dogan TASDELEN: Former Mayor of Cankaya Metropolitan District municipality, Ankara; Under-Secretary of the Ministry of Environment, 25 November 99]
8. Mr. Ertugrul SAVAS, official, Sariger Metropolitan District municipality, Istanbul [24 March 2000]
9. Mr. Huseyin AKSU: Mayor of Aydin (Provincial) municipality (1994-) (Motherland Party) [10 November 99]
10. Mr. I. Hakki COLAK: Head of “Beyaz Masa” (White Desk) in Pendik Metropolitan District municipality, Istanbul, [3 December 99]
11. Mr. Ismail OZAY: Mayor of Canakkale (Provincial) municipality (1994-) (RPP) [20 November 99]
12. Mr. M. Ersin ERGIN: Vice-Secretary-General of Adana Metropolitan municipality, [12 November 99]

13. Mr. Murat KARAYALCIN: Former Mayor of Ankara Metropolitan municipality (1989- 1994) (Social Democratic Populist Party) [22 November 99]
14. Mr. Nihat ERGUN: Former Mayor of Yenice (Town) Municipality, Izmit (1994-99) (Welfare Party) - Advisor of Mayor of Pendik Metropolitan District municipality, Istanbul, [3 December 99].
15. Mr. Turan SARALOGLU: Head of Finance and former deputy mayor of Kadikoy Metropolitan District Municipality, Istanbul, [2 December 99]
16. Mr. Yusuf NAMOGLU: Mayor of Besiktas Metropolitan District municipality, Istanbul [23 March 2000]
17. Mrs. Aysegul ERALTUG: solicitor, Head of Legal Services in Buca Metropolitan District municipality, Izmir, [18 December 99]
18. A Deputy mayor of a Metropolitan District municipality, Adana, [12 November 99]

Officials (Central Government)

1. Dr. Yusuf ERBAY: Sub-General Director, General Directorate for Local Authorities, Ministry of Internal Affairs, Ankara, [17 November 99]
2. Mr. Abdurrahman ACAR: Member of SAYISTAY (the Audit Court) [18 November 99]
3. Mr. Atilla INAN: Senior Auditor of SAYISTAY (the Audit Court) [18 November 99]
4. Mr. Fethi AYTAC: Retired Governor, Chairman of Turk Idare Dernegi (The Turkish Administrative Association), Ankara, [16 November 99]
5. Mr. Ismail DESTAN: Senior Auditor in the General Directorate for Local Authorities, Ministry of Internal Affairs; Chairman of KONT-DER (the Auditors' Association), Ankara, [16 November 99]
6. Mr. Mustafa UYSAL: Chief Inspector in the Ministry of Internal Affairs, Ankara, [15 March 2000]

7. Mr. Orhan PIRLER: Retired Governor, Education Co-ordinator of the Turkish Municipality Association, Ankara, [16 November 99]
8. Mr. Ramazan ALTINOK, Deputy Governor of Ardahan (Now Tokat) [14 March 2000]

Academics

1. Associate Prof. Birgul AYMAN-GULER: TODAIE (Public Administration Institute for Turkey and the Middle East) , Ankara, [17 November 99]
2. Associate Prof. Korel GOYmen: Middle Eastern Technical University, Department of Public Administration, Ankara, [26 November 99]
3. Prof. Bilal ERYILMAZ: Sakarya University, Department of Public Administration, Adapazari, [17 March 2000]
4. Prof. Cevat GERAY: Ankara University, Faculty of Political Science, [22 November 99]
5. Prof. Rusen KELES: Ankara University, Faculty of Political Science, [22 November 99]
6. Prof. Sinasi AKSOY: Middle Eastern Technical University, Department of Public Administration, Ankara, [15 March 2000]

Trade union

1. Mr. Faruk OZDEMIR: Head of Education in GENEL-IS (left-wing trade union for local authorities) Ankara, [22 November 99]
2. Mr. Mahmut ASLAN: General-Secretary of HIZMET-IS (right-wing trade union for local authorities) Ankara, [25 November 99]
3. Mr. Nebi SANCAR: Representative of BELEDIYE-IS (left-wing trade union for local authorities) Ankara, [23 November99]

Politicians

1. Mr. Hüsamettin KORKUTATA: MP, pro-Islamist Virtue Party Member of Internal Affairs Commission of the Turkish Grand National Assembly (TBMM) [19 November 99]
2. Mr. M. Ziya YILMAZBILEN: Vice Chairman of the ultra-nationalist Nationalist Movement Party (MHP) spokesman for local government issues [25 November 99]
3. Mr. Riza AKCALI: MP, Vice Chairman of the True Path Party (DYP); Member of the Internal Affairs Commission of the Turkish Grand National Assembly (TBMM) [23 November 99]

Businessman

Mr. Koray YUCEL: Chairman of Sonar Arastirma (Public Surveying) Ltd. Istanbul, [30 November 99]

Total: 39

Appendix 4: Two examples of interviews

MR. MUSTAFA UYSAL, CHIEF INSPECTOR IN THE MINISTRY OF INTERNAL AFFAIRS, ANKARA,

15 March 2000

Q1: What is your opinion on privatisation as a way of providing local public services in Turkey?

I am in favour of privatisation of local public services. In my ten years as controller I saw the biggest unlawful actions in direct provision of services which could be provided by the private sector, for example, in operating superstores (originally named 'tanzimsatis' that created to compete and sell cheaper foods and other home essentials), municipal bakery, butgeries and fuel stations. These are all very well operated by the private sector. Operating in different areas of the market with municipal finance is a way of embezzling the public resources. None of the 25 superstores and other municipal enterprises which I controlled made any profit. They were all in debt and supported by the municipal budget. Municipalities should not be involved in these market businesses. Furthermore, local transportation and operating the metro are also suitable for transfer to the private sector. Moreover, street cleaning and other cleansing should be contracted out to the private sector.

Today Turkish municipalities have over-employed far beyond their needs. They cannot ensure effective work by their employees and all services suffer delay. Most of the budget goes to personnel as a social support or unemployment payment rather than being used for investment. Municipalities should stop acting as traders, but should invest in important infrastructure. Building sewerage systems, purification of used water, road maintenance, preventing environmental pollution must be their main duties. Personnel must be limited to those duties and the rest of money should be used for investment. Street cleaning must be contracted out but controlled regularly by the municipality.

Q2: What are the alternative ways of providing better services in Turkish municipalities?

All services that can be provided by the private sector must be privatised. The number of personnel should be reduced. The rest of the money can be used for parks, gardening and water purification systems.

The other alternative is to receive decreasing shares of central budgets and creating and/or increasing local government taxes. As far as I can see, many municipalities have not collected their local taxes, but operate only with their share of central government funds through the Bank of Provinces. Municipalities are trying to provide services with their central government shares but are not collecting their own resources. These shares go mainly on staff wages. Today municipalities are spending recklessly. They should collect their own money and spend it. In that case they will operate profitably and will not employ more than they need.

Q3: Is there any relation between privatisation and political party ideologies and policies in Turkish case?

Political parties in Turkey are all Machiavellian and they are not in favour of privatisation. In both general and local elections political party candidates promise over the limits of the state or municipality, in effect offering jobs to the people who vote for them. They partly keep their promises by employing some people into municipal economic enterprises that are mostly in debt. Politicians want to keep those organisations for their personal use; thus they do not want to privatise them. We need politicians who do not care about losing vote but doing the right things such as privatisation.

Q4: In order to improve effectiveness in municipalities, which kind of regulations can be done in the Local Government Draft Bill?

As I mentioned above, municipalities should create and collect their own budgets and spend them themselves. If they cannot collect their money they will not

employ more than they need. When they become mainly self-funded they will operate in accordance with the principle of efficiency and in line with science and technology.

There are some municipalities that do not collect environmental tax as one of their important income resources, but complain to central government that they cannot pay personnel expenses and ask an increase in their shares from the central budget. Local people living in those municipalities cheer and say that they have a nice municipality which does not collect taxes but provides services free of charge. In such a way local politicians and mayors guarantee their re-election.

A new understanding of the municipality must be introduced that those which collect tax and other service charges will spend no more than that or otherwise they will suffer. Every municipality must design their projects and personnel regime in accordance with that new understanding.

Municipalities should not be 'job centres'. In municipalities and other public organisations, lazy and inefficient personnel should be removed. Without obtaining this main change all other changes will be only on paper.

Q5: Could you evaluate the local government policies of Mr. Turgut Ozal era?

In Özal's term, the effectiveness of municipalities increased into two ways: (a) the municipalities' share of central budgets increased significantly and they became able to spend more money. They built service buildings and other investments; (b) the authority for creating and changing construction plans was given to municipalities. Before that these plans were prepared by the municipal council, but could be implemented only after the approval of the related ministry. With Özal municipalities became more efficient and effective. However, some municipalities abused this power, for example by opening green areas to settlement.

Q6: Could you evaluate the local government policies in the following successive coalition governments?

After Özal, the municipalities' share decreased and so did their effectiveness. Another point, after Özal there were many new municipalities created, thus the

financial cake has been sliced into more pieces. A third point is that increases in the rates of municipal charges or taxes stayed far behind the inflation rate. Thus, some municipalities considered it not worth collecting, such items as announcement and advertisement charges. As a result, the direct income of municipalities decreased as well.

Q7: What can you say about central-local government relations comparing the decades up to 1983 with the mid-1980s in which privatisation policies were implemented at local level?

Central government has unnecessary tutelage powers, for example approval of the budget and end-of-year financial records or permission for local authorities to buy vehicles. These should be abandoned and instead there must be an effective legal control.

Q9: What are the pros and cons of local authorities in providing local public services?

The private sector considers profitability and works efficiently. Municipalities are public organisations and operate in line with the public interest. Municipalities should carry out some services such as purification of wastewater where there is no profit for private sector.

Q10: What (else) can be done to improve effectiveness and efficiency in service provision?

In brief, municipalities cannot obtain efficiency and effectiveness in local services. Acting like the private sector while neglecting their proper main duties is one of the reasons. The other reasons are the increase of corruption and unlawful use of power.

Q11: Is there any relation between privatisation, local democracy and effectiveness?

Privatisation, local democracy and effectiveness are concepts where one is inside the other. In Turkey local democratisation cannot be exercised fully, thus privatisation and effectiveness cannot be gained sufficiently.

In the Turkish municipal system the mayors are very powerful against the municipal council. The council has become an organisation for formally approving some decisions and operations of the mayors; it works only two months in a year. The council does not know every action and decision. The mayor is the one who manages the municipality. If the council had the power of interrupting the mayor's arbitrary decisions, the municipalities could become more democratic. The only significant democratic practice is the direct election of the mayor by the public every five years. Where there is a local democracy, municipalities will not operate services which can be done by the private sector. Municipalities can do their core duties and the waste of resources can be prevented.

Q12: Do you consider municipalities achieve effectiveness in providing services? If yes, how do they measure it? Is there any study on the priorities of service provision? If yes, how do the municipalities make decisions on priorities?

There is not any systematic and scientific works on the efficiency and effectiveness of local government services, performance review or other related issues in municipalities. Everything is based upon obtaining votes for the next election.

MR. ERSIN ERGIN, VICE SECRETARY-GENERAL OF ADANA METROPOLITAN MUNICIPALITY (1984-) (Pop: 1,500,000) 12 November 1999

Q1: What is your opinion on privatisation as a way of providing local public services in Turkey?

Cleaning, transportation, parks and green areas, maintenance and repair must be privatized. It increases effectiveness 100%.

Civil servants must be chosen from talented capable candidates. Total Quality Management, strategic management and new public management must be put in practice in municipalities. With the classical bureaucratic and hierarchical structure municipalities cannot achieve efficiency.

Q2: What are the alternative ways of providing better services in Turkish municipalities?

Private sector provision must be considered seriously in a wide range of local public services.

Q3: Is there any relation between privatisation and political party ideologies and policies in Turkish case?

Not in practice. Today many mayors from left or right political parties consider privatisation as an economic tool.

Q4: In order to improve effectiveness in municipalities, which kind of regulations should be included in the Local Government Draft Bill?

Local authorities must be independent from central government and decentralization must be considered. Cadres of local authorities must be dealt with and

determined by themselves, not by central government (similar to the USA). Mayors should be elected with a two-ballot system as in France. He should get 50% overall majority support. If mayor has a strong personality, charisma and vision and if he has an overall majority, everybody will follow him.

Local authorities must be empowered politically and economically.

Q5: Could you evaluate the local government policies of Mr. Turgut Özal era?

In the Özal era (1980-1993) local authorities were empowered politically and financially. He has broadened Turkey's horizon as well.

With decentralization we must go back to the heart of democracy.

Q6: Could you evaluate the local government policies in the following successive coalition governments?

After Özal, central political influence on local authorities increased. The centralist system did not want to lose the control. Central government and MPs want to interfere with local authorities.

Q7: What can you say about central-local government relations comparing the decades up to 1983 with the mid-1980s in which privatisation policies were implemented at local level?

In their financial structure there was significant improvement after 1983 under Motherland Party governments. Privatisation broadened the horizon of municipalities.

Q9: What are the pros and cons of local authorities in providing local public services?

Municipalities exist to provide services but the private sector's main aim is profit. While providing services the balance must be considered carefully. Preparing

contract conditions with more care can solve most of the problems. With privatization, municipalities can provide better quality services.

Q10: What else can be done to improve effectiveness and efficiency in service provision?

The influence of central government politicians over local authorities must be diminished.

A good relation between local authorities and the public must be established and the local news media must be used. Media-conscious methods must be considered.

Q11: Is there any relation between privatisation, local democracy and effectiveness?

There should be. Privatisation has improved effectiveness and this has encouraged local democracy.

Q12: Do you consider your council has achieved effectiveness in providing services? If yes, how do you measure it? Have you studied priority of service provision? If yes, how do you make decision on priorities?

The votes gained in the elections are a sign of success. We have achieved effectiveness, but we could not increase efficiency because the civil service system is a serious obstacle to this. The civil service system for local authorities must be considered as a separate issue from the central government's civil service system.

Priorities of services are determined by the needs of the public. Personality, competence, vision and experience of the mayor are very important in providing better services.

Appendix 5: The survey of mayors

Table App 5.1: List of the types of the 240 municipalities receiving the survey and their response levels:

Municipalities	No	Respondents (N)	%
Metropolitan municipalities	16	4	25
Metropolitan District municipalities	45	26	57
Provincial municipalities	65	12	18
District municipalities	86	56	65
Town municipalities	28	17	69
Total	240	115	48

During the initial preparation stage I personally visited various District and Town municipalities. The main interest of the study was the higher-status and medium-sized municipalities with more than 10k+ population. Smaller municipalities were outside my scope due to their lack of experience or practical opportunity for privatising their municipal services. Following this criterion of 10k population, to gain a full picture of the whole of Metropolitan and Provincial Turkey, I sent my questionnaire to all 81 Provinces: sixteen were Metropolitan municipalities and the remaining 65 were Province municipalities. It was not practicable to send the survey to all 538 District and Town municipalities. Therefore, based on their population and political party control to gain a balance, selected District and Town municipalities were considered a higher priority for this survey. The proportion of each type of municipality which received my survey is listed in Table 8.1 (above) and reproduced here for convenience:

Metropolitan municipalities	100% (out of 16)
Provincial municipalities	100% (out of 65)
Metropolitan District municipalities	50% (out of 89)
District municipalities	23% (out of 370)
Town municipalities	40% (out of 69)

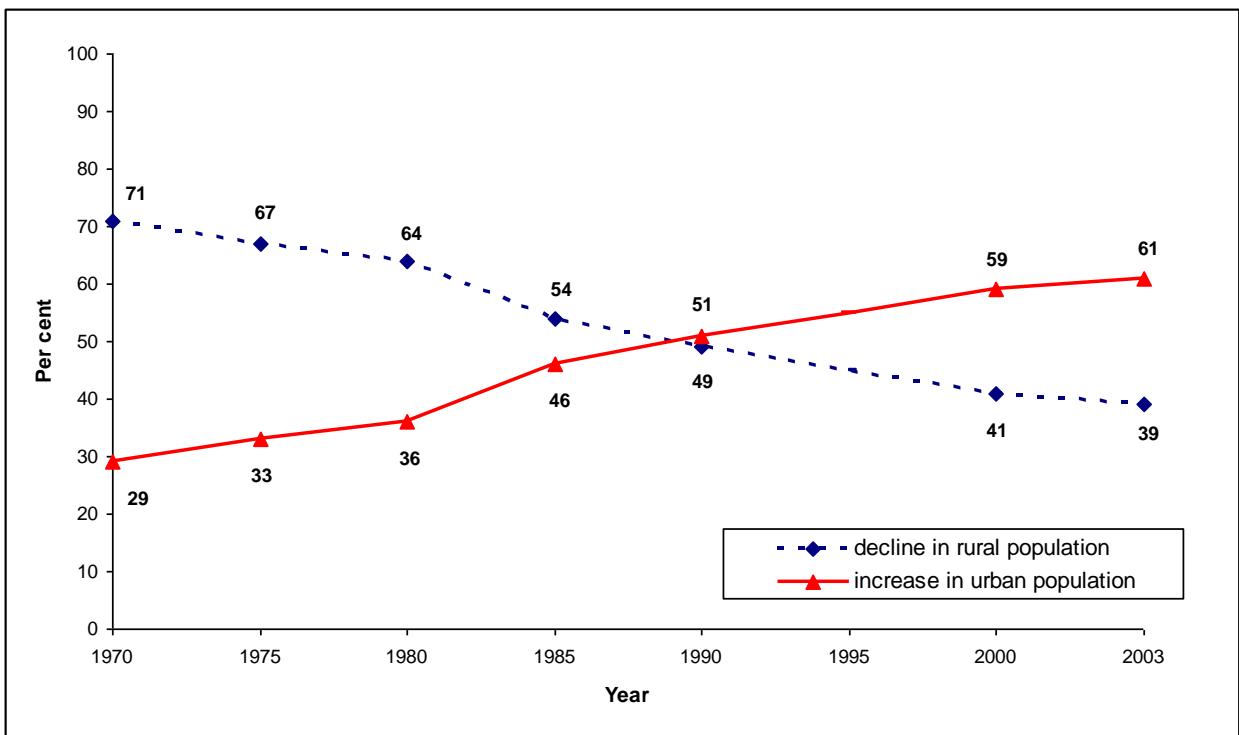
Appendix 6: Urban-rural population trends

This Appendix offers background explanation of the urban/rural distinction made in this study. Measurement of urbanisation is not an agreed or standard issue. The criteria for urbanisation vary between countries so there is no agreed definition of urbanisation in the literature. The following quotation taken from the international Population Reference Bureau clearly shows the differences and disagreements on the definition of urbanisation:

What is an urban area? An urban area may be defined by the number of residents, the population density, the percent of people not dependent upon agriculture, or the provision of such public utilities and services as electricity and education. Some countries define any place with a population of 2,500 or more as urban; others set a minimum of 20,000. There are no universal standards, and generally each country develops its own set of criteria for distinguishing urban areas. The United States defines urban as a city, town, or village with a minimum population of 2,500 people. The classification of metropolitan includes both urban areas as well as rural areas that are socially and economically integrated with a particular city. (PRB, 2004)

For this present study, a threshold of 10k was taken over from Danielson and Keles (1985). They stated that this figure was widely used by national census and statistical authorities and international agencies. The census figures since 1970 are presented in Figure App 6.1

Figure App 6.1 Urban-rural census figures, 1970-2003



Census dates (mid-year estimate for 2003)

Source: State Planning Organisation census figures (SPO, 2003)

Appendix 7: Mail-back questionnaire

Dear Mayor,

This project is supported by Nigde University and the University of Essex, UK.

The aim of this study is to state the conditions for providing better services in Turkish local authorities. It also aims to explore the relationship between effectiveness and privatisation using the concepts of 'effectiveness', 'efficiency', 'quality' and 'providing better services'. The project intends to explore new alternative ways, which have been introduced to a limited extent, of providing better services to municipalities. In this survey 'privatisation' is not used only as the sale of assets, but also covers other methods such as contracting, franchising and partnership.

The results of this survey will be analysed statistically. The names of mayors and municipalities are not significant and will not be identified anywhere in this survey.

Considering your busy time schedule, this survey has been prepared to be completed easily in a short time. There are 13 questions and most responses are scaled from 1 to 5 for their relevance and importance. The scale is stated from the positive to negative (1 is strong agreement – 5 is strong disagreement). Therefore, all options need to be completed. You should consider a sample placed at the beginning of the survey on how to complete the questionnaire.

I would like to thank you for your interest and support for this study and wish you all the best.

Salih ÖZCAN
University of Essex
Department of Government
(Student studying for the degree of PhD)

References: classified as Political parties; Local government and finance; History; Context; Other

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EFFECTIVENESS OF TURKISH LOCAL GOVERNMENT SERVICES AND THEIR PRIVATISATION
Example of how to complete this questionnaire:

1-) How often do you use the following methods/ways to provide effective local public services? Please specify on a scale of 1-5.

(1=Always; 2=Mostly; 3=Sometimes; 4=Rarely; 5=Not at all)

	1 2 3 4 5
a) Public engagement.....	() () (x) () ()
b) Partnership with other public organisations or other municipalities.....	() (x) () () ()
c) Co-operation/Partnership with the private sector.....	() () () (x) ()
d) Partnership with voluntary organisations.....	() () (x) () ()
e) On mayor's own initiative	(x) () () () ()
f) Total Quality Management.....	() () () () ()
g) Other (Please specify)	() () () () ()

It can be seen in the example above that for option **a** the scale of 3 was marked. It means that a (public engagement) is used at medium level. For option **e** the number of 1 was marked. This explains that the mayor's own initiative and vision is very important in the provision of services.

Please Note: I would like to make it clear again that all information given in this survey will be confidential and your or your council name will not be mentioned in the project.

1-) How often do you use the following methods/ways to provide effective local public services? Please specify on a scale of 1-5. . [This question is the source of Statements C9 & C10 in the thesis]

(1=always; 2=mostly; 3=sometimes; 4=rarely; 5=not at all)

	1 2 3 4 5
a) Public participation.....	() () () () ()
b) Partnership with other public organisations or other municipalities.....	() () () () ()
c) Co-operation/Partnership with the private sector.....	() () () () ()
d) Partnership with voluntary organisations.....	() () () () ()
e) On mayor's own initiative	() () () () ()
f) Total Quality Management.....	() () () () ()
g) Other (Please specify)	() () () () ()

2-) What can be done to increase the effectiveness of local public services? Please specify on a scale of 1-5. [This question is the source of the Headline Statement A1 in the thesis]

(1= strongly agree; 2= agree; 3=don't know; 4= disagree; 5= strongly disagree)

	1 2 3 4 5
a) Participatory management understanding should be developed.....	() () () () ()
b) Open management structures should be built.....	() () () () ()
c) Tools and equipment should be improved.....	() () () () ()
d) Personnel should be educated by in-house training.....	() () () () ()
e) Qualified personnel should be employed.....	() () () () ()
f) Required legal and administrative regulations should be carried out.....	() () () () ()
g) Financial improvements should be made urgently.....	() () () () ()
h) The priority plan for services should be carried out.....	() () () () ()
i) Most of the services should be privatised.....	() () () () ()
j) Other (Please specify).....	() () () () ()

3-) What can be done to improve quality in local public services? Please specify on a scale of 1-5. . [This question is the source of Statement A2 in the thesis]

(1= strongly agree; 2= agree; 3=don't know; 4= disagree; 5= strongly disagree)

	1 2 3 4 5
a) Participatory management understanding should be developed.....	() () () () ()
b) Tools and equipment should be improved.....	() () () () ()
c) Personnel should be educated by in-house training.....	() () () () ()
d) Qualified personnel should be employed.....	() () () () ()

e) Total Quality Management should be put into practice..... () () () () ()
 f) Financial improvements should be made urgently..... () () () () ()
 g) The priority plan for services should be carried out..... () () () () ()
 h) Most of the services should be privatised..... () () () () ()
 i) Other (Please specify)..... () () () () ()

4-) How often, in your municipality, are the following points reliable indicators of effective service provision? Please specify on a scale of 1-5. [This question is the source of Statement C11 in the thesis]

(1=always; 2=mostly; 3=sometimes; 4=rarely; 5=not at all)

	1 2 3 4 5
a) Providing services more speedily.....	() () () () ()
b) Reducing the cost of services.....	() () () () ()
c) The level of services provided in relation to the plan.....	() () () () ()
d) Performance review.....	() () () () ()
e) Re-election of the mayor.....	() () () () ()
f) Receiving either positive or negative response from the public.....	() () () () ()
g) Comparing provided services of the present year with the previous year.....	() () () () ()
h) Comparing with the private sector, which works in the same category.....	() () () () ()
i) Other (Please specify).....	() () () () ()

5-) How does privatisation effect the provision of services? Please specify on a scale of 1-5. [This question is the source of Statements B1-B7 in the thesis]

(1=strongly increases 2=increases 3=does not change 4=decreases 5=strongly decreases)

	1 2 3 4 5
a) Cost of service.....	() () () () ()
b) Quantity of service.....	() () () () ()
c) Quality of service.....	() () () () ()
d) Efficiency.....	() () () () ()
e) Effectiveness.....	() () () () ()
f) Speed of service.....	() () () () ()
g) Local bureaucracy.....	() () () () ()
h) Number employed.....	() () () () ()
i) Other (Please specify).....	() () () () ()

6-) Have you privatised any service?

Yes (Continue from question 8) No

7-) If no what are the reasons for not privatising local public services? Please specify on a scale of 1-5.

(1= strongly agree; 2= agree; 3=don't know; 4= disagree; 5= strongly disagree)

	1 2 3 4 5
a) Privatisation decreases efficiency.....	() () () () ()
b) Privatisation causes loss of jobs.....	() () () () ()
c) Privatisation decreases quality.....	() () () () ()
d) Privatisation does not make any saving.....	() () () () ()
e) Privatisation prevents equal distribution of services.....	() () () () ()
f) Privatisation increases problems.....	() () () () ()
g) Politically I oppose privatisation.....	() () () () ()
h) Other (Please specify).....	() () () () ()

8-) If yes, please write the year and the method of privatisation for each services.

	<u>Year</u>	Contracting	Franchising	Incorporation	Build-Operate-Transfer	Other
a) Refuse collection	()	()	()	()	()	()
b) Street cleaning	()	()	()	()	()	()
c) Transportation	()	()	()	()	()	()
d) Road construction and maintenance	()	()	()	()	()	()
e) Building construction and maintenance	()	()	()	()	()	()
f) Finance	()	()	()	()	()	()
g) Legal	()	()	()	()	()	()
h) Personnel	()	()	()	()	()	()
i) Computing	()	()	()	()	()	()
j) Council tax collection	()	()	()	()	()	()
k) Construction plans	()	()	()	()	()	()
l) Parks and gardens maintenance	()	()	()	()	()	()
m) Infrastructure	()	()	()	()	()	()
n) Other (Please specify).....	()	()	()	()	()	()

**9-) How significant are the following considerations in privatising local services? Please specify.
[This question is the source of Statements C1-C8 in the thesis]**

	<u>1=very important;</u>	<u>2=important;</u>	<u>3=of some importance;</u>	<u>4=unimportant;</u>	<u>5= very unimportant</u>
1 2 3 4 5					
a) Insufficient local authority financial resources.....	()	()	()	()	()
b) Inadequate local authority technical equipment.....	()	()	()	()	()
c) Inadequate local authority qualified personnel.....	()	()	()	()	()
d) Saving in cost of services.....	()	()	()	()	()
e) Providing effective services.....	()	()	()	()	()
f) Providing quality services.....	()	()	()	()	()
g) Providing rapid services.....	()	()	()	()	()
h) Acting in accordance with the mayor's own party politics.....	()	()	()	()	()
i) Decreasing local authority bureaucracy.....	()	()	()	()	()
j) Relaxing the tight control of central government.....	()	()	()	()	()
k) Limiting the influence of trade unions.....	()	()	()	()	()
l) Request of local public opinion.....	()	()	()	()	()
m) Other (please specify).....	()	()	()	()	()

**10-) How important are these difficulties or obstacles to the privatisation of local services?
[This question is the source of Statement A4 in the thesis]**

	<u>1=very important;</u>	<u>2=important;</u>	<u>3=of some importance;</u>	<u>4=unimportant;</u>	<u>5= very unimportant</u>
1 2 3 4 5					
a) Legal difficulties.....	()	()	()	()	()
b) Bureaucratic obstacles.....	()	()	()	()	()
c) Inadequacy of qualified educated personnel to implement privatisation.....	()	()	()	()	()
d) Financial difficulties.....	()	()	()	()	()
e) Inadequate, poorly-equipped private sector.....	()	()	()	()	()
f) Opposition of public opinion.....	()	()	()	()	()
g) Opposition of trade unions.....	()	()	()	()	()
h) Opposition of the city council.....	()	()	()	()	()

i) Opposition of the mayor's political party.....	() () () () ()
j) Opposition of political parties' local representatives.....	() () () () ()
k) Other (please specify).....	() () () () ()

11-) How does greater empowerment of local authorities effect providing services? Please specify on a scale of 1-5.

(1=strongly increases 2=increases 3=does not change 4=decreases 5=strongly decreases)

	1	2	3	4	5
a) Cost of service.....	() () () () ()				
b) Quantity of service.....	() () () () ()				
c) Quality.....	() () () () ()				
d) Efficiency.....	() () () () ()				
e) Effectiveness.....	() () () () ()				
f) Speed of service provision.....	() () () () ()				
g) Local bureaucracy.....	() () () () ()				
h) Other (Please specify).....	() () () () ()				

12-) "The private sector is more effective and more successful in managerial terms. Thus, providing local services through the private sector increases efficiency and effectiveness" How far do you agree with this idea?

- () I strongly agree
- () I agree
- () Don't know
- () I disagree
- () I strongly disagree

13-) How far do you agree with the idea of Mr Turgut Ozal that "Economic liberalisation improves political freedom and democracy"? [This question is the source of Statement A3 (the 'ideology statement') in the thesis]

- () I strongly agree
- () I agree
- () Don't know
- () I disagree
- () I strongly disagree

The Mayor's:

Age : () 25-35 () 36-45 () 46-55 () 56 +

Sex : () Male () Female

Education : () Primary () Secondary () High () University () Master () PhD

Occupation (Before becoming mayor) :

Previous political party (for mayors elected to a second term or more) :

Present political party :

Total experience in municipal mayoralty :

City's/Municipality's

Population :

Status : () Metropolitan Municipality () Metropolitan District Municipality
() Province Municipality () District Municipality () Town Municipality

Thank you for your co-operation

Appendices

Appendix 1: The ‘Principal Table’ of data giving the results of the attitude survey of mayors

The Principal Table shows the statements and levels of mayors’ agreement reported by them in the questionnaire administered during 2000 as this study’s primary empirical excellence on its theme of municipal privatisation — called the private sector provision of local public services (PSPPS).

Data are presented here in order of their importance: Four ‘Headline’ statements (of greatest interest) (A1-A4); seven ‘Key’ statements (of significant interest) (B1-B7); and eleven ‘Subsidiary’ statements (of supporting interest) (C1-C11).

A checklist of these 22 statements in this order indicates their range:

‘Headline’ statements:

- A1. ‘To increase *effectiveness* of local public services, most of them should be privatised’
- A2. ‘To increase *quality* of local public services, most of them should be privatised’:
- A3. ‘Economic liberalisation improves political freedom and democracy’:
- A4. ‘The inadequate, poorly equipped local private sector is an obstacle to privatising local public services’:

‘Key’ Statements

- B1. ‘Private sector provision of local public services (PSPPS) decreases their *costs*’
- B2. ‘Private sector provision of local public services (PSPPS) increases their *efficiency*’:
- B3. ‘Private sector provision of local public services (PSPPS) increases their *effectiveness*’:

B4. ‘Private sector provision of local public services (PSPPS) increases their *quality*’:

B5. ‘Private sector provision of local public services (PSPPS) increases their *quantity*’:

B6. ‘Private sector provision of local public services (PSPPS) increases their *speed of provision*’:

B7. ‘Private sector provision of local public services (PSPPS) decreases their *local bureaucracy*’:

‘Subsidiary’ Statements

C1. ‘*Reduced cost* is a significant positive consideration in privatisation issues’:

C2. ‘*Effective service* is a significant positive consideration in privatisation issues’:

C3. ‘*Quality of service* is a significant positive consideration in privatisation issues’:

C4. ‘*Speed of service* is a significant positive consideration in privatisation issues’:

C5. ‘*Reducing bureaucracy* is a significant positive consideration in privatisation issues’:

C6. ‘*Relaxing central control* is a significant positive consideration in privatisation issues’:

C7. ‘*Limiting trade union influence* is a significant positive consideration in privatisation issues’:

C8. ‘*Public demand* is a significant positive consideration in privatisation issues’:

C9. ‘Municipalities’ co-operation and *partnership with the private sector* promotes local services’ effectiveness’:

C10. ‘Municipalities’ co-operation and *partnership with voluntary organisations* promotes local services’ quality’:

C11. ‘*Comparing municipalities’ and the private sector’s performance is useful*’

Table App 1.1:

Principal Table

The Attitude Survey of Mayors

A. 'Headline' statements:

A1. 'To increase *effectiveness* of local public services, most of them should be privatised':

(i) Mayor's current political party

Party name (code no.)*	R=*	% agreeing
Party 1	6	50
2	8	63
3	12	67
4	12	75
5	13	54
6	40	80
7	16	75
8	2	100
9	3	67
Totals	112	71

(ii) Mayor's experience (seniority)

1 (Five-year terms)	53	74
2	33	73
3+	20	60
Totals	106	71

(iii) Status (type) of mayor's municipality

Status 1 (code no.)*	17	82
2	56	66
3	12	67
4	26	77
5	3	67
Totals	114	71

(iv) Population range of the mayor's municipality

Range 1 (code no.)*	36	69
2	54	69
3	16	81
Totals	106	71

A2. 'To increase *quality* of local public services, most of them should be privatised':

(i) Mayor's current political party

Party name	R=*	% agreeing
Party	1 (code no.)*	6
	2	8
	3	12
	4	11
	5	13
	6	39
Totals	110	74

(ii) Mayor's experience (seniority)	
1 (Five-year terms)	53
2	32
3+	19
Totals	104

(iii) Status (type) of mayor's municipality	
Status	1 (code no.)*
	16
	55
	12
	26
	3
Totals	112

(iv) Population range of the mayor's municipality	
Range	1 (code no.)*
	36
	52
	16
Totals	104

*Key to code numbers

Key to Political Party names (Running from Left to Right ideology): 1. HADEP/PDP (People's Democracy Party), 2.

CHP/RPP (Republican People's Party), 3. DSP/DLP (Democratic Left Party), 4. ANAP/MP (Motherland Party), 5. DYP/TPP (True Path Party), 6. FP/VP (Virtue Party), 7. MHP/NMP (Nationalist Movement Party), 8. Minor Parties, 9. Bagimsizlar (Independents)

Key to status of municipality: 1. Town Municipality, 2. District Municipality, 3. Province Municipality, 4. Metropolitan District and Subdivision Municipality, 5. Metropolitan Municipality.

Key to population ranges: 1. 10k-20k, 2. 20,001-250k, 3. 250k+

R: The number of mayors responding to the statement (agree/disagree/don't know).

Percent figures are rounded up (0.5+) or down (0.4-).

A3. ‘Economic liberalisation improves political freedom and democracy’:

(i) Mayor’s current political party

Party	Party name	R=*	% agreeing
1 (code no.)*		6	67
2		8	38
3		10	70
4		12	100
5		13	77
6		39	87
7		17	82
8		2	100
9		3	67
Totals		110	80

(ii) Mayor’s experience (seniority)

1 (Five-year terms)	54	78
2	32	88
3+	20	65
Totals	106	78

(iii) Status (type) of mayor’s municipality

Status	1 (code no.)*	17	82
2		54	83
3		12	67
4		25	72
5		4	100
Totals		112	80

(iv) Population range of the mayor’s municipality

Range	1 (code no.)*	35	71
2		53	81
3		16	81
Totals		104	78

A4. ‘The inadequate, poorly equipped local private sector is an obstacle to privatising local public services’:

(i) Mayor’s current political party

Party	Party name	R=*	% agreeing
1 (code no.)*		6	67
2		8	75
3		10	90
4		12	67
5		13	69
6		40	65
7		15	60
8		2	100
9		3	100
Totals		109	70

(ii) Mayor’s experience (seniority)

1 (Five-year terms)	53	70
2	33	73
3+	18	78
Totals	104	72

(iii) Status (type) of mayor’s municipality

Status	1 (code no.)*	17	41
2		53	79
3		12	58
4		25	76
5		4	75
Totals		111	70

(iv) Population range of the mayor’s municipality

Range	1 (code no.)*	34	79
2		53	62
3		16	81
Totals		103	71

***Key to code numbers**

Key to Political Party names (Running from Left to Right ideology): 1. HADEP/PDP (People’s Democracy Party), 2. CHP/RPP (Republican People’s Party), 3. DSP/DLP (Democratic Left Party), 4. ANAP/MP (Motherland Party), 5. DYP/TPP (True Path Party), 6. FP/VP (Virtue Party), 7. MHP/NMP (Nationalist Movement Party), 8. Minor Parties, 9. Bagimsizlar (Independents)

***Key to code numbers**

Key to status of municipality: 1. Town Municipality, 2. District Municipality, 3. Province Municipality, 4. Metropolitan District and Subdivision Municipality, 5. Metropolitan Municipality.

Key to population ranges: 1. 10k-20k, 2. 20,001-250k, 3. 250k+

R: The number of mayors responding to the statement (agree/disagree/don’t know).

Percent figures are rounded up (0.5+) or down (0.4-).

B 'Key' statements:

B1. 'Private sector provision of local public services (PSPPS) decreases their *costs*':

(i) Mayor's current political party

Party name	R=*	% agreeing
Party	1 (code no.)*	6
2	8	13
3	12	75
4	12	50
5	13	69
6	40	75
7	17	65
8	2	100
9	3	0
Totals	113	64

(ii) Mayor's experience (seniority)

1 (Five-year terms)	54	69
2	33	64
3+	20	50
Totals	107	64

(iii) Status (type) of mayor's municipality

Status	1 (code no.)*	17	53
2	56	57	
3	12	83	
4	26	77	
5	4	50	
Totals	115	64	

(iv) Population range of the mayor's municipality

Range	1 (code no.)*	36	44
2	54	72	
3	17	71	
Totals	107	63	

*Key to code numbers

Key to Political Party names (Running from Left to Right ideology): 1. HADEP/PDP (People's Democracy Party), 2. CHP/RPP (Republican People's Party), 3. DSP/DLP (Democratic Left Party), 4. ANAP/MP (Motherland Party), 5. DYP/TPP (True Path Party), 6. FP/VP (Virtue Party), 7. MHP/NMP (Nationalist Movement Party), 8. Minor Parties, 9. Bagimsizlar (Independents)

B2. 'Private sector provision of local public services (PSPPS) increases their *efficiency*':

(i) Mayor's current political party

Party name	R=*	% agreeing
Party	1 (code no.)*	6
2	8	63
3	12	83
4	12	83
5	13	85
6	40	93
7	16	88
8	2	100
9	3	100
Totals	112	87

(ii) Mayor's experience (seniority)

1 (Five-year terms)	53	83
2	33	91
3+	20	80
Totals	106	85

(iii) Status (type) of mayor's municipality

Status	1 (code no.)*	17	100
2	55	82	
3	12	83	
4	26	85	
5	4	100	
Totals	114	86	

(iv) Population range of the mayor's municipality

Range	1 (code no.)*	36	86
2	54	83	
3	17	88	
Totals	107	85	

*Key to code numbers

Key to status of municipality: 1. Town Municipality, 2. District Municipality, 3. Province Municipality, 4. Metropolitan District and Subdivision Municipality, 5. Metropolitan Municipality.

Key to population ranges: 1. 10k-20k, 2. 20,001-250k, 3. 250k+

R: The number of mayors responding to the statement (agree/disagree/don't know).

Percent figures are rounded up (0.5+) or down (0.4-).

B3. ‘Private sector provision of local public services (PSPPS) increases their *effectiveness*’:

(i) Mayor’s current political party

	Party name	R=*	% agreeing
Party	1 (code no.)*	6	83
	2	8	63
	3	12	92
	4	12	75
	5	13	85
	6	40	80
	7	17	65
	8	2	100
	9	3	67
Totals	113	78	

(ii) Mayor’s experience (seniority)

1 (Five-year terms)	54	76
2	33	79
3+	20	75
Totals	107	77

(iii) Status (type) of mayor’s municipality

Status	1 (code no.)*	17	88
	2	56	70
	3	12	75
	4	26	85
	5	4	100
Totals	115	77	

(iv) Population range of the mayor’s municipality

Range	1 (code no.)*	36	72
	2	54	76
	3	17	88
Totals	107	77	

***Key to code numbers**

Key to Political Party names (Running from Left to Right ideology): 1. HADEP/PDP (People’s Democracy Party), 2. CHP/RPP (Republican People’s Party), 3. DSP/DLP (Democratic Left Party), 4. ANAP/MP (Motherland Party), 5. DYP/TPP (True Path Party), 6. FP/VP (Virtue Party), 7. MHP/NMP (Nationalist Movement Party), 8. Minor Parties, 9. Bagimsizlar (Independents)

B4. ‘Private sector provision of local public services (PSPPS) increases their *quality*’:

(i) Mayor’s current political party

	Party name	R=*	% agreeing
Party	1 (code no.)*	6	83
	2	8	63
	3	12	92
	4	12	83
	5	13	85
	6	40	93
	7	17	82
	8	2	100
	9	3	67
Totals	113	86	

(ii) Mayor’s experience (seniority)

1 (Five-year terms)	54	82
2	33	91
3+	20	80
Totals	107	84

(iii) Status (type) of mayor’s municipality

Status	1 (code no.)*	17	94
	2	56	80
	3	12	92
	4	26	85
	5	4	100
Totals	115	85	

(iv) Population range of the mayor’s municipality

Range	1 (code no.)*	36	83
	2	54	85
	3	17	88
Totals	107	85	

***Key to code numbers**

Key to status of municipality: 1. Town Municipality, 2. District Municipality, 3. Province Municipality, 4. Metropolitan District and Subdivision Municipality, 5. Metropolitan Municipality.

Key to population ranges: 1. 10k-20k, 2. 20,001-250k, 3. 250k+

R: The number of mayors responding to the statement (agree/disagree/don’t know).

Percent figures are rounded up (0.5+) or down (0.4-).

B5. ‘Private sector provision of local public services (PSPPS) increases their *quantity*’:

(i) Mayor’s current political party

	Party name	R=*	% agreeing
Party	1 (code no.)*	6	100
	2	8	63
	3	12	83
	4	12	83
	5	13	85
	6	40	85
	7	17	71
	8	2	100
	9	3	67
Totals	113	74	

(ii) Mayor’s experience (seniority)

1 (Five-year terms)	54	78
2	33	88
3+	20	70
Totals	107	85

(iii) Status (type) of mayor’s municipality

Status	1 (code no.)*	17	88
	2	56	75
	3	12	100
	4	26	77
	5	4	100
Totals	115	81	

(iv) Population range of the mayor’s municipality

Range	1 (code no.)*	36	75
	2	54	83
	3	17	82
Totals	107	80	

***Key to code numbers**

Key to Political Party names (Running from Left to Right ideology): 1. HADEP/PDP (People’s Democracy Party), 2. CHP/RPP (Republican People’s Party), 3. DSP/DLP (Democratic Left Party), 4. ANAP/MP (Motherland Party), 5. DYP/TPP (True Path Party), 6. FP/VP (Virtue Party), 7. MHP/NMP (Nationalist Movement Party), 8. Minor Parties, 9. Bagimsizlar (Independents)

B6. ‘Private sector provision of local public services (PSPPS) increases their *speed of provision*’:

(i) Mayor’s current political party

	Party name	R=*	% agreeing
Party	1 (code no.)*	6	100
	2	8	63
	3	12	92
	4	12	75
	5	13	92
	6	39	87
	7	17	77
	8	2	100
	9	3	100
Totals	112	85	

(ii) Mayor’s experience (seniority)

1 (Five-year terms)	53	87
2	33	88
3+	20	75
Totals	106	85

(iii) Status (type) of mayor’s municipality

Status	1 (code no.)*	17	83
	2	55	78
	3	12	92
	4	26	92
	5	4	100
Totals	114	84	

(iv) Population range of the mayor’s municipality

Range	1 (code no.)*	35	77
	2	54	87
	3	17	88
Totals	106	84	

***Key to code numbers**

Key to status of municipality: 1. Town Municipality, 2. District Municipality, 3. Province Municipality, 4. Metropolitan District and Subdivision Municipality, 5. Metropolitan Municipality.

Key to population ranges: 1. 10k-20k, 2. 20,001-250k, 3. 250k+
R: The number of mayors responding to the statement (agree/disagree/don’t know).

Percent figures are rounded up (0.5+) or down (0.4-).

B7. ‘Private sector provision of local public services (PSPPS) decreases their *local bureaucracy*’:

(i) Mayor’s current political party

Party	Party name	R=*	% agreeing
1	1 (code no.)*	6	50
2		8	75
3		12	83
4		12	67
5		13	85
6		40	80
7		17	77
8		2	100
9		3	100
Totals		113	78

(ii) Mayor’s experience (seniority)

1 (Five-year terms)	54	80
2	33	76
3+	20	75
Totals	107	78

(iii) Status (type) of mayor’s municipality

Status	1 (code no.)*	17	82
2		56	71
3		12	67
4		26	89
5		4	100
Totals		115	77

(iv) Population range of the mayor’s municipality

Range	1 (code no.)*	36	75
2		54	72
3		17	94
Totals		107	77

***Key to code numbers**

Key to Political Party names (Running from Left to Right ideology): 1. HADEP/PDP (People’s Democracy Party), 2. CHP/RPP (Republican People’s Party), 3. DSP/DLP (Democratic Left Party), 4. ANAP/MP (Motherland Party), 5. DYP/TPP (True Path Party), 6. FP/VP (Virtue Party), 7. MHP/NMP (Nationalist Movement Party), 8. Minor Parties, 9. Bagimsizlar (Independents)

***Key to code numbers**

Key to status of municipality: 1. Town Municipality, 2. District Municipality, 3. Province Municipality, 4. Metropolitan District and Subdivision Municipality, 5. Metropolitan Municipality.

Key to population ranges: 1. 10k-20k, 2. 20,001-250k, 3. 250k+

R: The number of mayors responding to the statement (agree/disagree/don’t know).

Percent figures are rounded up (0.5+) or down (0.4-).

C: ‘Subsidiary’ statements: [Significant positive considerations in privatisation issues]:

C1. ‘Reduced cost is a significant positive consideration in privatisation issues’:

(i) Mayor’s current political party

Party name	R=*	% agreeing
Party	1 (code number)*	6
2	8	75
3	11	82
4	11	100
5	13	85
6	38	95
7	16	88
8	2	100
9	3	33
Totals	108	86

(ii) Mayor’s experience (seniority)

1 (Five-year terms)	53	85
2	31	94
3+	19	65
Totals	103	85

(iii) Status (type) of mayor’s municipality

Status	1 (code no.)*	17	88
2	52	83	
3	12	92	
4	25	88	
5	4	75	
Totals	110	86	

(iv) Population range of the mayor’s municipality

Range	1 (code no.)*	34	79
2	52	87	
3	16	94	
Totals	102	85	

C2. ‘Effective service is a significant positive consideration in privatisation issues’:

(i) Mayor’s current political party

Party name	R=*	% agreeing
Party	1 (code number)*	6
2	8	67
3	11	75
4	12	91
5	13	92
6	39	85
7	16	87
8	2	81
9	3	100
Totals	110	85

(ii) Mayor’s experience (seniority)

1 (Five-year terms)	53	87
2	33	88
3+	19	63
Totals	105	83

(iii) Status (type) of mayor’s municipality

Status	1 (code no.)*	17	88
2	54	82	
3	12	92	
4	25	80	

(iv) Population range of the mayor’s municipality

Range	1 (code no.)*	36	81
2	52	87	
3	16	81	
Totals	104	84	

***Key to code numbers**

Key to Political Party names (Running from Left to Right ideology): 1. HADEP/PDP (People’s Democracy Party), 2. CHP/RPP (Republican People’s Party), 3. DSP/DLP (Democratic Left Party), 4. ANAP/MP (Motherland Party), 5. DYP/TPP (True Path Party), 6. FP/VP (Virtue Party), 7. MHP/NMP (Nationalist Movement Party), 8. Minor Parties, 9. Bagimsizlar (Independents)

Key to status of municipality: 1. Town Municipality, 2. District Municipality, 3. Province Municipality, 4. Metropolitan District and Subdivision Municipality, 5. Metropolitan Municipality.

Key to population ranges: 1. 10k-20k, 2. 20,001-250k, 3. 250k+
R: The number of mayors responding to the statement (agree/disagree/don’t know).

Percent figures are rounded up (0.5+) or down (0.4-).

C3. ‘*Quality of service* is a significant positive consideration in privatisation issues’:

(i) Mayor’s current political party

Party name	R=*	% agreeing
Party	1 (code number)*	
2	8	75
3	11	91
4	12	100
5	13	85
6	39	87
7	15	73
8	2	100
9	3	67
Totals	109	84

(ii) Mayor’s experience (seniority)

1 (Five-year terms)	53	87
2	32	88
3+	19	68
Totals	104	84

(iii) Status (type) of mayor’s municipality

Status	1 (code no.)*	17	94
	2	53	81
	3	12	83
	4	25	80
	5	4	100
Totals	111	84	

(iv) Population range of the mayor’s municipality

Range	1 (code no.)*	36	81
	2	51	88
	3	16	75
Totals	103	84	

***Key to code numbers**

Key to Political Party names (Running from Left to Right ideology): 1. HADEP/PDP (People’s Democracy Party), 2. CHP/RPP (Republican People’s Party), 3. DSP/DLP (Democratic Left Party), 4. ANAP/MP (Motherland Party), 5. DYP/TPP (True Path Party), 6. FP/VP (Virtue Party), 7. MHP/NMP (Nationalist Movement Party), 8. Minor Parties, 9. Bagimsizlar (Independents)

C4. ‘*Speed of service* is a significant positive consideration in privatisation issues’:

(i) Mayor’s current political party

Party name	R=*	% agreeing
Party	1 (code number)*	
2	8	88
3	11	91
4	11	100
5	13	77
6	38	92
7	14	79
8	2	100
9	3	67
Totals	106	86

(ii) Mayor’s experience (seniority)

1 (Five-year terms)	52	87
2	30	87
3+	19	79
Totals	101	85

(iii) Status (type) of mayor’s municipality

Status	1 (code no.)*	17	94
	2	51	82
	3	11	91
	4	25	80
	5	4	100
Totals	108	85	

(iv) Population range of the mayor’s municipality

Range	1 (code no.)*	35	80
	2	49	90
	3	16	81
Totals	100	85	

***Key to code numbers**

Key to status of municipality: 1. Town Municipality, 2. District Municipality, 3. Province Municipality, 4. Metropolitan District and Subdivision Municipality, 5. Metropolitan Municipality.

Key to population ranges: 1. 10k-20k, 2. 20,001-250k, 3. 250k+

R: The number of mayors responding to the statement (agree/disagree/don’t know).

Percent figures are rounded up (0.5+) or down (0.4-).

C5. 'Reducing bureaucracy is a significant positive consideration in privatisation issues':

(i) Mayor's current political party

Party name	R=*	% agreeing
Party	1 (code number)*	
2	6	67
3	8	63
4	11	73
5	12	83
6	13	39
7	39	72
8	15	73
9	2	100
Totals	109	69

(ii) Mayor's experience (seniority)

1 (Five-year terms)	52	71
2	33	73
3+	19	47
Totals	104	67

(iii) Status (type) of mayor's municipality

Status	1 (code no.)*	
2	17	59
3	53	66
4	12	58
5	25	80
Totals	4	100
Totals	111	69

(iv) Population range of the mayor's municipality

Range	1 (code no.)*	
2	35	46
3	52	79
Totals	16	88
Totals	103	69

***Key to code numbers**

Key to Political Party names (Running from Left to Right ideology): 1. HADEP/PDP (People's Democracy Party), 2. CHP/RPP (Republican People's Party), 3. DSP/DLP (Democratic Left Party), 4. ANAP/MP (Motherland Party), 5. DYP/TPP (True Path Party), 6. FP/VP (Virtue Party), 7. MHP/NMP (Nationalist Movement Party), 8. Minor Parties, 9. Bagimsizlar (Independents)

C6. 'Relaxing central control is a significant positive consideration in privatisation issues':

(i) Mayor's current political party

Party name	R=*	% agreeing
Party	1 (code number)*	
2	6	33
3	8	63
4	11	36
5	12	42
6	13	46
7	39	41
8	15	47
9	2	0
Totals	108	43

(ii) Mayor's experience (seniority)

1 (Five-year terms)	51	49
2	32	41
3+	19	37
Totals	102	44

(iii) Status (type) of mayor's municipality

Status	1 (code no.)*	
2	17	41
3	51	48
4	11	25
5	24	46
Totals	4	25
Totals	107	43

(iv) Population range of the mayor's municipality

Range	1 (code no.)*	
2	35	49
3	50	44
Totals	16	38
Totals	101	45

***Key to code numbers**

Key to status of municipality: 1. Town Municipality, 2. District Municipality, 3. Province Municipality, 4. Metropolitan District and Subdivision Municipality, 5. Metropolitan Municipality.

Key to population ranges: 1. 10k-20k, 2. 20,001-250k, 3. 250k+

R: The number of mayors responding to the statement (agree/disagree/don't know).

Percent figures are rounded up (0.5+) or down (0.4-).

C7. 'Limiting trade union influence is a significant positive consideration in privatisation issues':

(i) Mayor's current political party

Party name	R=*	% agreeing
Party 1 (code number)*	6	33
2	8	25
3	11	27
4	11	25
5	13	39
6	38	23
7	14	29
8	2	0
9	3	67
Totals	106	28

(ii) Mayor's experience (seniority)

1 (Five-year terms)	51	35
2	32	19
3+	19	26
Totals	102	28

(iii) Status (type) of mayor's municipality

Status 1 (code no.)*	17	29
2	51	31
3	12	8
4	25	36
5	4	0
Totals	109	28

(iv) Population range of the mayor's municipality

Range 1 (code no.)*	35	26
2	50	24
3	16	44
Totals	101	28

***Key to code numbers**

Key to Political Party names (Running from Left to Right ideology): 1. HADEP/PDP (People's Democracy Party), 2. CHP/RPP (Republican People's Party), 3. DSP/DLP (Democratic Left Party), 4. ANAP/MP (Motherland Party), 5. DYP/TPP (True Path Party), 6. FP/VP (Virtue Party), 7. MHP/NMP (Nationalist Movement Party), 8. Minor Parties, 9. Bagimsizlar (Independents)

C8. 'Public demand is a significant positive consideration in privatisation issues':

(i) Mayor's current political party

Party name	R=*	% agreeing
Party 1 (code number)*	6	50
2	8	38
3	11	64
4	12	42
5	13	62
6	39	39
7	14	50
8	2	50
9	3	67
Totals	108	47

(ii) Mayor's experience (seniority)

1 (Five-year terms)	52	50
2	32	47
3+	19	37
Totals	103	47

(iii) Status (type) of mayor's municipality

Status 1 (code no.)*	17	41
2	52	46
3	12	58
4	25	48
5	4	50
Totals	110	47

(iv) Population range of the mayor's municipality

Range 1 (code no.)*	35	37
2	51	49
3	16	44
Totals	102	44

***Key to code numbers**

Key to status of municipality: 1. Town Municipality, 2. District Municipality, 3. Province Municipality, 4. Metropolitan District and Subdivision Municipality, 5. Metropolitan Municipality.

Key to population ranges: 1. 10k-20k, 2. 20,001-250k, 3. 250k+

R: The number of mayors responding to the statement (agree/disagree/don't know). Percent figures are rounded up (0.5+) or down (0.4-).

C9. ‘Municipalities’ co-operation and *partnership with the private sector* promotes local services’ effectiveness’:

(i) Mayor’s current political party

Party name	R=*	% agreeing
Party	1 (code number)*	6
2	8	38
3	12	33
4	12	33
5	13	8
6	40	28
7	17	18
8	2	50
9	3	67
Totals	113	26

(ii) Mayor’s experience (seniority)

1 (Five-year terms)	54	15
2	33	18
3+	20	50
Totals	107	23

(iii) Status (type) of mayor’s municipality

Status	1 (code no.)*	4	29
2	26	21	
3	12	17	
4	56	31	
5	17	50	
Totals	115	25	

(iv) Population range of the mayor’s municipality

Range	1 (code no.)*	36	25
2	54	20	
3	17	41	
Totals	107	25	

***Key to code numbers**

Key to Political Party names (Running from Left to Right ideology): 1. HADEP/PDP (People’s Democracy Party), 2. CHP/RPP (Republican People’s Party), 3. DSP/DLP (Democratic Left Party), 4. ANAP/MP (Motherland Party), 5. DYP/TPP (True Path Party), 6. FP/VP (Virtue Party), 7. MHP/NMP (Nationalist Movement Party), 8. Minor Parties, 9. Bagimsizlar (Independents)

C10. ‘Municipalities’ co-operation and *partnership with voluntary organisations* promotes local services’ quality’:

(i) Mayor’s current political party

Party name	R=*	% agreeing
Party	1 (code number)*	6
2	8	63
3	12	50
4	12	33
5	12	17
6	40	28
7	15	13
8	2	50
9	3	33
Totals	110	30

(ii) Mayor’s experience (seniority)

1 (Five-year terms)	53	19
2	32	41
3+	19	42
Totals	104	30

(iii) Status (type) of mayor’s municipality

Status	1 (code no.)*	16	31
2	54	24	
3	12	25	
4	26	42	
5	4	50	
Totals	112	30	

(iv) Population range of the mayor’s municipality

Range	1 (code no.)*	35	23
2	53	34	
3	17	35	
Totals	105	31	

***Key to code numbers**

Key to status of municipality: 1. Town Municipality, 2. District Municipality, 3. Province Municipality, 4. Metropolitan District and Subdivision Municipality, 5. Metropolitan Municipality.

Key to population ranges: 1. 10k-20k, 2. 20,001-250k, 3. 250k+

R: The number of mayors responding to the statement (agree/disagree/don’t know).

Percent figures are rounded up (0.5+) or down (0.4-).

C11. 'Comparing municipalities' and the private sector's performance is useful':

(i) Mayor's current political party

Party name	R=*	% agreeing
Party	1 (code number)*	
1	6	67
2	8	63
3	11	64
4	12	58
5	13	23
6	39	54
7	16	63
8	2	50
9	3	33
Totals	110	54

(ii) Mayor's experience (seniority)

1 (Five-year terms)	54	52
2	31	65
3+	20	40
Totals	105	53

(iii) Status (type) of mayor's municipality

Status	1 (code no.)*	
1	16	69
2	55	42
3	12	75
4	25	56
5	4	75
Totals	112	54

(iv) Population range of the mayor's municipality

Range	1 (code no.)*	
1	36	47
2	52	48
3	16	88
Totals	104	54

Key to population ranges: 1. 10k-20k, 2. 20,001-250k, 3. 250k+

R: The number of mayors responding to the statement (agree/disagree/don't know).

Percent figures are rounded up (0.5+) or down (0.4-).

[End of the Principal Table]

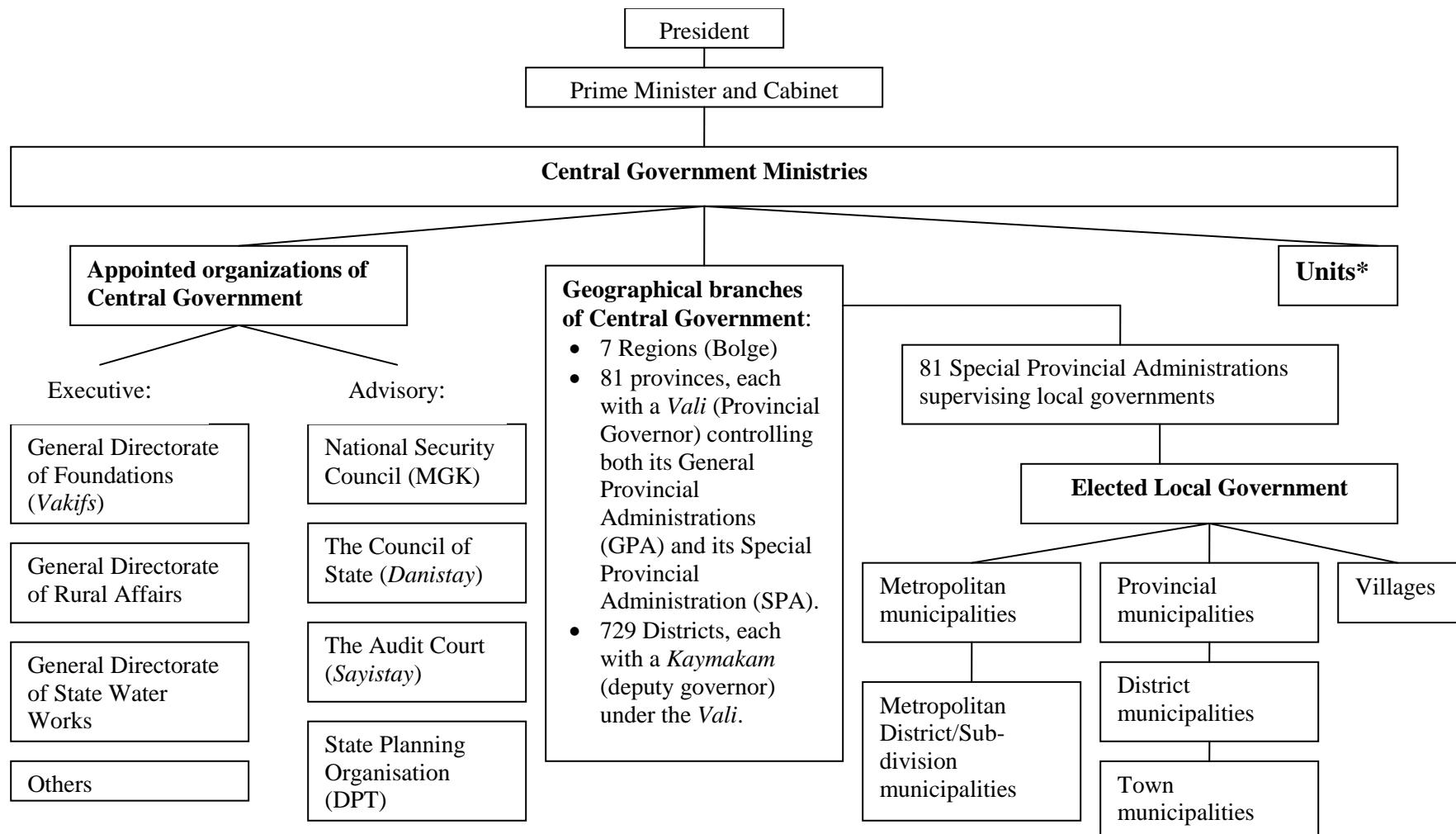
***Key to code numbers**

Key to Political Party names (Running from Left to Right ideology): 1. HADEP/PDP (People's Democracy Party), 2. CHP/RPP (Republican People's Party), 3. DSP/DLP (Democratic Left Party), 4. ANAP/MP (Motherland Party), 5. DYP/TPP (True Path Party), 6. FP/VP (Virtue Party), 7. MHP/NMP (Nationalist Movement Party), 8. Minor Parties, 9. Bağımsızlar (Independents)

Key to status of municipality: 1. Town Municipality, 2. District Municipality, 3. Province Municipality, 4. Metropolitan District and Subdivision Municipality, 5. Metropolitan Municipality.

This completes the Principal Table showing the responding mayors' attitudes to the questionnaire's statements. Chapter 8 (8.3 to 8.7) analyses these attitudes. Chapter section 8.8 reviews the fieldwork methods and the statistical analysis of this survey of mayors. As the Principal Table has shown — and as the analysis in Chapter 8 has discussed — the pro-PSPPS attitudes of these mayors approached consensus level.

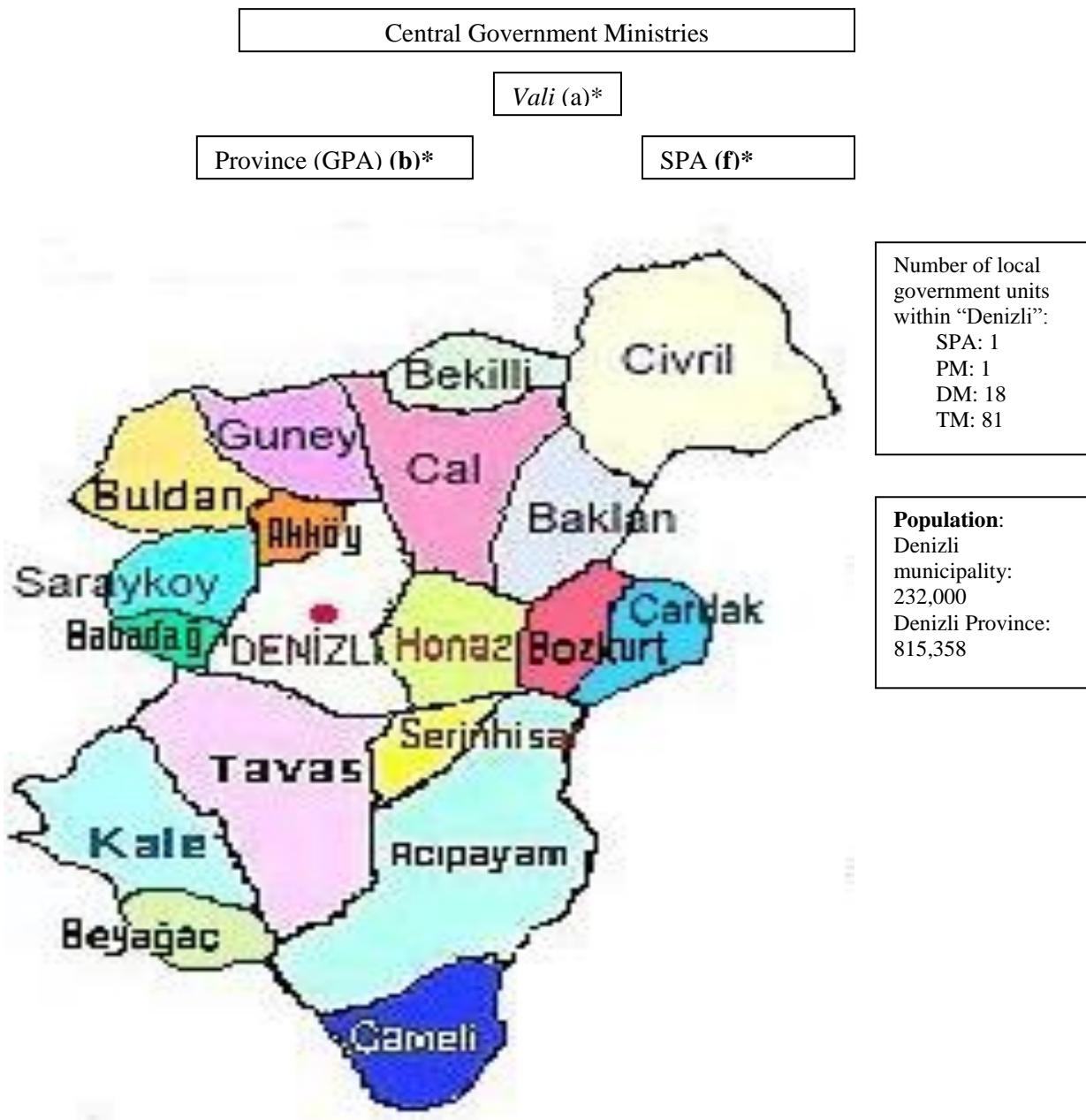
Diagram 3.1: The Structure of Turkish Central and Local Government



*Units are specialist national or local public bodies. They are universities, TRT (Turkish Radio and Television Institution), state economic enterprises (SEEs) and professional organizations such as the bar and chambers of trade.

Source: Adapted from Özturk (1997, 60), Eryilmaz (1999, 84) and the 1982 Constitution of Turkey (1982)

Diagram 3.7 in support of Diagram 3.6
Province of Denizli



a: The *Vali* (Provincial Governor) is appointed formally by the President and responsible to the government mainly through the Minister of the Interior. The *Vali* is the executive head of both of the superior bodies of the Province's dual system: GPA and SPA

b: Province (GPA) as a branch of central government, headed by appointed *Vali*.

d: Acipayam District, a branch of central government headed by a *Kaymakam*.

i: Acipayam District municipality, headed by an elected mayor (There are 18 of DMs in Denizli).

f: SPA as a local government supervising unit headed by the *Vali*.

g: Denizli Provincial municipality, headed by an elected mayor.

j: Town municipalities: several in each District and headed by elected mayors.

Table 8.11 Virtue Party and Left mayors' agreement levels on pro-PSPPS statements analysed by term of office and privatisation experience

(Number of mayors agreeing/disagreeing)

		Mayors who had not privatised				Mayors who had done so			
Virtue Party mayors		Agree	Disagree	d/k;	Total of mayors	Agree	Disagree	d/k;	Total of mayors
One term									
Statement A1 ('privatisation effectiveness')	6	3	1		10	4	-	-	4
Statement A2 ('privatisation quality')	5	3	2		10	4	-	-	4
Statement A3 ('political freedom')	8	1	1		10	4	-	-	4
Two terms:									
Statements A1	3	2	-		5	13	1	1	15
A2	4	1	-		5	12	1	1	14
A3	4	1	-		5	14	-	-	14
Three + terms:									
Statements A1	1	-	-		1	2	-	-	2
A2	1	-	-		1	2	-	-	2
A3	-	1	-		1	1	1	-	2
Left mayors									
One term:									
Statements A1	5	4	1		10	3	-	-	3
A2	6	4	-		10	3	-	-	3
A3	5	5	-		10	3	-	-	3
Two terms:									
Statements A1	1	-	-		1	1	-	-	1
A2	1	-	-		1	1	-	-	1
A3	-	1	-		1	1	-	-	1
Three + terms:									
Statements A1	1	3	-		4	4	-	1	5
A2	1	3	-		4	4	-	1	5
A3	2	2	-		4	3	2	-	5

Note: Totals are 37 Virtue and 24 Left (Five mayors in these two groupings did not respond on one or other of these three statements or their experience (period of office)).

Table 8.3. ‘The reason why I have not yet privatised any local public service of my municipality is not any political opposition to privatisation by me but for some other reason.’

(i) Mayor’s current political party

Party name	R*	% agreeing
Party 1 (code number)*	6	67
2	5	40
3	4	25
4	4	50
5	7	29
6	12	92
7	6	50
8	2	100
9	0	0
Totals	46	59

(iii) Status (type) of mayor’s municipality

	R	% agreeing
Status 1 (code no.)*	7	86
2	29	52
3	4	50
4	6	50
5	1	100
Totals	47	57

(iv) Population range of the mayor’s municipality

Range 1 (code no.)*	R	% agreeing
1	18	44
2	22	73
3	3	0
Totals	43	56

(ii) Mayor’s experience (seniority)

1 (Five-year terms)	29	55
2	7	71
3+	10	50
Totals	46	57

***Key to code numbers**

Key to Political Party names (Running from Left to Right ideology): 1. HADEP/PDP (People’s Democracy Party), 2. CHP/RPP (Republican People’s Party), 3. DSP/DLP (Democratic Left Party), 4. ANAP/MP (Motherland Party), 5. DYP/TPP (True Path Party), 6. FP/VP (Virtue Party), 7. MHP/NMP (Nationalist Movement Party), 8. Minor Parties, 9. Bagimsizlar (Independents)

Key to status of municipality: 1. Town Municipality, 2. District Municipality, 3. Province Municipality, 4. Metropolitan District and Subdivision Municipality, 5. Metropolitan Municipality.

Key to population ranges: 1. 10k-20k, 2. 20,001-250k, 3. 250k+

R: The number of mayors responding to the statement (agree/disagree/don’t know). Percent figures are rounded up (0.5+) or down (0.4-).

Note: The number of respondents (43-47) on this statement was unfortunately fewer than for the opinion data in the next Table.

Analysis now turns to a comparison of those mayors who had not privatised any service and those who had privatised at least one. The two groups’ agreement levels are compared in parallel columns and are then briefly discussed.

Table 8.4 Levels of agreement on pro PSPPS statement, among mayors who had not (or who had) privatised at least one service.

Up to 58 mayors who had <u>not</u> done so
--

Three 'Headline' statements:

A1. 'To increase *effectiveness* of local public services, most of them should be privatised':

(i) Mayor's current political party

Party name	R*	% agreeing
Party 1 (code number)*	6	50
2	5	40
3	5	60
4	5	60
5	8	50
6	16	63
7	8	75
8	3	67
9	0	0
Totals	56	59

Up to 56 mayors who <u>had</u> done so
--

Same statement

(i) Mayor's current political party

Party name	R*	% agreeing
Party 1 (code number)*	0	0
2	3	100
3	6	83
4	7	86
5	5	60
6	24	92
7	8	75
8	0	0
9	2	100
Totals	55	86

(ii) Mayor's experience (seniority)

Five-year terms	R*	
1	36	67
2	10	50
3+	11	36
Totals	57	58

(ii) Mayor's experience (seniority)

Five-year terms	R*	
1	17	88
2	23	83
3+	9	89
Totals	49	86

(iii) Status (type) of mayor's municipality

Status (code no.)*	R*	
1	9	78
2	37	60
3	5	40
4	6	50
5	1	0
Totals	58	59

(iii) Status (type) of mayor's municipality

Status (code no.)*	R*	
1	8	88
2	19	79
3	7	86
4	19	90
5	2	100
Totals	55	86

(iv) Population range of the mayor's municipality

Range (code no.)*	R*	
1	24	63
2	25	52
3	4	50
Totals	53	57

(iv) Population range of the mayor's municipality

Range (code no.)*	R*	
1	12	83
2	28	86
3	12	92
Totals	52	87

*Key to code numbers

Key to Political Party names (running from Left to Right ideology): 1. HADEP/PDP (People's Democracy Party), 2. CHP/RPP (Republican People's Party), 3. DSP/DLP (Democratic Left Party), 4. ANAP/MP (Motherland Party), 5. DYP/TPP (True Path Party), 6. FP/VP (Virtue Party), 7. MHP/NMP (Nationalist Movement Party), 8. Minor Parties, 9. Bagimsizlar (Independents)

*Key to code numbers

Key to status of municipality: 1. Town Municipality, 2. District Municipality, 3. Province Municipality, 4. Metropolitan District and Subdivision Municipality, 5. Metropolitan Municipality.

Key to population ranges: 1. 10k-20k, 2. 20,001-250k, 3. 250k+

R: The number of mayors responding to the statement (agree/disagree/don't know).

Percent figures are rounded up (0.5+) or down (0.4-).

Up to 58 mayors who had not done so

A2. 'To increase *quality* of local public services, most of them should be privatised':

(i) Mayor's current political party

Party name	R*	% agreeing
Party 1 (code number)*	6	50
2	5	40
3	5	80
4	4	75
5	8	63
6	16	63
7	8	50
8	3	67
9	0	0
Totals	55	60

Up to 56 mayors who had done so

Same statement

(i) Mayor's current political party

Party name	R*	% agreeing
Party 1 (code number)*	0	0
2	3	100
3	6	83
4	7	86
5	5	100
6	23	91
7	8	75
8	0	0
9	2	100
Totals	55	89

(ii) Mayor's experience (seniority)

1 (Five-year terms)	36	61
2	10	60
3+	10	50
Totals	56	59

(ii) Mayor's experience (seniority)

1 (Five-year terms)	17	88
2	22	86
3+	9	89
Totals	48	88

(iii) Status (type) of mayor's municipality

Status 1 (code no.)*	9	78
2	36	58
3	5	60
4	6	50
5	1	0
Totals	57	60

(iii) Status (type) of mayor's municipality

Status 1 (code no.)*	7	100
2	19	79
3	7	100
4	19	90
5	2	100
Totals	54	89

(iv) Population range of the mayor's municipality

Range 1 (code no.)*	24	63
2	24	54
3	4	50
Totals	52	58

(iv) Population range of the mayor's municipality

Range 1 (code no.)*	12	92
2	27	89
3	12	92
Totals	51	90

*Key to code numbers

Key to Political Party names (running from Left to Right ideology): 1. HADEP/PDP (People's Democracy Party), 2. CHP/RPP (Republican People's Party), 3. DSP/DLP (Democratic Left Party), 4. ANAP/MP (Motherland Party), 5. DYP/TPP (True Path Party), 6. FP/VP (Virtue Party), 7. MHP/NMP (Nationalist Movement Party), 8. Minor Parties, 9. Bagimsizlar (Independents)

*Key to code numbers

Key to status of municipality: 1. Town Municipality, 2. District Municipality, 3. Province Municipality, 4. Metropolitan District and Subdivision Municipality, 5. Metropolitan Municipality.

Key to population ranges: 1. 10k-20k, 2. 20,001-250k, 3. 250k+

R: The number of mayors responding to the statement (agree/disagree/don't know).

Percent figures are rounded up (0.5+) or down (0.4-).

Up to 58 mayors who had not done so

A3. 'Economic liberalisation improves political freedom and democracy':

(i) Mayor's current political party

Party name	R*	% agreeing
Party 1 (code number)*	6	67
2	5	20
3	4	50
4	5	100
5	8	75
6	16	75
7	8	63
8	3	67
9	0	0
Totals	55	67

(ii) Mayor's experience (seniority)

1 (Five-year terms)	36	67
2	10	70
3+	11	64
Totals	57	68

(iii) Status (type) of mayor's municipality

Status 1 (code no.)*	9	67
2	36	75
3	5	40
4	6	33
5	1	100
Totals	57	67

(iv) Population range of the mayor's municipality

Range 1 (code no.)*	24	58
2	24	71
3	4	50
Totals	52	64

***Key to code numbers**

Key to Political Party names (running from Left to Right ideology): 1. HADEP/PDP (People's Democracy Party), 2. CHP/RPP (Republican People's Party), 3. DSP/DLP (Democratic Left Party), 4. ANAP/MP (Motherland Party), 5. DYP/TPP (True Path Party), 6. FP/VP (Virtue Party), 7. MHP/NMP (Nationalist Movement Party), 8. Minor Parties, 9. Bagimsizlar (Independents)

Up to 56 mayors who had done so

Same statement

(i) Mayor's current political party

Party name	R*	% agreeing
Party 1 (code number)*	0	0
2	3	67
3	6	83
4	7	100
5	5	80
6	23	96
7	9	100
8	0	0
9	2	100
Totals	55	93

(ii) Mayor's experience (seniority)

1 (Five-year terms)	18	100
2	22	96
3+	9	67
Totals	49	92

(iii) Status (type) of mayor's municipality

Status 1 (code no.)*	8	100
2	18	100
3	7	86
4	19	84
5	3	100
Totals	55	93

(iv) Population range of the mayor's municipality

Range 1 (code no.)*	11	100
2	28	89
3	13	92
Totals	52	92

***Key to code numbers**

Key to status of municipality: 1. Town Municipality, 2. District Municipality, 3. Province Municipality, 4. Metropolitan District and Subdivision Municipality, 5. Metropolitan Municipality.

Key to population ranges: 1. 10k-20k, 2. 20,001-250k, 3. 250k+

R: The number of mayors responding to the statement (agree/disagree/don't know).

Percent figures are rounded up (0.5+) or down (0.4-).

