

ISTANBUL: A GLOBAL CITY TO SELL?

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Abstract

The aim of this work is to critically examine Çağlar Keyder's studies on the urban transformation process of Istanbul - a 'global city' candidate of post-1983 era. While doing so, this study first gives a basic overview of the 'global city' literature within the framework of globalization; then considering the writings of Keyder between 1993 and 2010 and tracking course of his ideas on Istanbul's urban politics and by looking at some basic economic indicators, it tries to understand the positioning of Istanbul in the global economic system: What are the roles envisaged for Istanbul and what is the reality? Relating Keyder's writings to the literature, it focuses on a final question: "Does urban transformation process of Istanbul on its way to become a 'Global City' make Istanbul a "better" place to live in or it just sharpens the existing inequalities and creates more polarizations than ever within the society; thus making Istanbul a place 'ready-to-explode' where many "heavens and hells"¹ co-exist?"

¹ David Harvey uses "heaven and hells" as spatially polarized spaces within a city.

1. What is a Global/World City?

Especially after 1980s, “global/world city” concept has become one of the most popular concepts in urban studies and has been used since then as a major hypothesis for analyzing the transformation processes of “big” cities in the era of globalization. Global city literature has mainly been based on the works of John Friedmann who developed the “World city hypothesis” (Friedmann, 1986). In this article, which is built upon earlier works of Manuel Castells, David Harvey, Saskia Sassen, and on the famous article by Friedman and Wolff named "World City Formation: An Agenda for Research and Action" (Friedmann, et al., 1982), Friedmann aimed to provide a basic framework on which further research will be carried out. In his article, Friedman says:

“The world city hypothesis, as I shall call these loosely joined statements, is primarily intended as a framework for research. It is neither a theory nor a generalization about cities, but a starting point for political enquiry.”(Friedmann, 1986 p. 317)

In 1970s, two scholars, Castells and Harvey, studied the city transformation processes from a historical perspective and they formed/exposed the relationship between urban transformation processes and the industrial capitalism.(Friedmann, 1986) With this new perspective, cities have not been regarded as places which are transformed/shaped by diverse innate forces; but

rather they have been regarded as “product of specifically social forces set in motion by capitalist relations of production”(Friedmann, 1986 p. 317). Friedmann, taking this framework as his base, put forward the basic elements that explain the relationship between the urbanization processes and the global economic forces.

In World City hypothesis Friedmann lists various factors such as integration to global economy, historical ties, national policies and cultural influences as the critical factors determining a city’s status; but puts the greatest emphasis on the economic variable and regards it as the most influential of all. His hypothesis suggests that the positioning of a city in the global city hierarchy should be explained by the spatial organization of the new international division of labor which is a product of the economic globalization.

His hypothesis consists of seven basic interrelated assertions:

“

1. The form and extent of a city’s integration with the world economy, and the functions assigned to the city in the new spatial division of labor, will be decisive for any structural changes occurring within it.
2. Key cities throughout the world are used by global capital as ‘basing points’ in the spatial organization and articulation of production and markets. The resulting linkages make it possible to arrange world cities into a complex spatial hierarchy.

3. The global control functions of world cities are directly reflected in the structure and dynamics of their production sectors and employment.
4. World cities are major sites for the concentration and accumulation of international capital.
5. World cities are points of destination for large numbers of both domestic and/or international migrants.
6. World city formation brings into focus the major contradictions of industrial capitalism – among them spatial and class polarization.
7. World city growth generates social costs at rates that tend to exceed the fiscal capacity of the state.” (Friedmann, 1986 pp. 318-326)

These seven statements provided the basic framework on which a global/world city literature as been produced and continuously debated. Many scholars have brought many different perspectives to the global/world city issue and today many scholars from various different disciplines continue to contribute to the literature. To understand a city’s urban transformation process, one needs to consider all these approaches and should study his/her object – in this case Istanbul- in the light of these different approaches and should develop a reconciliation between these approaches that best explains the transformation that the city is going through.

2. Different Approaches to Global City Concept

In the section below, the most widely known theories and critiques of global city literature is discussed through the works of Saskia Sassen, David Harvey, John Friedmann, Goetz Wolff, Manuel Castells and various other scholars.

2.1. New Roles to the Cities: Globalizing Economy and the Shift to Services

Since the emerging of the global/world city literature by 1970-80s, there have been many scholars bringing various perspectives to the subject. Saskia Sassen, who has significant contributions to the literature, defines global cities as follows:

“..the last two decades have seen transformations in the composition of the world economy, accompanied by the shift to services and finance, that have renewed the importance of major cities as sites for certain types of activities and functions. In current phase of the world economy, it is precisely the combination of the global dispersal of economic activities *and* global integration - under conditions of continued concentration of economic ownership and control – that has contributed to a strategic role for certain major cities. These I call global cities.”

(Sassen, 2000 p. 4)

Defining global cities in the context of a transforming global economy, she states that there are three functions that are in common in all global/world cities:

1. Cities as places through which the world economy is organized
 2. Cities as key points and marketplaces for primary industries of the globalization era: finance and service sectors
 3. Cities as key points where services for these leading industries are produced and innovations that are critical for these industries are made
- (Sassen, 2000)

Building her framework on these three points, Sassen puts the greatest emphasize on the globalizing economy, as Friedmann had proposed in his “World Cities Hypothesis”(Friedmann, 1986). She regards global cities as production sites for the leading service industries of the current era and points to the potential of these newly emerging cities in facilitating the articulation of their hinterland to the global economy by providing the network of activities, firms, and jobs that are necessary to run the advanced corporate economy. Dispersal of economic activities together with the increasing need for the global-central control make major cities to focus on the infrastructure and servicing that produce the capability for this type of functioning.

Additionally, Sassen points to the effect of globalization on the classical hierarchy of international cities. She sees economic globalization (through

which new global cities are created) as a new layer that is not lined with the old poor/rich duality; rather she sees it as a process cutting across this old rich/poor divide and building a network of nodes which connect many points from both rich and poor countries.

According to her, global city theory regards the strategic roles attributed to these major cities as the outcomes of the tendencies specific to current globalizing economy: Coexistence of geographic dispersal of economic activities and the need for system integration. In other words, the dispersal of economic activities produces the need for a central control and management. This view is also stated in the works of Friedmann and Golff(Friedmann, et al., 1982). Sassen, taking this proposition as her basic framework, adds to cities, more roles:

“-Cities are postindustrial production sites for the leading industries of this period – finance and specialized services-

-Cities are transnational marketplaces where firms and governments from all over the world can buy financial instruments and specialized services” (Sassen, 2000 p. 22)

The statements above can be verified through empirical studies. To track the urban transformation process of a city various criteria should be historically examined. In Sassen’s work, empirical data of global cities like New York, London or Tokyo are analyzed (Sassen, 2000 pp. 25-27), the statements above

are validated through a comparative study. In all these cities, it is seen that share of manufacturing continues to decrease whereas service sector considerably increases its share. Number of headquarters of transnationals in these cities increases, and many producer services firms in finance, accounting, law and advertising start to locate their offices in these “global cities”. Sassen used the following data (criteria) to measure the “globalness” of the cities:

- Inflows and outflows of foreign direct investment (FDI)
- Top banks in the world ranked by the assets by time and by city
- Sectoral distribution of the FDI by city
- Number of parent transnational corporation and foreign affiliates by time and by city
- Distribution of security firms’ assets throughout the cities and years
- Stock market values of cities by time

While focusing on the outcomes of the new global economy, Sassen also focuses on the new inequalities produced within it. Analyzing the impact of the rapid expansion period that finance and producer services sectors are going through, on the broader social and economic structure of major cities, she states that social and economic polarizations are created in these cities and she relates this increasing inequality to the new social forms emerged in the cities:

“The growth of an informal economy in large cities in highly developed countries

-High-income commercial and residential gentrification

-The sharp rise of homelessness in rich countries”(Sassen, 2000 p. 117)

2.2. World Cities in a World-system

A significant contribution to the global/world city literature is the world-systems perspective, which “has stimulated a new approach to the understanding of capitalism; one which emphasizes the necessity of peripheral forms of capitalism, the importance of the interstate system, and the various forms and degrees of the commodification of labor within the capitalist world – economy”(Dunn, 04) With this view, cities are analyzed from a historical perspective and cities’ changing roles are related to the transformation of the world-system in which they are embedded. It states that the urban sociology should be regarded as a component of the general social change. Dunn in his article says:

“The consideration of urban-rural relationships, larger societal structures, core/periphery relations, and whole world -systems are necessary to the understanding of the development of cities. But the study of cities does provide an interesting angle from which to analyze whole socio-economic systems and the historical processes by which the deep structural logics of systems become transformed.” (Dunn, 04)

World cities perspective deployed by Friedmann-Golffz in their article "World City Formation: An Agenda for Research and Action": In the article, in line with the world-systems approach, the analyses are made in the light of core-periphery relations; they regard the transnational system of space economy as a spatial system which has its own internal structure of dominance/subdominance. They categorize the cities into three groups: Core, semi-periphery and the periphery. Core areas are defined as the ones that are already industrialized. Many corporate headquarters are located in these areas and they are major markets for world production. The semi-periphery areas are the ones that are going through rapid industrialization. They are still dependent on core economies through capital and know-how. The world periphery is the rest of the world which are mostly rural and agrarian.

In this approach, global economy is defined as a linked set of markets and production units under the control of transnational capital. In this network, world cities –which are mostly located in core and semi-periphery countries- function as the control points serving as banking and financial centers, administrative headquarters, centers of ideological control and so forth.(Friedmann, et al., 1982 p. 312) From this perspective, world cities have a dual role: On one hand they serve for transnational capital, on the other hand they serve to their nation states-they articulate their state economies to the global economy. They positioned at the intersection of the global economy and

the territorial nation state. Therefore they primarily function as the bargaining point where transnational capital and states are negotiating and compromising.

2.3. World Cities and Social Transformation: New Inequalities and Social Exclusion

Especially after 1980, cities in most part of the world have gone through rapid urbanization due to increasing integration to the global economy. What this urbanization brings with it and the way it is managed by the city and its residents have been a critical issue in the urban studies.

Harvey,(Harvey, 2008) who analyzes the globalization and the urban transformation processes in relation to neo-liberalism, defines urbanization as a class phenomenon and argues that it has played a particularly active role in absorbing the surplus product that capitalists perpetually produce in search for profits. Through a historical analysis, he states that many activities (infrastructural investments, real estate development projects etc.) carried out by the political administrations in fact were serving to resolve the capital-surplus absorption problem. Most of the time urbanization policies have been deployed as a way of stabilizing the global economy. As was the case in US, rapidly growing property-markets in many countries directly absorbed a great deal of surplus capital through the construction of city center and suburban homes and office spaces. Harvey developed the concept of “right to the city” and regarded the freedom to make and remake the cities and people living in the

city as “one of the most precious, yet most neglected of our human rights”(Harvey, 2008 p. 23).

With the changing economics of the cities – decrease in manufacturing sector, expansion of an informal sector driven by the white-collar demand, weak unions and simultaneous development of high-paying jobs and low-paying jobs – the social structure of the cities dramatically changed, leading to an economic polarization. Consequently today, high and low-income profiles coexist in the same city. With the urbanization process, the city starts to cater to these high-income residents’ life styles and their occupational needs through the use low low-skilled workers(Friedmann, et al., 1982). A social polarization is produced as a result of the economic polarization.

The city adapts itself to the economic polarization both physically and socially(Friedmann, et al., 1982): There’s a lower city –mostly populated by local or international immigrants (most of the time with a different ethnic origin) motivated by low skill-low paying jobs- serving underclass; and there’s an upper city serving to upper-class needs and interests. Friedmann and Golffz say:

“In its internal spatial structure, the world city may be divided,, into the ‘citadel’ and the ‘ghetto’. Its geography is typically one of inequality and class domination. The citadel serves the specific needs of the transnational elites and their immediate retinues who rule the city’s economic life; the ghetto

is adapted to the circumstances of the permanent underclass.”(Friedmann, et al., 1982 p. 325)

World cities contain great inequalities which lead to exclusion and polarization in the city, both socially and spatially. This is one of the outcomes of globalization triggered urban transformation processes that every world city is facing and will continue to have in the absence of new social policies(Keyder, 2005).

2.4. Gentrification

Gentrification, a process that all the global cities have witnessed and are still witnessing, refers to the urban transformation processes as a result of which working-class and poor residents are replaced by middle classes. Accompanied by major infrastructural developments and a rapidly growing real estate and construction sector, gentrification was first defined by Ruth Glass in 1960s:

“One by one, many of the working class quarters of London have been invaded by the middle classes – upper and lower. Shabby, modest mews and cottages – two rooms up and two down – have been taken over, when their leases have expired, and have become elegant, expensive residences. Larger Victorian houses, downgraded in an earlier or recent period – which were used as lodging houses or were otherwise in multiple occupation – have been upgraded once again ... Once this process of “gentrification”

starts in a district it goes on rapidly until all or most of the original working-class occupiers are displaced and the whole social character of the district is changed.” (Smith, 2002 p. 438)

Clark states that the 40-year-old gentrification definitions are too narrow to explain the urban transformation processes of the current era and suggests a new and broader definition:

“Gentrification is a process involving a change in the population of land-users such that the new users are of a higher socio-economic status than the previous users, together with an associated change in the built environment through a reinvestment in fixed capital. The greater the difference in socio-economic status, the more noticeable the process, not least because the more powerful the new users are, the more marked will be concomitant change in the built environment. It does not matter where, and it does not matter when. Any process of change fitting this description is, to my understanding, gentrification.”
(Clark, 2005 p. 263)

Gentrification is another dimension added on top of the spatial segregation being experienced in the global cities: Global cities are first polarized socio-economically with the urban transformation processes in line with the global city strategy; then through gentrification processes old residents of new high valued (mostly central) parts of the cities are replaced with the new higher class

‘gentrifiers’. Smith, regarding gentrification as processes by which interests of certain groups are prioritized over the others’, states that gentrification is also globalized as the cities are globalized (Smith, 2002). All the ‘global cities’ go through the gentrification processes as a result of which huge populations² are replaced mostly to the peripheries of the cities; creating again a social and spatial segregation within the city. Gentrification, which is fed by and feeding the inequalities brought with the globalization, is regarded as the new urban strategy of the current era all the ‘global cities’ are facing; replacing the liberal urban policy (Smith, 2002).

2.5. Critiques of Global/World City Approach

Global city theory is still a very popular approach in urban studies. Although many scholars find it a very useful hypothesis in understanding the urban transformation processes - through which cities are articulating to the global economy- many scholars approached it skeptically and developed critiques of it.

M.W. Danson claims that the categorization of cities as global cities and analyses based on the commonalities of these cities have the risk to downplay the roles of national systems of cities and the conditions of host national economies play in their success.(Danson, 1999) Danson also emphasizes that there’s not an agreed definition of a world city concept: It means different

² For the Olympic Games in Beijing, 1.5 million people have been replaced. For the details, see http://www.usatoday.com/sports/olympics/2007-06-05-3431055449_x.htm

things to different observers. Consequently, with this “fuzziness”, “attempts to operationalize ‘world cities’ often result in the marshalling of disparate kinds of data and evidence, much of which illuminates only one facet.”

Castells alleges that there’s not a hierarchal set of world cities ranked on a vertical scale. Instead he has a different definition for the global city concept:

“.. There are not a few global cities (although some cities are very important in the global networks), but one global city. This global city is not New York or London. It’s a transterritorial city, a space built by the linkage of many different spaces in one network of quasi-simultaneous interaction that brings together processes, people, buildings and bits and pieces of local areas, in a global space of interaction. The global city is not a city, it is a new spatial form, the space of flows, characterizing the information age.”(Castells, 2002 p. 372)

On the other hand, Öktem sees world city theory as the framework upon which world city discourse is built (Öktem, 2006). According to her, this discourse, by taking the neoliberal agenda and the globalization as given, serves to legitimize the neoliberal discourse which puts cities in competition to each other in the international arena, and encourage cities to regulate their economies and carrying out gentrification processes with the aim of attracting more investment. She states that world city theory is not just an analytical tool to study urban transformation processes; instead, it is a discourse that suggests the

economic, political, social and spatial policies to cities on their way to become a global city.

Another critique of the global city hypothesis proposes a distinction between global city and international city (Ercan, 1996). According to this distinction, international cities are places that serve as a transition point between their country and the real global cities. The only function of international cities is to articulate less developed regions of the world to the global market economy exploiting their historical ties and accumulations. They are never control centers such as New York or London, rather they are producers making export oriented production or they are just subcontractors whose responsibilities are redefined in this new era of capitalism.

2.6. Critiques of Global/World City Approach within the Framework of Globalization

Although many critiques of world city hypothesis have been developed since its emergence in the academia in post-1980 era, many of these critiques lacked the perspective which makes an analysis of these global cities in the broader framework of neoliberal globalization and its impositions. David Gordon, Linda Weiss and Samir Amin have developed the most important critiques of 'globalization'.

Globalization: A New Phase or a Decay of the Old Order?

David Gordon critically analyzes the claim that world economy is going through a rapid transformation period and challenges the allegation that this “new” period and the changes brought with it are the signs of a new global order (Gordon, 1988). Taking the assumptions regarding the New International Division of Labor (NIDL) and Globalization of Production (GOP) [‘NIDL/GOP perspectives’] into consideration and by testing these assumptions through the historical analyzes of various basic indicators such as the distribution of global production, share of countries in manufacturing value added, world trade figures he concludes that the “structural changes” alleged to exist in the current era are no more than the symptoms of a decaying system – rather than the signs heralding the emergence of a new global order.

“It is not always easy to discriminate between the decay of an old order and the inauguration of a new.....Widespread perceptions about the NIDL and the GOP have been significantly distorted and that much of the conventional wisdom prevailing on the left (and elsewhere) about the recent changes in the global economy requires substantial revision. These changes are best understood as not as a symptom of structural transformation but rather as a consequence of the erosion of the social structure of accumulation which conditioned international capitalist prosperity during 1950s and 1960s. We are still experiencing the decay

of the old order and not yet the inauguration of a new.” (Gordon, 1988 p. 25)

Globalization: A Myth?

Linda Weiss, questions the assumptions regarding the “new global order” in the light of empirical data and comparative studies, and she alleges that globalization does not advance as proposed by the ‘new global orthodoxy’ (Weiss, 1997). She examines the economic indicators regarding the changes alleged to occur in the era of globalization. By specifically focusing on the role of the states and their redefined/new positions in the current era, she concludes that states are not weakened by the rise of transnational’s increasing power but changed their positions as being the new ‘catalyst’s of the economic order in current era. They are not losing their power; rather they are adapting to this new ‘internationalized’ world by changing/re-defining their roles.

Weiss also claims that the world is not going towards globalization, rather it is experiencing regionalization:

“the world economy is an internationalized economy, increasingly a regionalized economy; but it is not genuinely a globalized economy in which territorial boundedness and geographic proximity have declining importance for economic accumulation. While money and finance have increasingly become ‘global’ in some – but not all – aspects of their

operation, the same cannot be said of production, trade or corporate practice” (Weiss, 1997 p. 26)

Weiss also challenges the idea that the world economic system is converging to a neoliberal model of economy. She sees states as adaptive and critical players in the world economic order, especially in their international and domestic connections. Together with the conflicting interests and states’ redefined roles in the world economy, she regards a compromised neoliberal model of economy improbable. She states:

“Change is indeed occurring, but by the end of the millennium, one should be able to see more clearly that the changes in the process in different national systems are those of adaptation rather than convergence on a single neoliberal model” (Weiss, 1997 p. 26)

“The ability of nation-states to adapt internalization – so-called ‘globalization’- will continue to heighten rather than diminish national differences in state capacity and the accompanying advantages of national coordination” (Weiss, 1997 p. 27)

Globalization or De-linking?

Although there's a vast literature on propositions and the critiques of the globalization from many different perspectives, most of these various perspectives agreed upon the fact that globalization process is inevitable. In most of these studies globalization has been heralded as the new global order emerging out of the collapse of national developmentalism – states losing their traditional roles in the world economy and transnationals replacing them. Although these assumptions have been debated for years and a huge literature has been created thanks to these debates, well built alternatives to globalization remained very few throughout the years. One of the most important alternatives to the neo-liberal globalization has been developed by the Egyptian political economist Samir Amin: Delinking.

Resting upon the studies of Polanyi, Braudel, and Wallerstein, Amin analyzes the world economic system from a historical perspective and sees globalization as a process not specific to this era(Amin, 1996). He deploys world-cycles theory to identify the different phases of accumulation throughout the world history; thereby he tracks the course of the relationship between the politics and economics in every phase and positions the current globalization in the world history by relating it to the current accumulation crisis of capitalism. Focusing on the financialization of capital, he sees it as an outcome of stagnation in the expansion of productive systems. He regards the financialization as a mode of

crisis management to challenge stagnation in the growth productive systems, he states:

“As it does not create conditions for a new system of accumulation, the unbridled globalization that the existing powers are trying to impose effectively reduces economic policies to the status of crisis management policies. I have proposed interpreting the ensemble of measures employed – liberalization without frontiers, financial globalization, floating exchange rates, high interest rates, the external budget deficit of the US, the external debt of the southern and eastern countries - as a perfectly coherent set of crisis management policies offering financial placements to capital which would otherwise be massively devalued through the lack of any profitable outlet in the expansion of systems of production”(Amin, 1996 s. 250)

Samir, defining monopolies of the core (technology, finance, access to resources, culture, armaments) foresee that the imbalance between the core and periphery will create more polarizations than ever between these two groups of countries. He sees these monopolies as the ‘manifestations of political, social, cultural and ideological power’ rather than the outcomes of market mechanisms. (Amin, 1996 s. 255)

Making an extensive analysis of the historical capitalism and the globalizations experienced through the history of capitalism, Amin regards the future of the

current globalization as uncertain. As a recipe to imposed neoliberal agenda and the increasing/reproduced polarization between the core and the periphery, Amin develops the theory of delinking. Contrary to the views regarding the national developmentalism as collapsed, he proposes self-centered development policies to the periphery countries – which he name as de-linking.

“[Southern Countries] will then have to revert to the inevitable concept that development is necessarily self-centred. To develop oneself means defining, in the first place, national objectives allowing for the modernisation of productive systems and creating internal conditions that uses it to promote social progress, and then subjecting to the exigencies of such logic, the modalities governing relations between the nation and developed capitalist centres. This definition of delinking – which is not autarky – situates the concept miles away from the opposite principle of “structural adjustment” to the exigencies of globalisation, which is therefore necessarily subjected to the exclusive demands for expansion of the dominant multinational capital, thereby deepening inequalities at the global level.”(Amin, 2004 p. 10)

By delinking and self-centric development, he proposes to turn the current logic of international system upside down. Instead of adopting the existing global trends, he defends changing those trends so that they will fit into internal needs. He advocates for the initiatives taken by the independent peripheral countries – ‘auto-centered but non-autarkic national economies’ (Amin, 2010 p. 3)

Idealizing a polycentric world as the outcome of delinking where less unequal economic and political relationships between regions and countries exist , Amin suggests the deployment of new social policies built on three dimensions on the way to form an “alternative”³: Social progress, democratization, forming globalizations that provide society-wide economic and social development.(Amin, 2004 p. 11)

Amin also is critical of the policies aimed to reduce the economic and social polarization coming along with the globalization. Exposing the mechanism fostering ‘pauperization and polarization’ in the urbanized populations⁴ in the second half of 20th century, he relates this polarization within the urban populations to the developments which position the third world peasant societies as the periphery. He regards the new ‘corrective’ social policies aiming to challenge the increasing polarization - thus poverty - as useless since they lack the critiques of liberal dogmas through which the system reproduces itself.⁵

³ For the details of the these dimensions, see (Amin, 2004)

⁴ “the proportion of the precarious popular classes rose from less than one-quarter to more than one-half of the global urban population, and this phenomenon of pauperization has reappeared on a significant scale in the developed centers themselves. This destabilized urban population has increased in a half-century from less than a quarter of a billion to more than a billion-and-a-half individuals, registering a growth rate which surpasses those that characterize economic expansion, population growth, or the process of urbanization itself.” (Amin, 2004 p. 4)

⁵ Keyder’s ‘new social policy’ suggestions mentioned in Chapter 3 should be analyzed within this framework. For a more detailed analysis, see Chapter 5.

3. Çağlar Keyder's Writings on Istanbul

Keyder's writings on Istanbul in chronological order:

- 1993 – İstanbul'u nasıl satmalı?
- 1994 – Globalization of a Third World Metropolis: Istanbul in the 1980's
- 1999 – Setting, Synopsis
- 2005 – Globalization and Social Exclusion in Istanbul
- 2006 – Express Periodical - Interview
- 2009 – Istanbul in a Global Context
- 2010 – Küreselleşen İstanbul'da Ekonomi

Çağlar Keyder, a sociology professor at Boğaziçi University, has been writing on Istanbul's urban transformation process for a long time. Since 1990's, he analyzed Istanbul's transformation process in the context of globalization, through the "global city" concept. His 1993 dated article (Keyder, 1993) triggered further debate on Istanbul's urban politics in the era of globalization and helped to creation of a literature on Istanbul's urban transformation process.

3.1. Main Framework: Collapse of National Developmentalism

Keyder, in his writings on Istanbul, put special emphasis on the changing economic policies of the third world countries after 1970's. He suggested that the shift of economic policies from national developmentalism to global market

economy should be the main framework through which Istanbul's urban transformation process should be studied.

Following the end of Second World War, many of the new independent states adopted "developmentalist" policies as their economic policies to follow. Deploying protectionist and import-substituting policies, they intended to achieve high and sustainable growth rates for their continuously increasing populations. But by 1970's, long term positive growth and investment rates could not be achieved; the following years many countries recorded negative growth and high unemployment rates. Consequently, by 1980's, many developmentalist states could not achieved what they had promised. Decreasing US hegemony (translating into decreasing US financial support) and the adoption of new policies such as floating exchange regime were indicators of a tendency towards a more de-regulated international system (Keyder, 1993). As a result, 1980's were the years many states gave up developmentalist plans and adapted to a new world: a globalizing economy with decreasing power of central states on their economies.

3.2. Changing Role of Cities in the Era of Economic Globalization

For Keyder, one of the turning points in the urban history of Istanbul is the shift in the economic policy of Turkish Republic: from national developmentalism to globalism. With the abandonment of developmentalist policies, cities (as they were in the pre-1914 era) re-gained their independencies (Keyder, 1993 p. 101).

After the First World War, in favor of developmentalist policies which prioritize national interests over the regional ones, many cities had lost their economic and cultural importance. This was especially apparent in the countries where the political and economic centers were different and even competing; where old economic center was subordinated under the rule of new political centers: Brasil and Sao-Paolo or Ankara and Istanbul (Keyder, et al., 1994).

3.3. Cities Articulating Their States to Global Economy: Cities as Commodities

Following the failure of development policies, the new/re-organized world system transformed the degree of power that capital exerted on states (Keyder, et al., 1994 p. 386). Before this era, the economic policies of developmentalist countries were primarily had been determined by central states. Thereby, central states could defend their interests in cases where there is a contradiction between the interests of capital and states. But with the structural adjustments, liberalizations and the privatizations of the post-1980 era, capital's interests have been more prioritized and became easier to impose due to decreasing power of the central-national economies. It is with this shift that national or non-national capitals and the states started to seek after the transnational capital; consequently cities stood out with their "marketable aspects" on their way to become a global city. As economies obtained their autonomies, so did the cities, and many cities throughout the world emerged as new growth poles.

The emergence of cities as new economic actors (regaining their pre-1914 era statuses) led to a re-positioning in the city-state hierarchy. With the economic globalization and the decreasing hegemony of central economies on their boundaries, cities were positioned as the driver of the economic growth in their national economies. In this new era, cities became the economic centers of not only their immediate vicinity, but also of their nation states and their neighboring national economies and regions. Using the wide network of neighboring cities/regions and political centers as their expanded hinterlands, these globalizing cities were the main nodes facilitating every kind of flows the new global order needed. Keyder and Öncü, in their article Third world metropolis argue:

“Cities, which have historically evolved under the aegis of strong national governments and their bureaucracies, are now opening to the international economy to compete with cities across national boundaries. The question for analysis here is which cities forge ahead to exploit emergent niches as political economy of world regions is reconstructed under the impact of global forces”(Keyder, et al., 1994 p. 385)

Thanks to new communication and transportation technologies, new global order is characterized by fast and sudden capital movements. Consequently, capital has gained the flexibility to leave a place whenever needed (when profit rates tend to decrease) and invest in another place at the expense of the former

city/country. It is due to this flexibility that many cities are competing with each other on their way to become a global city. Öncü and Keyder states:

“With the newly-available technologies of communication and transportation, fixity of investment has lost much of its meaning; getting a less than desirable reception. It is in this context that we have to evaluate the possibility of entrepreneurship by and for cities.”(Keyder, et al., 1994 p. 388)

In this view, entrepreneur cities or global city candidates should take initiative to carry out the necessary activities to attract more and most transnational capital. One of the main concepts here is ‘producer services production’. Producer services are the services that an international firm which manages its many dispersed activities from a central point could need: Communications, computers, data services, financial institutions, accounting, management, marketing, consulting, legal firms, media and advertising companies, and design and engineering companies(Castells, 2002),(Keyder, et al., 1994). The cities that restructured themselves to facilitate the exercise of this remote control for the headquarters are the great cities of the world – namely, global cities. They are the centers of capitalist organization and most important of these centers can now consider the whole world as their hinterland.

Re-structuring of the world economy, and re-defined roles of the cities led to a city hierarchy among the world metropolises depending on the variety and quality of the producer services they provide. In this hierarchical ranking, on

the top there are the commanding cities where decision making by capital and by global political class occurs; on the second level there are the cities taking commands from the top but at the same time dealing with the local cities that are not integrated into the global economy as much as the first two groups. These secondary cities “house some headquarters and certainly accommodate international decision-making and service units, which, however, are more in nature of transmission and conduit” (Keyder, et al., 1994 p. 390).

These top cities are places where the most innovations in communication and transportation technology (which will feed in the development of producer services) are made and a high-qualified white collar population are attracted and dwelled. To attract the transnational capital to a city through the headquarters, available technological infrastructure and the qualified human resource have been of critical importance.

This is where the conscious initiative taking stands out as a critical component of a city’s global city strategy. Considering Istanbul as a second level city focusing on more intermediary responsibilities, Keyder and Öncü puts a critical emphasis on initiative taking and entrepreneurship. According to them, a city should not fall behind its competitors in this ‘race’ to become a global city; they should develop the power structure and the vision to facilitate the needed urban transformation.

“Those who are in a position to engage in this entrepreneurship will have to carefully think about the niche where the city present itself and will have to come up with an image of the city to advertise, and indeed to sell. Successful cities have all engaged in such a sales effort; those cities which lack the power structure, or the vision, or are too encumbered by conflict that makes the evolution of such a vision is difficult, fall behind in the competition.” (Keyder, et al., 1994 p. 391)

3.4. How to Sell Istanbul?

As summarized in the section above, in their analysis of global cities, Keyder and Öncü propose an aggressive entrepreneur strategy for cities on the way to become a global city: Cities should act like firms whose products are valued in a free international market where a strong competition exists. Within this general framework Keyder focuses on Istanbul; first he gives a historical analysis of urban politics in Istanbul, then he suggests strategies to be deployed for Istanbul to achieve the Global City status.

Keyder, while approaching Istanbul in this context, argues that the Istanbul has the potential to climb up in the hierarchy of world cities, reaching the global city status which will greatly increase the limited resources of the city. His main concern is that this ‘opportunity’ may be lost in favor of short term populist politics and at the expense of economic growth. He states that the traditional urban politics had been perceived to consist of only municipal services or redistribution of economic resources, and left the cities with a critical trade-off: growth vs. equality. And in this critical era of the history – economic globalization – short term populist politics created by this narrowing trade-off might result in an exclusion from the global world economy in the long term (Keyder, 1993 p. 99).

3.5. A Historical Overview – Era of Populisms

In the period till 1980's, Istanbul had remained as an important cultural and economic (and therefore accumulation) center and as a service producer thanks to its status in 19th century. At the same time it was the locus of the urbanization attracting many immigrants from all over Turkey. But it could not freely direct/manage its course of development in this period due to a superior political entity dominating it: Turkish national state with its political center Ankara.

Keyder states that Istanbul was always a primary city in its region, except the period of 1930-1980 where national developmentalism was deployed as the ruling development strategy of the era. Since the 19th century, till 1920s and 1930s it was a transit point for the whole region, a warehouse, a commercial point and a trade exchange center. With many banks and commercial firms, with its cosmopolitan population Istanbul was of a great importance for its region in pre 1914 era.

According to Keyder, today the city is going through a very similar period, with the only difference seen in the level of technological development. Now Istanbul has the potential to meet the transnational capital's needs specific to this era thanks to its capability of producing producer services. Istanbul has an opportunity to become a global city, articulating to the global network as an important node, functioning as a decision-making point for the capital which is

not only interested in Turkey, but also the other countries of the wider region such as Georgia, Romania, Azerbaijan, and Middle Eastern countries.

Istanbul already has started to provide these kinds of services and by looking at the trends in the following indicators; this change can easily be tracked⁶:

- The growth in services sector
- Qualified staff available to be employed by these sectors
- Infrastructural developments
- Number of 5-star hotels in the city
- Modern office buildings
- New residential areas

By looking at these, Keyder sees Istanbul as a city ready-to-jump to the top levels of the global city hierarchy. On this route, what Istanbul needs is “a future perspective, a competition strategy which will provide the necessary resources, a dynamic institutional structure and a political administration that saved itself from the ‘redistributional populist politics’ and that is aware of the potential returns and the loses due to missing opportunity”(Keyder, 1993 p. 108).

At this point Keyder states the potential reasons underpinning the possible objections against his “global city” proposal:

⁶ For a detailed analysis of these indicators in Istanbul, please see Chapter 4.

- The city has very limited resources and an important part of the city has disastrous living conditions. Municipal services to these parts should be of prioritized importance.
- In Istanbul becomes a global city, the privileged classes will have the most benefit of it. Economical and social polarization will increase.
- In a city like Istanbul which grows 5-6% a year, it would be naïve to expect the end of populist politics. (Keyder, 1993 p. 108)

Although Keyder states that these are rational oppositions, he states that three main facts which underpin his global city proposal and relate them to the oppositions above:

- With the new era of globalization, it is impossible to have “a national development” in isolation from the world; the only option is to integrate to the global economy. The more successful the integration is the more will be the resources allocated. Consequently, the only alternative to the integration is exclusion from the world system. Istanbul, being one of the most populated cities in Europe and attracting many immigrants from other cities, should increase its limited resources. And the only way to achieve this passes through the integration to the global system.
- An integrated Istanbul to global system will result in the integration of Turkey to the global system as well. Therefore, a failure in integration will in part be a punishment for the rest of the population.

- Prioritizing the redistributive problems, which leads to short term zero-sum policies, should be perceived as obstacles to be overcome. The main problem is not the fair distribution problem; it is the limited resources that push the economic and political systems hard. In the current era, the best way to increase the resources is to articulate to the global economy. Then the issue would be reduced to the problem of developing a policy that will problematize the distribution problem. (Keyder, 1993 p. 109)

3.6. The Fundamental Dilemma

Following 1980's, with mayors becoming more autonomous in their decisions for the city; municipalities in Istanbul started to invest in the urban infrastructure of the city to meet the needs of the global economy (Keyder, et al., 1994). Concentrating on these investment activities, the city attracted greater investment and hence created an appropriate climate for entrepreneurship. By the policy shift from populism to entrepreneurship, the mayor now had to respond to the demands of prevailing economic groups, professionals and other voices of the urban middle class (Keyder, et al., 1994 p. 417). Since then, interest groups, rather than the political clients have been more influential on the mayor's decisions. This is the basic fundamental dilemma of the globalization process that cities have to face.

Cities being transformed in the economic globalization make critical investments in their urban infrastructure that will facilitate the growth of the transnational capital. As the capital is flourished in the globalizing city, more investments are made to sustain the capital boom and as a result, the city started to stand out of the rest of the country with its proliferating economic activity. With the increasing social and economic polarization within the country and the abundance of economic opportunities presented in the globalizing city, the city becomes a point of attraction for the low-income profile living in other cities of the country. Thus, with their privileged locations on the global economy, the global cities attract migration both from other cities of their states and other countries. These are the places which attract both high-qualified white collars and low-skilled workers - who will serve to meet the needs of the former. This bi-polar migration creates an increasing inequality income within the city:

“On the one side are the globalized professionals whose incomes and life-styles do not change appreciably from one global city to another. At the other pole are the professionals can at least find a job, and the ones who cannot find even these jobs and thus resign themselves to joining the large corps of the marginal population. It is, of course, the increasing numbers of this marginal population which makes metropolises of the South ungovernable. And, it is also the case that the more ungovernable the city the less its chances of supplying security which is a prerequisite for foreign investment and the location of foreign personnel. These

dilemmas are very much present in Istanbul.”(Keyder, et al., 1994 p. 418)

According to Keyder and Öncü, the key question the globalizing Istanbul then would be “Whose interests will be served? Of the new immigrants or the globalizers?” Considering the limited resources of the city, they address the globalization as the recipe:

“Greater globalization seems to be the recipe for accumulation; but accumulation brings with it, at least in the short to medium run, an income and employment polarization. On the other hand, if national developmentalism is indeed over, failing to act on the global option is tantamount to accepting an indefinite involution. Populism is popular only in the short run and condemns to long run stagnation.”(Keyder, et al., 1994 p. 419)

Seeing globalizing city as the driver of the national economy, Keyder and Öncü favors the full integration to the circuits of capital.(Keyder, et al., 1994) According to them, loss of this opportunity would be a loss for all the residents of the country. At this point the city faces the fundamental dilemma: Populist politics towards new immigrants will imply a detachment from the global economy, on the other hand pressure from the globalizers (urban entrepreneurship and interest groups) will emerge as the other factor counterbalancing the first. And the resolution to this dilemma will be heavily

dependent upon the urban and national strategies deployed by the policy makers.

3.7. Social Exclusion and the Need for a New Social Policy

Keyder's famous article dated in 1993 (Keyder, 1993) and his other articles following it mainly debated the global city proposal. In these articles, Keyder primarily focused on the "benefits" that will come along with the globalizing city and suggested "to do's" on the way to become a global city with the ultimate goal of climbing up to the top of the world city hierarchy; rather than discussing the costs brought with globalization. But in 2005, in his article titled "Globalization and Social Exclusion", the issues such as social exclusion, welfare state and possible institutions to support the disadvantaged parties in the globalizing city were argued for the first time in this detail (Keyder, 2005); signing a clear shift in Keyder's perception of globalization.

In this article, Keyder first gives a historical overview of Istanbul's urban transformation process and then comes to the issue of welfare regimes (Keyder, 2005). With the prevailing market liberalism in US and Europe, the welfare regimes deliberately have been delegitimized and populist discourse was left out of the agenda. Istanbul on the other hand was a different case in the peak immigration periods. There has never been a formal welfare policy⁷ towards immigrants in Turkey, but instead there has been an informal mechanism

⁷ "Formal welfare provision by the state was confined to the formal sector and even then only provided an insignificant unemployment compensation.", (Keyder, 2005 p. 7)

working through traditional links and operation of networks. And one of the most effecting informal welfare policies in the developmentalist era was the policy of allowing illegal land occupation and informal housing:

“in the particular case of Istanbul the acquiring of land and housing, and the networks accessed through this process, were crucial elements of social integration at economic, political and cultural levels. The emergence of social exclusion was, therefore, in large part due to the collapse of these mechanisms through changes that made access to land and housing difficult — both because of the new nature of the land market, and because of the changing composition of the new immigrants. Without the grounding accorded by being situated in the place of a socially constituted neighborhood, the new immigrants could not count on the information, the mutuality and generalized reciprocity enjoyed during the process of urbanization in the earlier era. Failures in the market now meant they might have to relocate in search of cheaper housing, without the chance to establish neighborhood credentials. Since no formal mechanism of social housing existed, the failure of the informal mechanisms translated to being adrift and groundless, and in some cases homeless.” (Keyder, 2005)

With the absence of both traditional networks and populist politics, new immigrants in 1990s and 2000s differed significantly from the previous waves of immigrants. These new immigrants (mostly Kurdish citizens immigrated

primarily due to the ongoing war in East and Southeast Anatolia), were deprived of the informal supporting mechanism accessed through the traditional networks. They settled on the old shantytowns of the city. They're hardly employed in the constructions work unlike the immigrants of the previous eras.

“The new immigrants are socially excluded: unlike the older immigrants who could assure socio-economic integration through the mobilization of network relations, they lack the material resources and the social capital necessary for any integration. They also often face the threat of political exclusion. For them, existence in the city is an enforced game of survival in a hostile environment. Against this background the failure of the informal welfare mechanisms of the previous period becomes more alarming.”(Keyder, 2005)

Giving an overview of the existing social segregation in Istanbul in 1990's and 2000's, Keyder points to the extreme polarization in the society and to the fear rhetoric built upon this fear. With this fear of a class conflict or “social explosion”, fed very much by the mainstream media, the demands of these new immigrants are tended to be perceived through modern/traditional categories or considered as outcomes of the differences in culture, ethnicity or class. Built upon this perception, the failure to modernize presented as a result of the inability of “traditional” people to modernize, rather than an outcome of the absence of mechanisms supporting newly immigrated people in their adaptation to city.

“In combating such multi-leveled social exclusion, the older mechanisms of social integration that helped incorporate the migrants into the urban world of Istanbul no longer provide remedy. Nor is it possible to ascribe the impasse to temporary economic difficulty, or to conjunctures of successive crises; there is, in fact, a more permanent and structural transformation. Given the changes in the nature of employment, the greater commodification of land and housing, and the operation of global markets, Istanbul will never return to the situation where immigrants could be accommodated and gradually incorporated into the formal sector. Whatever growth there will be will most likely be ‘jobless’, with the employment available to new immigrants generated in sectors that offer none of the formal benefits and stability that were expected in previous times.”(Keyder, 2005)

In the conclusion section of his article, Keyder states that new welfare institutions are needed which will replace the old informal mechanisms and argues that the state should transform itself so that it will be a response to the need for a new social policy.

3.8. An Analysis of Keyder’s Writings

With an historical analysis of Keyder’s writings between 1990’s and 2000’s, change in the course of his understanding of the issue of globalization can be tracked. In his early writings, taking neo-liberal globalization as a given

phenomena, Keyder regards it as an inevitable process and analyzes it from a pragmatic point of view for the case of Istanbul. He focuses more on the benefits that Istanbul could extract from this transformation rather than the problems arising from it. Making a global city proposal - localizing the global city discourse for the case of Istanbul – he first argues the potential of Istanbul as a globalizing city, then looking at the other global cities and potential competitor cities he develops strategies to deploy.

While building up a global city strategy for Istanbul, Keyder puts his critique of the past urban politics deployed in Istanbul to the core. He regards the prevailing urban policy of the past era – populism through the patronage and clientelist⁸ networks - as policies having devastating effects on the city and from this point forward, he suggests adopting a new strategy: Global city strategy. He proposes a policy change - from populism to global city strategy - within the context of collapsed national developmentalism. Since national developmentalism has been proved to be unsuccessful, the only other option is to articulate to the global economy where an autonomous city, rather than a country as a whole, creates/attracts the growth. The cities which put the most effort (having PR activities, attracting investors, building strategies against competitors) for this purpose will be the ones that are climbing top in the hierarchy of global cities and will be awarded by the transnational capital – with dramatic increases in capital flows to the city.

⁸ Clientelism is the social order in which the citizens are seen as customers and short-term populist politics are preferred rather than long term policies.

Also Keyder is familiar with the possible critiques of his proposal, he defends his proposal on the grounds that the globalization is an inevitable phenomenon and the ones best adapting to it will benefit the most. It is true that income polarization - and the social polarization coming along with it- will increase and the ones who are benefiting from the globalization most will be the already high-earning bourgeoisie. But since the only other alternative –the worst case scenario- is to be excluded from the global system; Istanbul should do its best to articulate to the global system, which will lead to articulation of Turkish economy to the whole as well, thus making Turkey as a whole wealthier. The other option would translate into punishing people living in the rest of the country. Seeing the neo-liberal market economy as a way of rationalizing the irrationalities within the Turkish economic/political system, Keyder regards globalization as a promising process through which Istanbul will save itself from the past's irrationalities and reach to a global position where it will be one of the critical nodes in the circuit of capital flows (Daniş, 2006).

In the writings and interviews of Keyder after 2005, we see that he considers social polarization problem as a critical problem to be solved and in his analyses he puts more emphasis on the relation between global market economy and the inequalities coming along with it. He states that globalization brought with it the social exclusion of certain groups/classes within society and efforts focusing only on reducing income inequality or unemployment would be a reductionist view. In an interview dated 2006, he states:

“..We should relinquish the idea that social integration problem will be solved together with the unemployment problem. What a social policy should do is to lead to a change in the mentality. This mentality change should develop new mechanisms of integration rather than using the existing integration mechanisms working within the market economy.“

(Danış, 2006 p. 15)

“We should not disregard the fact that globalization is a very recent phenomena; it’s been just 15-20 years since it began. It is too early to foresee what kinds of social democrat, leftist or state interventionist reactions will emerge out of it and how they will be legitimized. Now, it is a primary issue that how social democracy which was born in the era of national societies, national states and national economies will be re-shaped in the framework of global society, global economy and global politics.”(Danış, 2006 p. 15)

4. Indicators of “Globalness” for Istanbul

There are many indicators showing a city’s globalness or the degree of its articulation to the global economy. The most critical of these indicators is the ones used to track the development of the producer services sector - legal services, consulting, engineering, auditing, advertising, and telecommunication and information technologies etc. – which covers the services that are needed by transnational capital to control its dispersed economic activities (Keyder, 1999). Other indicators of global transformation include the increased tourism activity, a growing real estate sector and increasing FDI (Foreign Direct Investment). In the following sections, various basic indicators available for Istanbul will be examined to track the Istanbul’s urban transformation process in the light of Global/World City Hypotheses.

4.1. Number of Trade Registrations in Istanbul⁹

The graphs below show the number of applications submitted to Istanbul Trade Organization for the establishment of new businesses in Istanbul. Graphs show that 1999-2000 period is the peak period in Istanbul with registration applications reach to top. This growth was impeded by the 2001 crisis, but then a modest recovery period is seen in the period 2003 – 2007.

⁹ Source: Istanbul Chamber of Commerce– Registration Applications

The graphs also give clues about the owner structure of the investments. They show that while individual applications are more intense in 1999's, holding and collective company applications are more intense in 2007-2009 period, which can be read as the sign of increasing acquisitions and merging in late 2000's.

Figure 1: Total Number of Firms Applied for Trade Registration in Istanbul

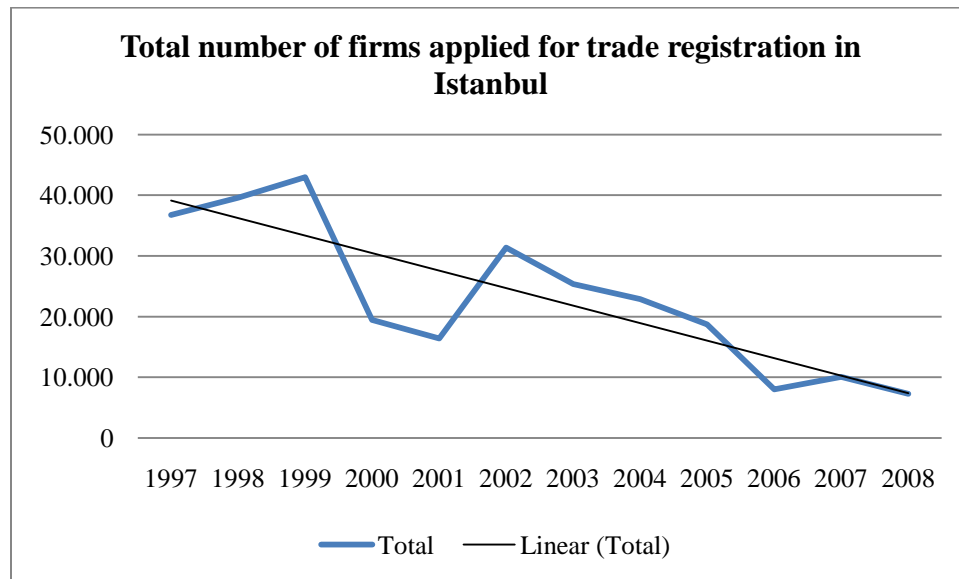


Figure 2: Number of Joint Stock Companies in Istanbul

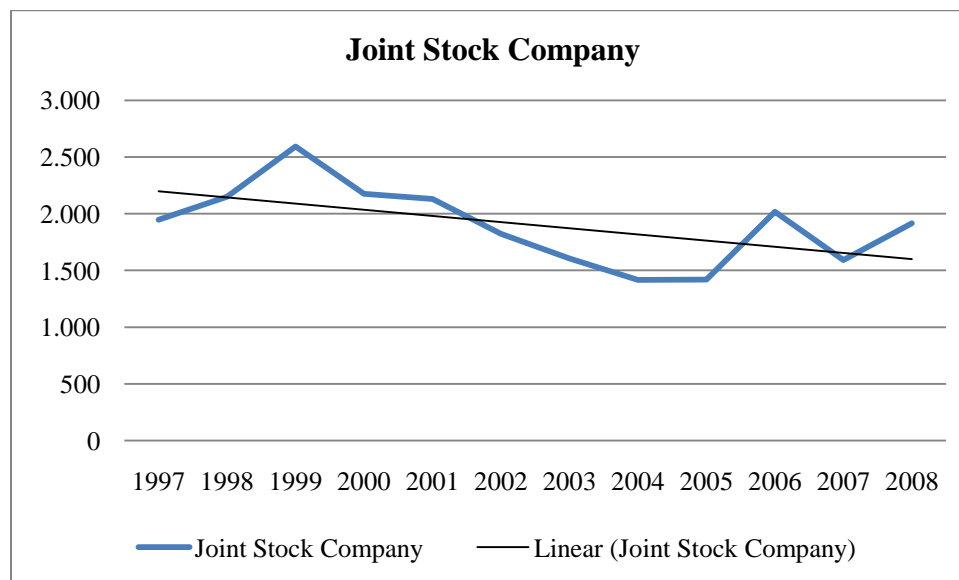


Figure 3: Number of Bank Branches in Istanbul

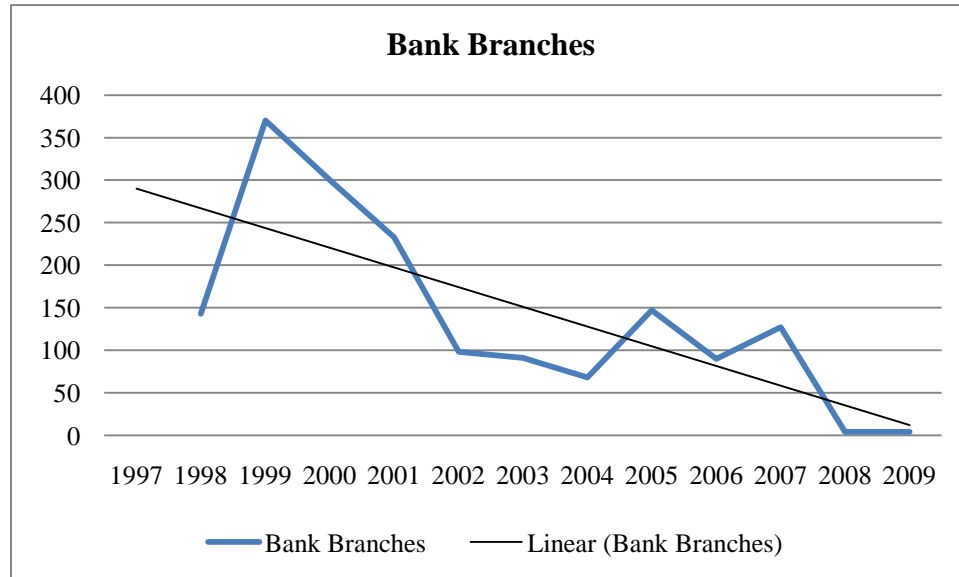


Figure 4: Number of Individual Firms in Istanbul

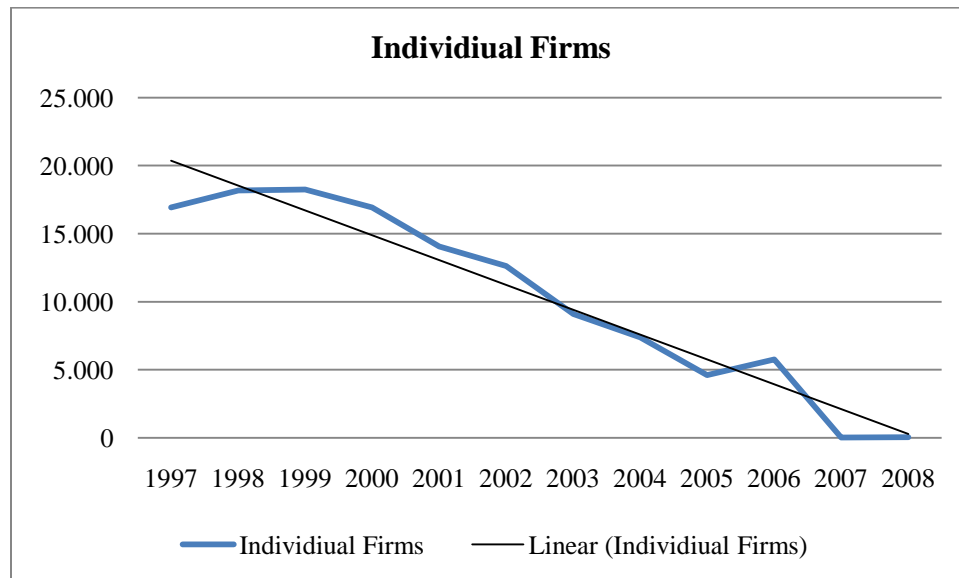


Figure 5: Number of Holdings in Istanbul

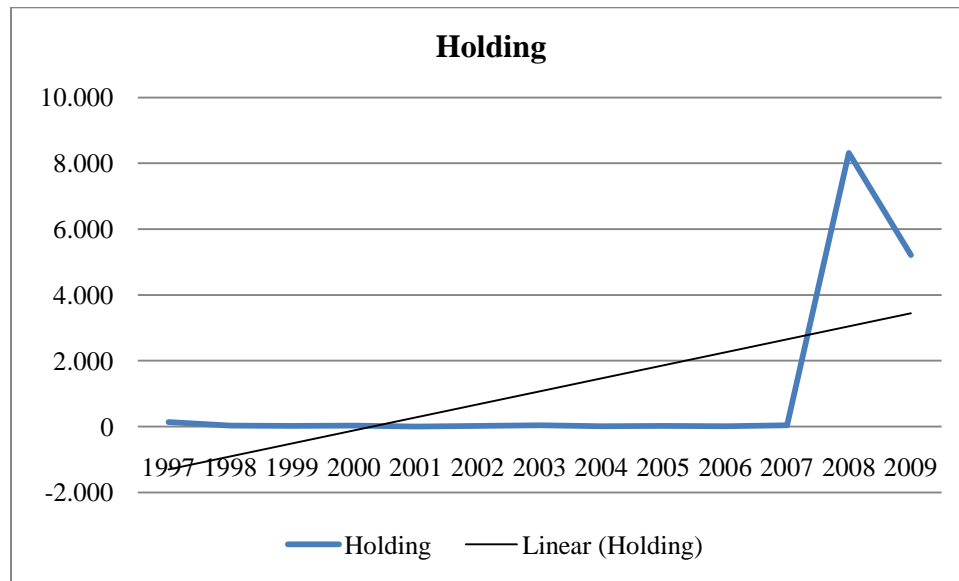


Figure 6: Number of Business Enterprises in Istanbul

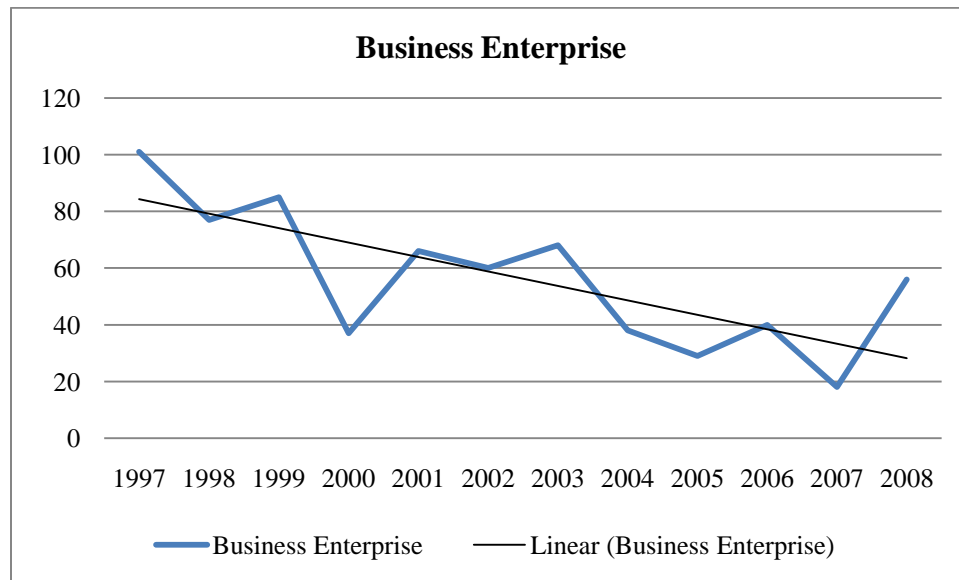


Figure 7: Number of Collective Companies in Istanbul

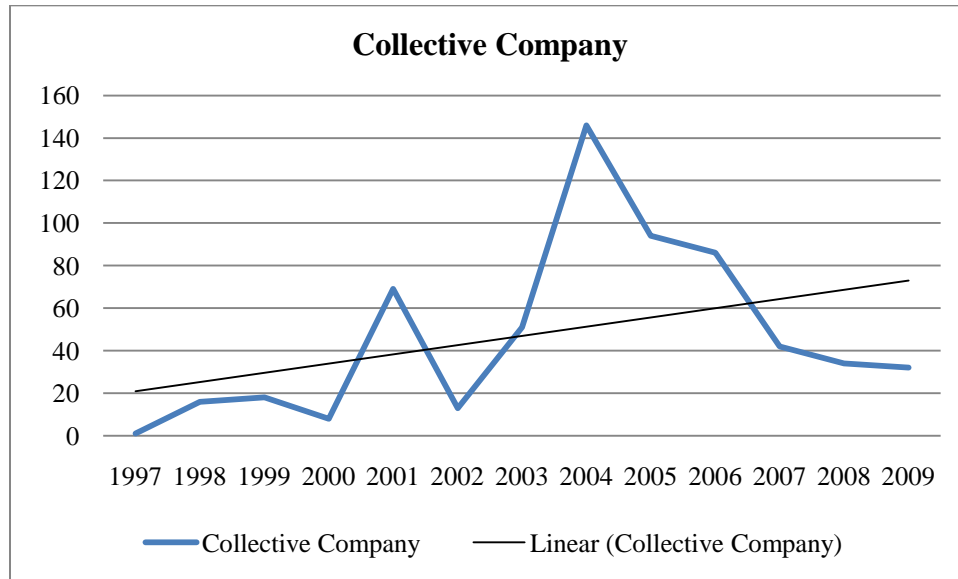
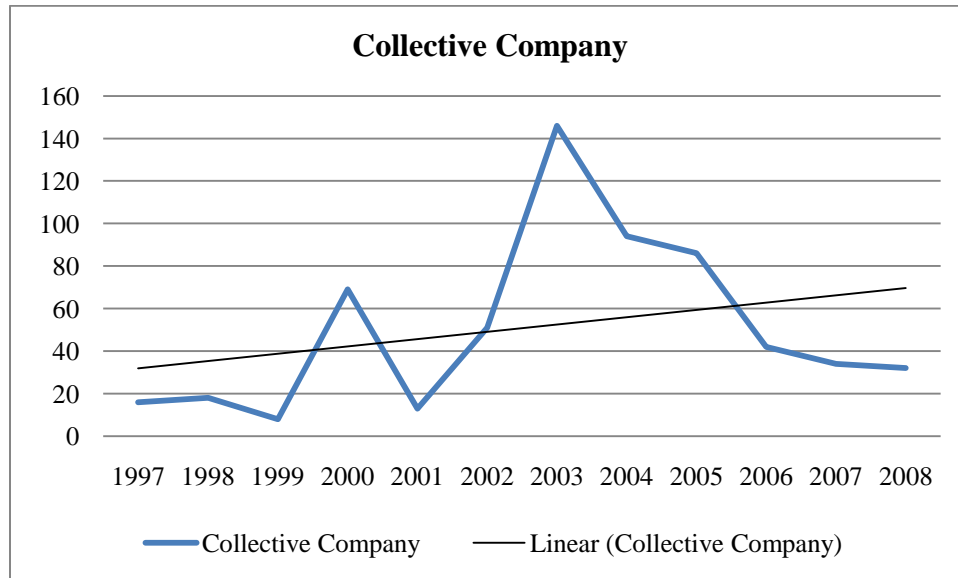


Figure 8: Number of Limited Companies in Istanbul

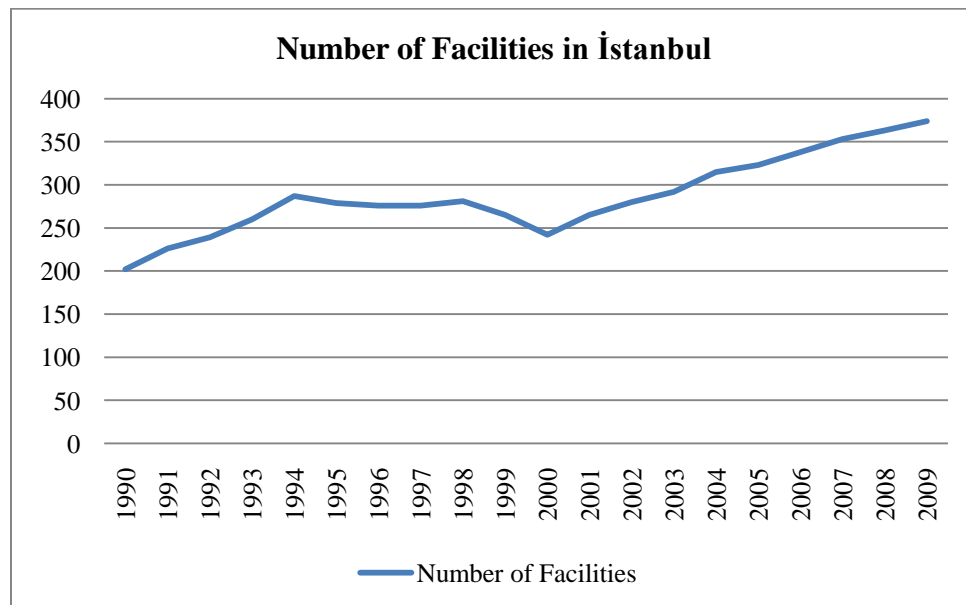


4.2. New Hotels in Istanbul¹⁰

Global cities are not just places where economic activities are centered; they are also places attracting many tourists from all over the world. Therefore, in all world/global cities, trends in tourism facilities are critical indicators showing the level of articulation of the city to the world market.

In the case of Istanbul, it is seen that especially after 2000's a steady growth is recorded: A CAGR¹¹ of 5% in the number of facilities, a CAGR of 4% in the number of beds. An in tourist arrivals to Istanbul, a CAGR of 13% is recorded for the years between 2000 and 2009.

Figure 9: Number of Facilities (Accommodation) in Istanbul



¹⁰ Ministry of Tourism – Statistics (Tourism operations licensed)

¹¹ Compounded Average Growth Rate

Figure 10: Number of Beds in İstanbul

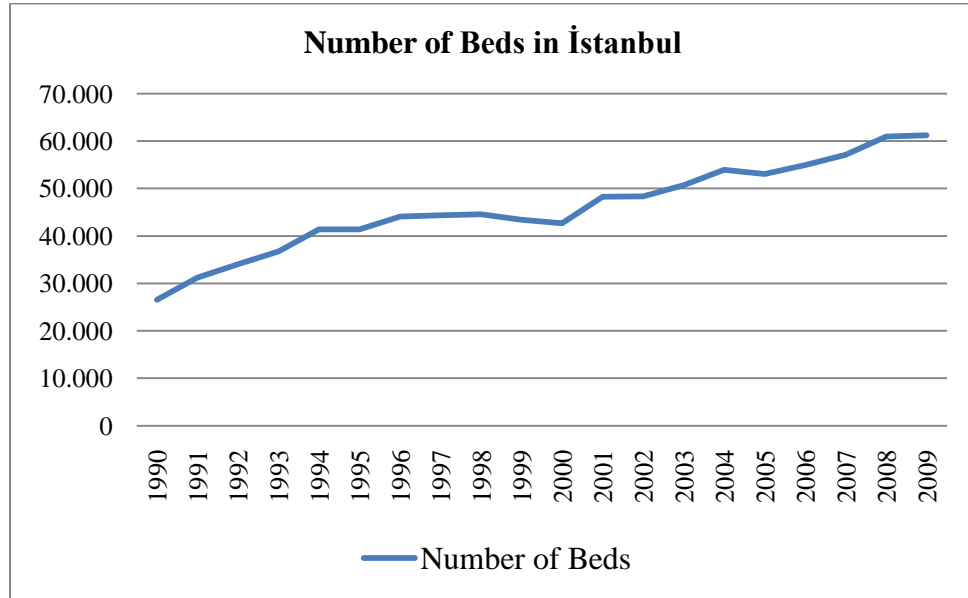
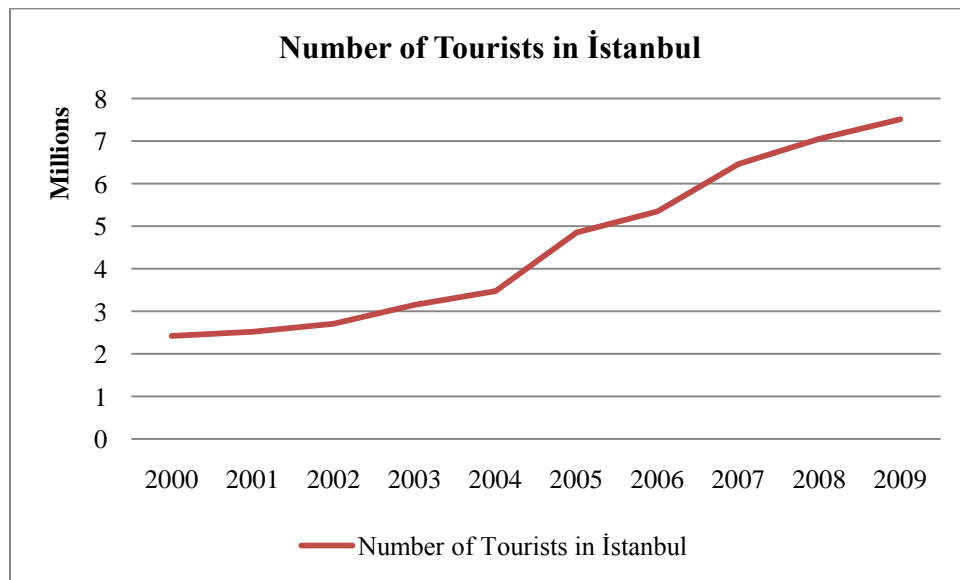


Figure 11: Number of Tourists in İstanbul



4.3. Foreign Direct Investment (FDI) in Turkey¹²

Since global cities are products of increasing international economic activity, one critical indicator showing a city's level of articulation into world system is the foreign direct investment it attracts. In the first phases of internationalization, FDI's directed to manufacturing, as the city's level of embeddedness into the world economic system increases, these investments become more service sector oriented. (Sassen, 2000)

Between 2004 and 2009 Turkey attracted \$67 billion with a peak figure of \$19 billion in 2007. Istanbul, as the economic and financial center of Turkey, has attracted a significant portion of the FDI. In 2010, a growth of 119% of FDI has been recorded in Istanbul. (2011). Top four sectors attracting the highest FDI in Istanbul were:

- Electric-electronics 31.0%
- Consultancy services 23.2%
- Construction 9.4%
- Banking-Insurance 8.7%

These four sectors attracted the 72% of all FDI in Istanbul. Characteristics of these four sectors are very much in line with the global city strategy foresees: they can be categorized as producer services whose growth is driven by the transnational capital's needs.

¹² Source: IMF

Figure 12: FDI in Turkey

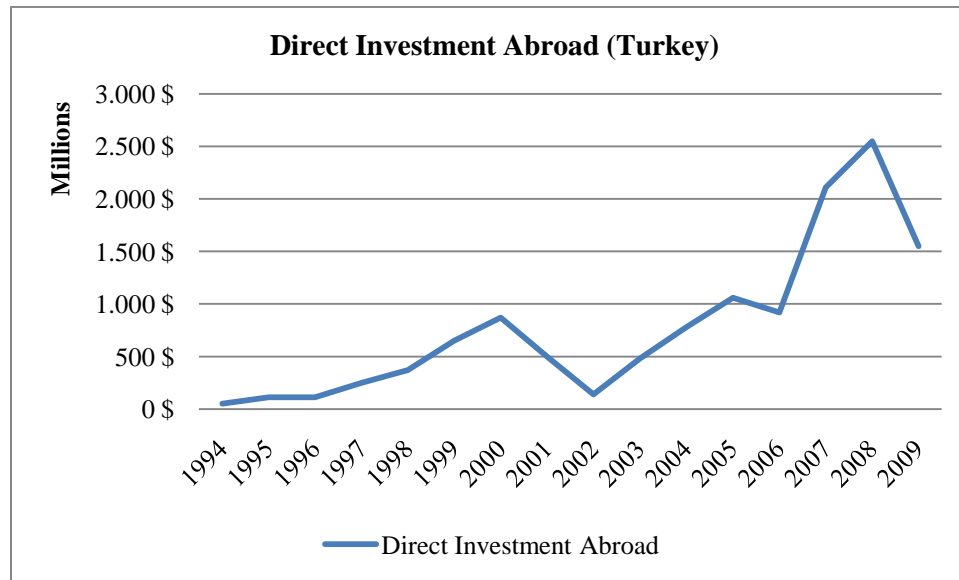
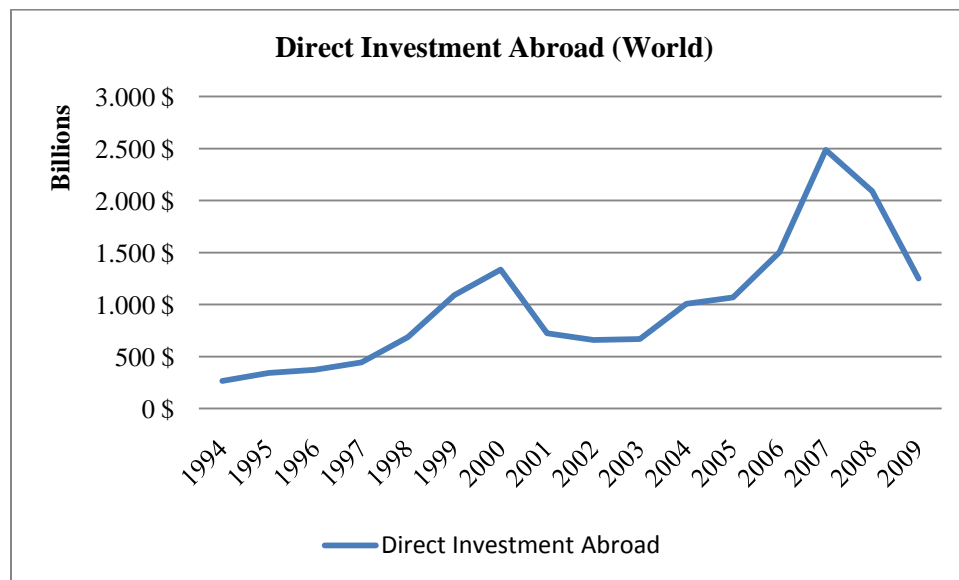


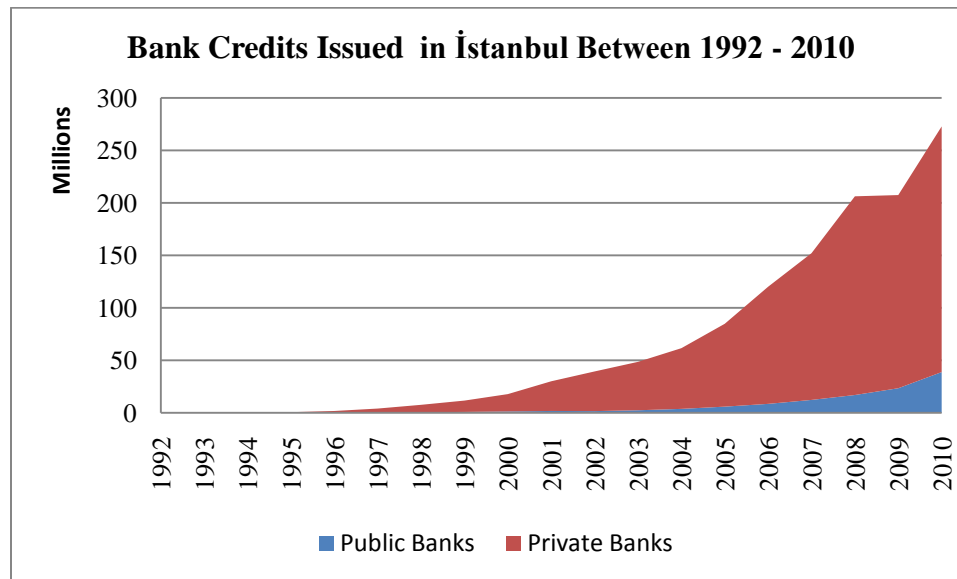
Figure 13: Direct Investment Abroad (World)



4.4. Bank Credits Issued in Istanbul¹³

Increasing bank credits is an indicator of a growing economy. Issued bank credits in Istanbul have a dramatic increase in the period 2000-2010; which signals an increasing economic activity –mostly triggering the real estate sector- in the city.

Figure 14: Bank Credits Issued in Istanbul



4.5. Companies with International Capital in Turkey¹⁴

Number of companies with international capital is a very important indicator - mentioned by almost all scholars writing on the issue of global city - used to measure the 'globalness' of a city. As a city becomes more global / international, it attracts more international investments from all over the world. For the case of Istanbul, it is seen that especially after 1980's, Istanbul attracted many international firms, driving

¹³ Central Bank of the Republic of Turkey - Statistics

¹⁴ T.C. Prime Ministry Undersecretariat Of Treasury Statistics

the foreign direct investment up. Between 2000 and 2009, Istanbul recorded an average annual growth rate of 21% in the number of companies with international capital.

Figure 15: Number of Companies with International Capital (Cumulative)

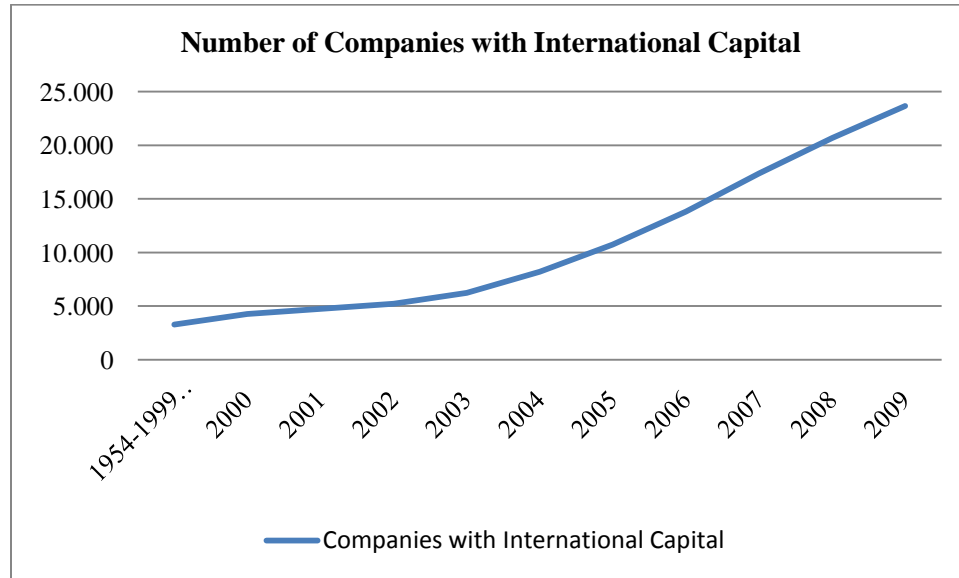


Figure 16: Estimated Amount of Investment by International Capital (with Incentive Certificate)

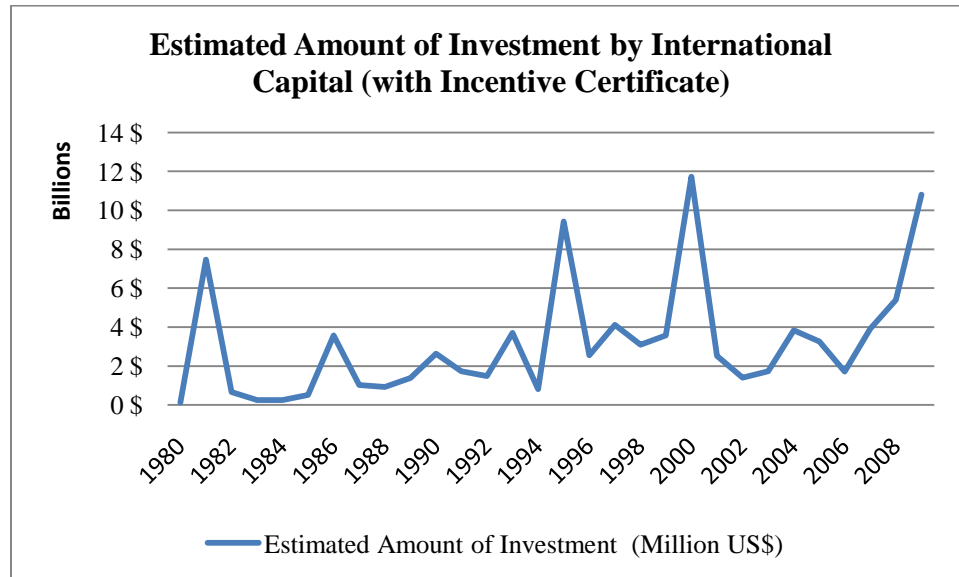
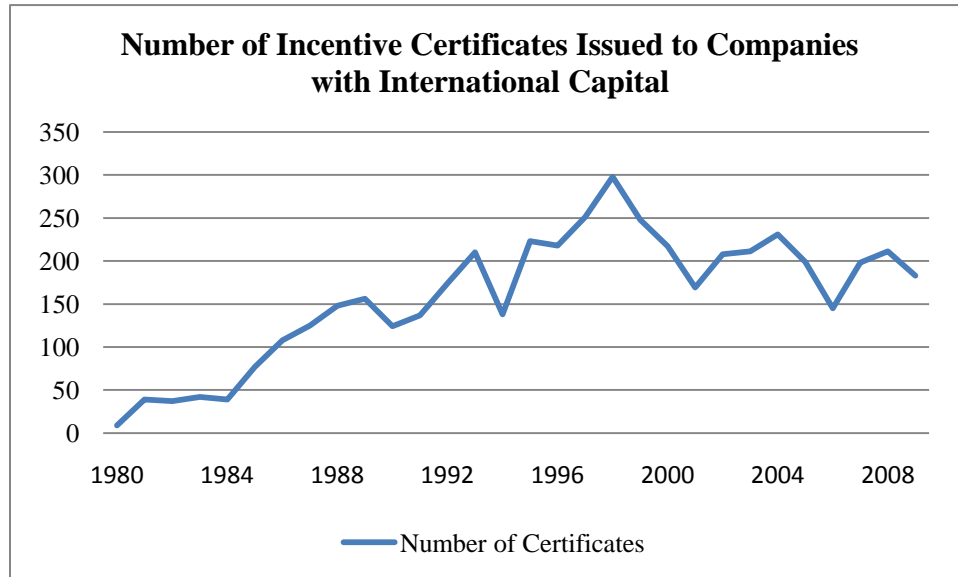


Figure 17: Number of Incentive Certificates Issued to Companies with International Capital



4.6. Population and Migration Figures in Istanbul¹⁵

Population in Istanbul continues to increase rapidly, with growth rates exceeding the rates of Turkey. If Istanbul's growth rates stay the same, the population of the city will reach 20 million by 2026 and 30 million by 2042. Considering that two third of the population increase is due to migration¹⁶ and that as Istanbul becomes economically more attracting it attracts more immigrants, it is expected that it will be a megapole before 2050. Sönmez states that, unless this rapid population growth in Istanbul is slowed down, it will give rise to many urban, social, economic and political problems. In addition, it will lead to an increasing regional inequality within Turkey (Sönmez, 2007).

¹⁵ Turkish Statistical Institute Statistics

¹⁶ See (Sönmez, 2007)

Figure 18: Istanbul Population between 1927 and 2010

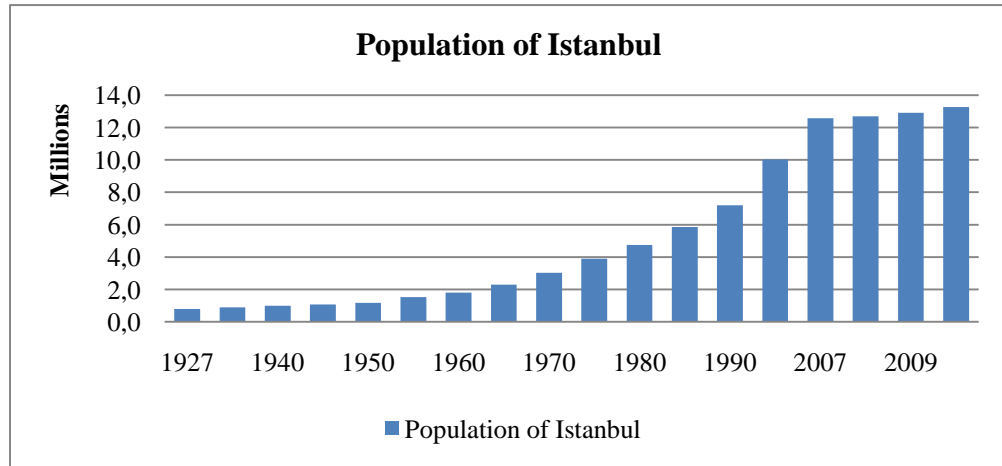


Figure 19: Istanbul's Share in Total Population

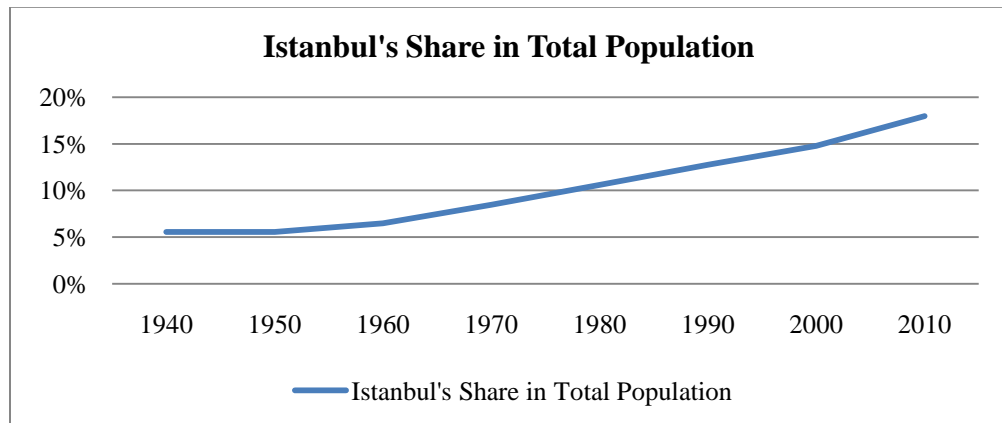
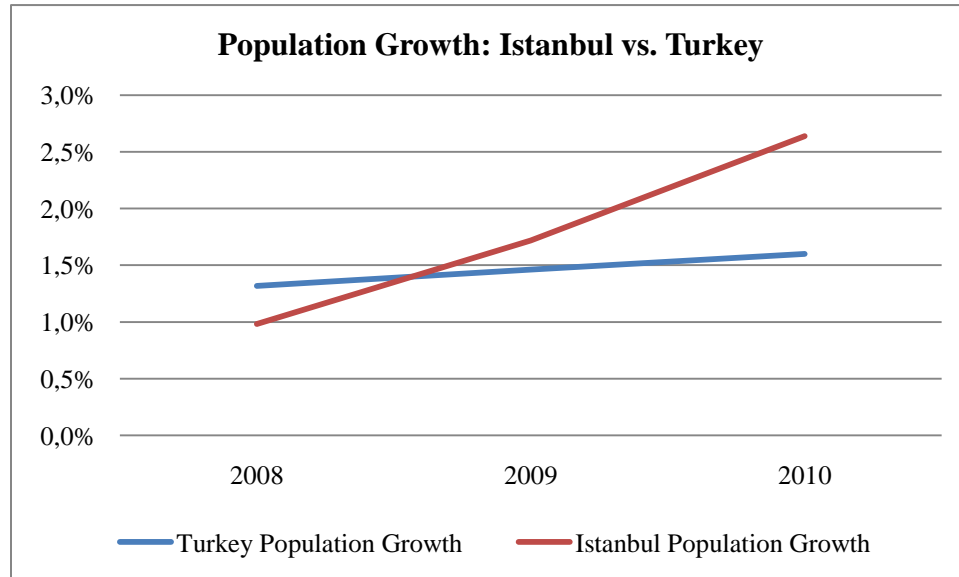


Figure 20: Comparison of Population Growth Rates of Istanbul and Turkey

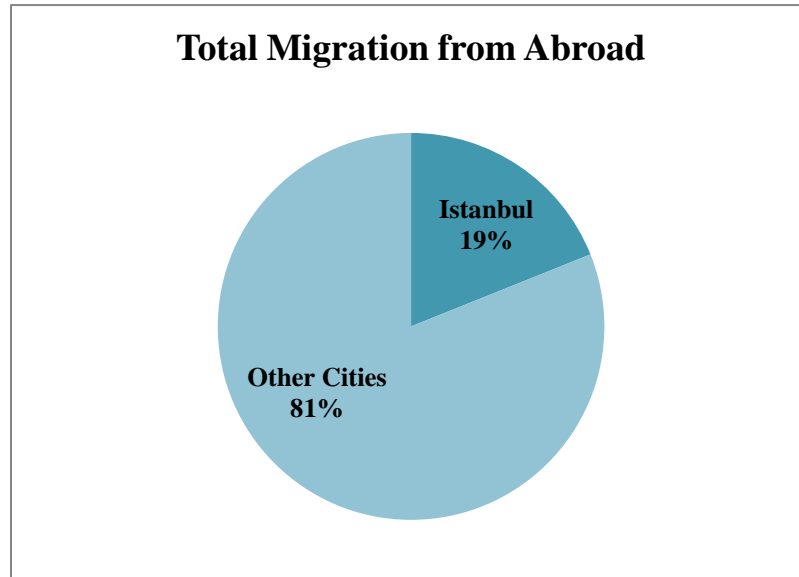


Istanbul's net in-migration figures show a clear distinction between pre-1980 and post-1980 period. Post-1980 figures are parallel to what is foreseen for a global city candidate, increasing with the increasing globalization of the city.

Table 1: Net migration (In - Out) in Istanbul

	Net Migration (In - Out)			
	1975-1980	1980-1985	1985-1990	1995-2000
İstanbul	288,653	297,598	656,677	407,448

Figure 21: Total Migration from Abroad to Turkey – Final Destinations



4.7. Real Estate Sector in Istanbul¹⁷

One of the sectors through which the effects of urban transformation are quite visible is the real estate sector. Increasing number of sky scrapers, residences and office buildings are perceived as clear signs of an increasing integration to the global economy. Real estate sector, driven by the construction - recorded a growth of 17.1% in 2010¹⁸ - sector is one of the most dynamics sector in Istanbul.

The below figures are the results of the building census made by Turkish Statistical Institute in 1984 and 2000. The comparative results give clues about the spatial transformation of Istanbul. According to these results, Istanbul increases its share in total number of buildings in Turkey; it reaches double-digit figures in 1970's, and peaks with 15% in 2000.

¹⁷ Source: Turkish Statistical Institute

¹⁸ Source: Turkish Statistical Institute

Table 2: Istanbul's Share in Total Number of Buildings Built in Turkey by Completion Year - 1

Istanbul's Share in Total Number of Buildings Built between 1929 and 2000 - 1								
Completion Year	Total	Residential	Mostly residential	Mostly out of residential	Commercial	Industrial	Education	Culture
-1929	<u>13%</u>	10%	14%	19%	27%	13%	25%	35%
1930-1939	<u>6%</u>	5%	7%	10%	13%	9%	11%	15%
1940-1949	<u>5%</u>	5%	5%	8%	11%	10%	4%	18%
1950-1959	<u>7%</u>	7%	6%	9%	7%	6%	8%	17%
1960-1969	<u>8%</u>	8%	10%	9%	10%	10%	7%	9%
1970-1979	<u>10%</u>	9%	15%	10%	9%	9%	7%	13%
1980-1989	<u>12%</u>	11%	20%	10%	8%	7%	8%	11%
1991-2000	<u>14%</u>	13%	27%	14%	11%	13%	10%	15%
Unknown	<u>15%</u>	15%	22%	13%	12%	14%	18%	9%

Table 3: Istanbul's Share in Total Number of Buildings Built in Turkey by Completion Year - 2

Istanbul's Share in Total Number of Buildings Built between 1929 and 2000 - 2									
Completion Year	Health	Social	Sports	Administrative building	Religious	Mixed out of residential building	Agricultural	Other	Unknown
-1929	42%	20%	23%	21%	15%	26%	0%	13%	32%
1930-1939	14%	12%	14%	9%	4%	13%	0%	5%	21%
1940-1949	11%	8%	30%	4%	4%	10%	0%	3%	19%
1950-1959	14%	13%	19%	4%	3%	8%	1%	3%	11%
1960-1969	7%	10%	14%	5%	4%	8%	1%	3%	10%
1970-1979	9%	7%	11%	5%	7%	8%	2%	2%	11%
1980-1989	7%	8%	15%	6%	7%	9%	1%	3%	9%
1991-2000	11%	10%	11%	7%	10%	11%	1%	3%	20%
Unknown	16%	11%	16%	8%	14%	11%	3%	9%	28%

Figure 22: Istanbul's Share in Total Number of Buildings Built in Turkey by Completion Year

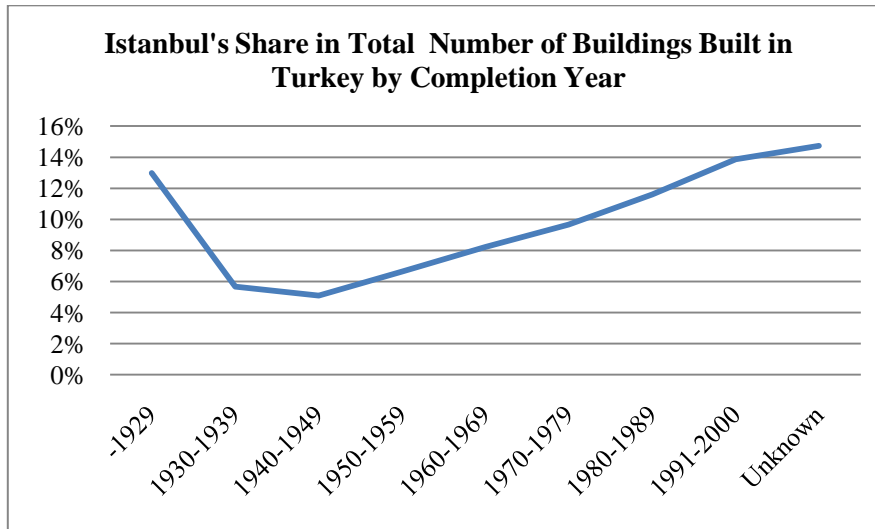


Table 4: Number of 10+ Storey Buildings by Use Type

10+ floors	Number of 10+ storey buildings with use breakdown											
	Total	Residential	Mostly residential	Mostly out of residential	Commercial	Industrial	Education	Culture	Health	Social	Administrative building	Mixed out of residential building
Turkey	17,407	10,882	4,986	178	915	32	44	4	51	18	146	146
Istanbul	6,710	4,694	1,416	70	469	14	13	1	19	2	18	39
IST share	39%	43%	28%	39%	51%	44%	30%	25%	37%	11%	12%	27%

Istanbul has a share of 39% in total number of buildings in Turkey with more than 10 stories. This share is expected to increase with the growing/unmet demand for office buildings and residential skyscrapers in Istanbul.

Figure 23: Istanbul's Share in Total Buildings Built in Turkey with 10+ Stories

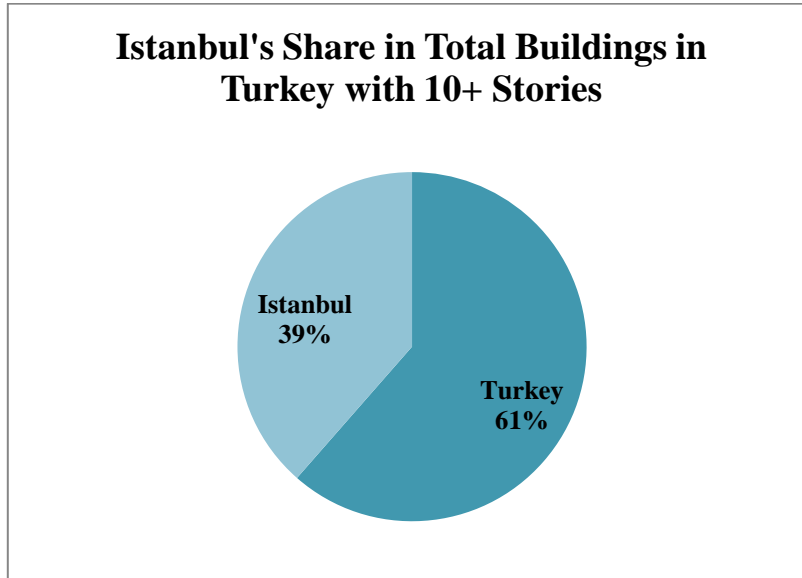
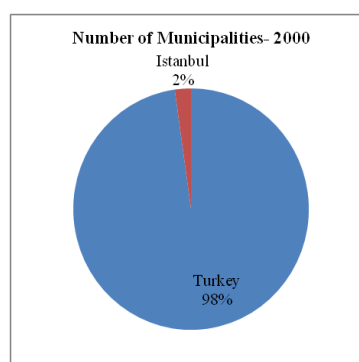
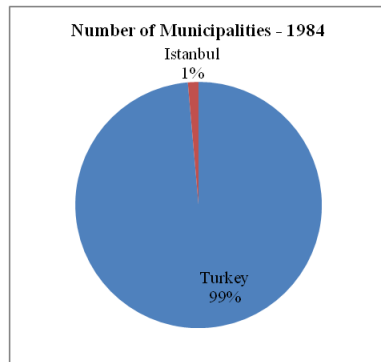
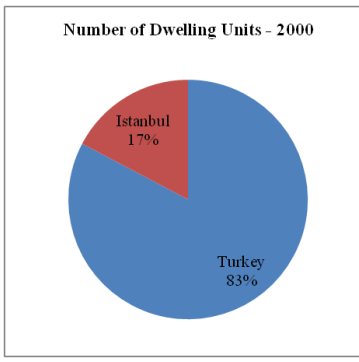
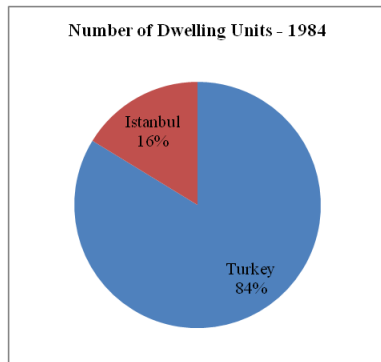
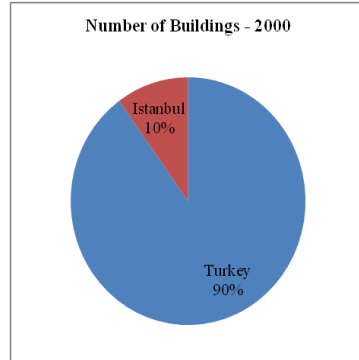
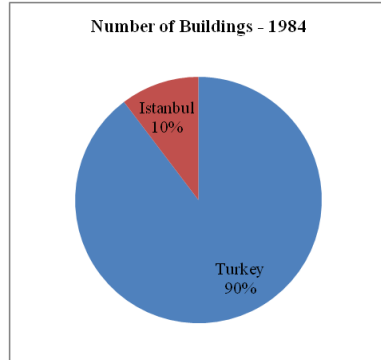


Table 5: Comparison of the Number of Buildings & Municipalities in Istanbul and Turkey in the years 1984 and 2000

	Number of buildings			Number of dwelling units			Number of municipalities		
	1984	2000	%	1984	2000	%	1984	2000	%
Turkey	4,387,971	7,838,675	78.6%	7,096,277	16,235,830	128.8%	1,699	3,212	89.1%
Istanbul	505,224	869,444	72.1%	1,378,115	3,393,077	146.2%	24	73	204.2%

Figure 24: Comparison of the Number of Buildings & Municipalities in Istanbul and Turkey in the years 1984 and 2000



4.8. GRP vs. GDP¹⁹

Increasing service sector share in total GDP (or regional GDP=GRP) is one of the criteria that is considered as a clear sign of internationalization. As expected, Istanbul's service share in total GRP tends to increase (although not significantly) at the expense of manufacturing.²⁰

In figure 13, Istanbul's regional GDP (GRP) shows a very similar growth pattern to that of the national GDP, which indicates that Istanbul has a considerable weight in the total GDP of Turkey – a sign of city led growth foreseen by the global city strategy.

Table 6: Istanbul GDP (GRP) Breakdown by Sector

	Istanbul GDP Breakdown			
	Agriculture	Industry	Services	Total
2004	0.4%	28.9%	70.7%	100%
2005	0.4%	29.2%	70.4%	100%
2006	0.3%	29.1%	70.6%	100%
2007	0.2%	27.5%	72.3%	100%
2008	0.2%	26.7%	73.1%	100%

¹⁹ Source: Turkish Statistical Institute

²⁰ Guvenc's and Ünlü-Yücesoy's studies on Istanbul's spatial reorganization of post-1990 period clearly pictures the ongoing transformation: Manufacturing facilities are gradually replaced by Office spaces for newly emerging producer services. For a detailed study on the spatial transformation of Istanbul, see (Ünlü-Yücesoy, et al., 2010)

Figure 25: Istanbul GDP (GRP) Breakdown by Sector

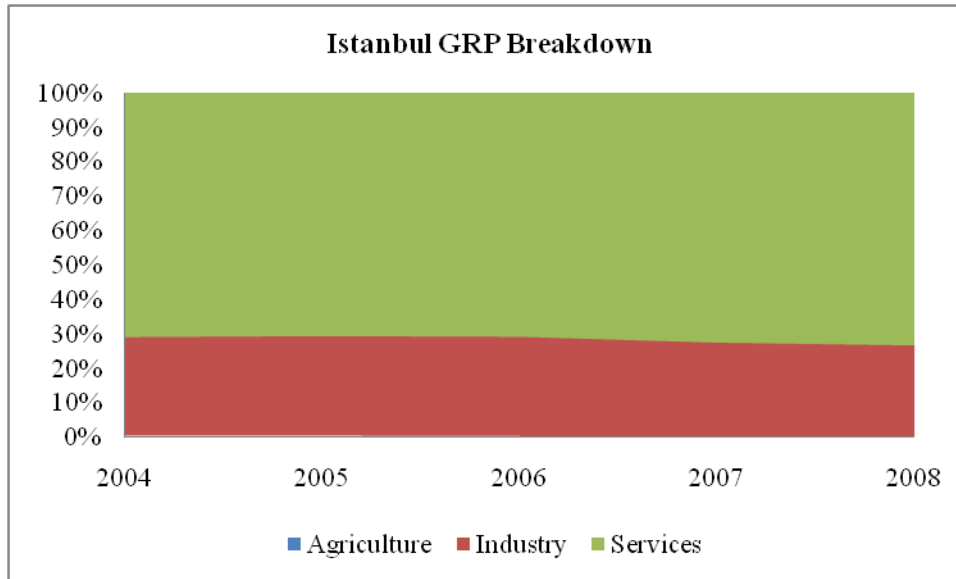
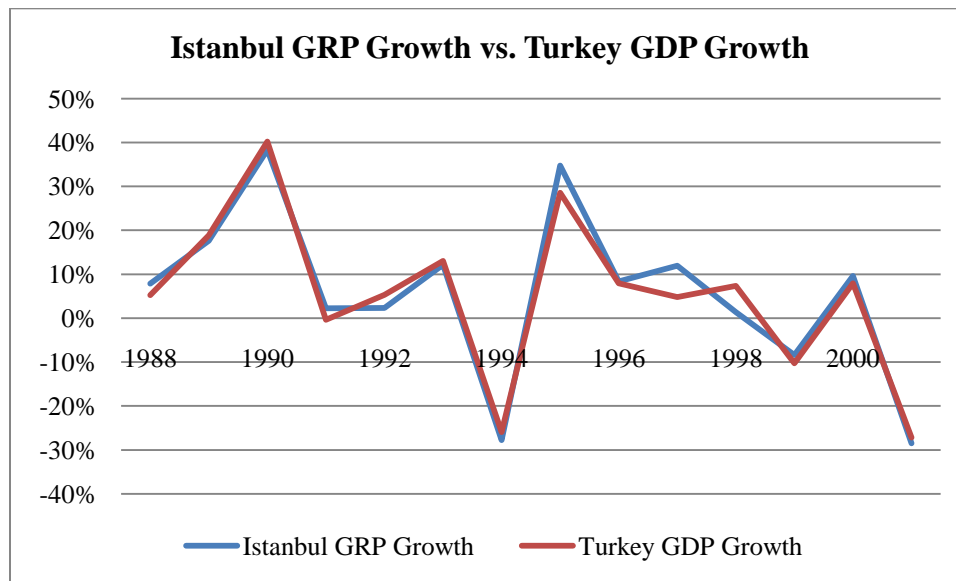


Figure 26: Istanbul GRP growth vs. Turkey GDP Growth



4.9. Income Distribution in Istanbul²¹

In global city literature, it is almost a fact that globalization brings with it the economic polarization. For the case of Istanbul, it is seen that income distribution gets less extreme as Istanbul integrated into the global economy – which contradicts the expectation that Istanbul’s income distribution will be more unequal with the increasing internationalization. One possible explanation for this is the insensitivity of 20th quintile to the changes in income inequality. An expanding middle class narrows the extreme poor and rich, a change which 20th quintiles are unable to catch (compared to 1st quintiles), and for these quintiles it is possible to create an illusion of a fairer income distribution.

Table 7: Income Distribution in Istanbul and Turkey

	Istanbul - Income Distribution				Turkey - Income Distribution			
	2006	2007	2008	2009	2006	2007	2008	2009
First 20%	6.7	8.3	7.3	7.6	5.1	5.8	5.8	5.6
Second 20%	11.3	12.0	11.8	11.7	9.9	10.6	10.4	10.3
Third 20%	15.6	15.9	15.6	15.5	14.8	15.2	15.2	15.1
Fourth 20%	21.7	20.4	21.3	20.5	21.9	21.5	21.9	21.5
Fifth 20%	44.7	43.5	44.0	44.8	48.4	46.9	46.7	47.6
	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Sönmez, states that Istanbul has a share of 30% in total national income and 1% of Istanbul’s population – “a super minority”- gets 30% of this income. With this distribution pattern, the “super minority” of 1% and 76% of Istanbul’s total population –low income segment- get the same share of the city’s total income (Sönmez, 2007).

When Gini coefficients²² for Turkey and Istanbul are examined, it is seen that Turkey has higher figures, which indicates that inequality in income distribution among cities in Turkey is higher than that within Istanbul.

²¹ Source: Turkish Statistical Institute

Table 8: Gini Coefficient in Istanbul and Turkey

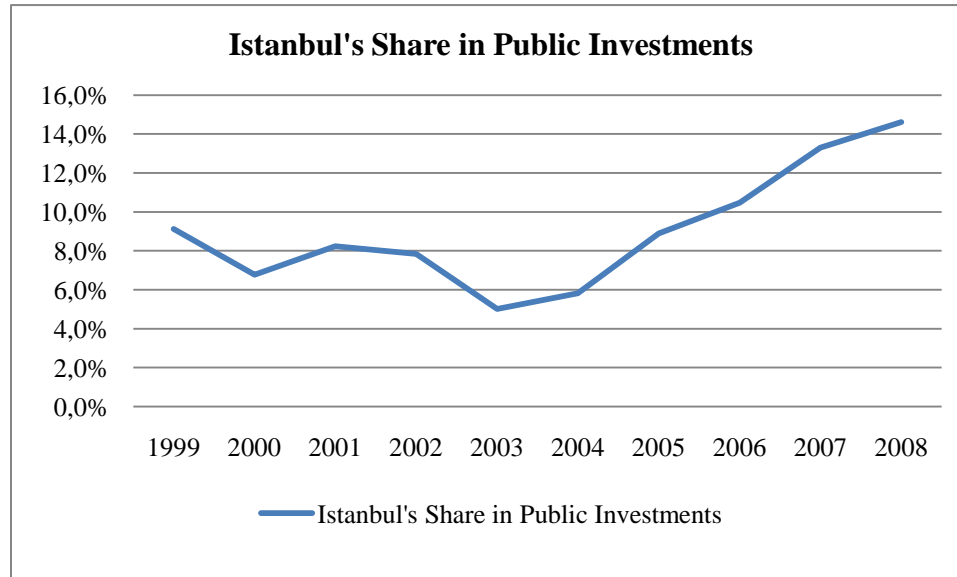
	Gini Coefficient			
	2006	2007	2008	2009
Turkey	0.428	0.406	0.405	0.415
Istanbul	0.375	0.346	0.362	0.363

This pattern is expected since Istanbul is the main driver of the economic growth in Turkey. Looking at the public investment distribution among cities, this interregional disparity among cities is quite visible. Contrary to what is expected with the global city proposal (city led national development: a global city leading other cities to develop) it is seen that the share of Istanbul in total public investments dramatically increased in five years: Istanbul has a share of 5% in 2003 and by 2008 it reached to 15%.²³

²² Gini coefficient is 0 when there's a total equality and it is 1 when there's a maximal inequality.

²³ SPO (State Planning Organization) Database

Figure 27: Istanbul's Share in Public Investments



4.10. Businesses in Istanbul by Sector Breakdown²⁴

The increasing economic activity in certain sectors implies a more integrated economy to the global system. The below figures indicate that service intensity tends to increase in Istanbul. When the figures analyzed in detail it is seen that the following sectors have the higher growth figures between 2003 and 2008:

- F: Construction
- K: Financial and insurance activities
- M: Professional, scientific and technical activities
- N: Administrative and support service activities
- O: Public administration and defence; compulsory social security

²⁴ Source: Turkish Statistical Institute

Table 9: Istanbul's Share in Turkey in Number of Local Units

Sector (NACE Code)	Istanbul's Share in Turkey in Number of Local Units					CAGR 2003-2008
	2003	2004	2006	2007	2008	
A - Agriculture, forestry and fishing	1%	N/A	N/A	N/A	1%	0%
C - Manufacturing	7%	8%	9%	11%	15%	27%
D - Electricity, gas, steam and air conditioning supply	27%	30%	31%	34%	32%	10%
E - Water supply; sewerage; waste management and remediation activities	2%	2%	6%	3%	3%	2%
F - Construction	24%	24%	30%	29%	26%	22%
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	18%	19%	22%	23%	23%	11%
H - Transporting and storage	17%	18%	22%	19%	19%	7%
I - Accommodation and food service activities	13%	15%	20%	19%	18%	21%
J - Information and communication	8%	17%	N/A	N/A	N/A	
K - Financial and insurance activities	27%	24%	28%	31%	29%	13%
M - Professional, scientific and technical activities	23%	29%	24%	26%	27%	12%
N - Administrative and support service activities	20%	24%	29%	30%	32%	14%
O - Public administration and defence; compulsory social security	21%	22%	23%	25%	25%	13%
F+I+K+M+N+O	19%	20%	23%	24%	23%	17%

Table 10: Istanbul's Share in Turkey in Number of Employees

Sector (NACE Code)	Istanbul's Share in Turkey in Number of Employees					CAGR 2003-2008
	2003	2004	2006	2007	2008	
A - Agriculture, forestry and fishing	N/A	N/A	N/A	N/A	N/A	N/A
C - Manufacturing	5%	N/A	6%	6%	N/A	N/A
D - Electricity, gas, steam and air conditioning supply	35%	35%	33%	33%	33%	4%
E - Water supply; sewerage; waste management and remediation activities	15%	N/A	17%	16%	N/A	N/A
F - Construction	28%	25%	27%	24%	27%	20%
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	25%	26%	29%	29%	30%	12%
H - Transporting and storage	21%	25%	27%	24%	26%	12%
I - Accommodation and food service activities	26%	24%	32%	27%	29%	10%
J - Information and communication	N/A	N/A	N/A	N/A	N/A	
K - Financial and insurance activities	37%	36%	37%	39%	40%	18%
M - Professional, scientific and technical activities	32%	35%	30%	31%	34%	14%
N - Administrative and support service activities	31%	32%	35%	35%	35%	16%
O - Public administration and defence; compulsory social security	27%	32%	34%	35%	34%	16%
F+I+K+M+N+O	30%	29%	32%	30%	33%	16%

Table 11: Istanbul's Share in Turkey in Wages & Salaries

Sector (NACE Code)	Istanbul's Share - Wages & Salaries Number of Local Units					CAGR 2003-2008
	2003	2004	2006	2007	2008	
A - Agriculture, forestry and fishing	N/A	N/A	N/A	N/A	N/A	N/A
C - Manufacturing	4%	N/A	6%	4%	N/A	N/A
D - Electricity, gas, steam and air conditioning supply	36%	35%	34%	33%	33%	15%
E - Water supply; sewerage; waste management and remediation activities	16%	N/A	17%	19%	N/A	N/A
F - Construction	33%	29%	32%	30%	33%	31%
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	43%	44%	46%	48%	48%	25%
H - Transporting and storage	31%	38%	35%	32%	34%	25%
I - Accommodation and food service activities	35%	36%	39%	40%	39%	16%
J - Information and communication	N/A	N/A	N/A	N/A	N/A	
K - Financial and insurance activities	53%	52%	51%	53%	53%	32%
M - Professional, scientific and technical activities	51%	50%	48%	50%	51%	25%
N - Administrative and support service activities	41%	41%	42%	44%	44%	41%
O - Public administration and defence; compulsory social security	48%	52%	55%	55%	53%	31%
F+I+K+M+N+O	41%	41%	43%	44%	44%	25%

Table 12: Istanbul's Share in Turkey in Turnover

Sector (NACE Code)	Istanbul's Share in Turkey in Turnover					CAGR 2003-2008
	2003	2004	2006	2007	2008	
A - Agriculture, forestry and fishing	N/A	N/A	N/A	N/A	N/A	N/A
C - Manufacturing	N/A	N/A	7%	8%	N/A	N/A
D - Electricity, gas, steam and air conditioning supply	35%	35%	33%	32%	32%	15%
E - Water supply; sewerage; waste management and remediation activities	15%	#VALUE!	21%	18%	N/A	N/A
F - Construction	36%	28%	35%	35%	35%	30%
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	40%	39%	41%	42%	43%	20%
H - Transporting and storage	36%	33%	34%	30%	34%	17%
I - Accommodation and food service activities	45%	45%	46%	42%	42%	17%
J - Information and communication	N/A	N/A	N/A	N/A	N/A	
K - Financial and insurance activities	58%	65%	57%	61%	63%	34%
M - Professional, scientific and technical activities	48%	48%	46%	49%	N/A	25%
N - Administrative and support service activities	44%	45%	45%	44%	43%	30%
O - Public administration and defence; compulsory social security	57%	72%	67%	65%	64%	29%
F+I+K+M+N+O	45%	46%	45%	44%	N/A	24%

Table 13: Level of Development in the Key Criteria for Global Cities²⁵

Global City Criteria	No Progress	Moderate Progress	High Progress
Information Technologies			
Financial Institutions			X
Banks & Insurance Companies			X
Media Companies			X
Market Research Companies			X
Advertising Agencies			X
Legal Services			X
Accounting			X
Aviation		X	
Hotels		X	
Restaurants		X	
Congress Centers			X
Residential Buildings			X
Office Buildings			X

When the global city criteria²⁶ are examined, it is seen that Istanbul has been experiencing a rapid expansion in the services sector in line with the expectations of global city strategy. Relatively low growth rates in two sectors – aviation & accommodation – can be attributed to the fact that they require high infrastructural investments. Considering the overall picture -the growth rates of sectors shown in NACE tables (table 9-12) - it can be concluded that Istanbul is witnessing a rapid expansion in the “producer services”, which are regarded as of critical importance to attract the international capital.

²⁵ For congress development in Istanbul, please see: <http://www.kamupersonel.com/son-dakika/05/28/2011/yalcintas-istanbul-kongre-kenti-oluyor.html>

²⁶ Key Criteria are extracted from Keyder’s writings. (Keyder, 1993). Average growth rates of wages, total turnover and number of units between 2003 and 2008 (extracted from NACE data) have been used to attribute a growth rate to specific sectors.

5. Conclusion

Istanbul, with an urban population of 13 million has become an attraction point in its region – Middle East, North Africa and Eastern Europe. With the high economic growth achieved in recent years and increasing tourist and business flows to the city from all over the world have transformed Istanbul to a significant node in the network of global economy.

Istanbul has always become the center of economic and cultural activities in Turkey. Although in the period between 1920's and 1970's it is subordinated to the rule of the political center Ankara, with the post 1983 era it regained its autonomy from the central state and stood out as the economic driver of its region. It is with this period that Istanbul has been given the role of the economic leadership of Turkey and thus become the subject of development strategies (Global City strategy); on which every government put central emphasis. Especially Keyder's "Istanbul'u nasıl satmalı?" article triggered debates on this role of Istanbul and these debates still continue today.

Keyder's proposal of global city has drawn considerable attention from both academia and policy makers. In his first writings, Keyder's analyses - on which he developed the global city strategy for Istanbul - primarily focused on the benefits of the globalization; but as the social costs of globalization became more visible since mid 2000's, he started to focus more on the social costs associated with the globalization.

When the world literature on global cities and Keyder's (together with many others scholars') works on Istanbul are examined, it is seen that the general framework of the debate can be narrowed to a cost-benefit problem (at the expense of being too reductionist): There are both benefits and costs associated with the urban transformation process of Istanbul, which is primarily triggered by the economic globalization; then the crucial problem for cities to solve can be expressed as a critical question: "Whose interests will be served?". The answer to this question –the strategy that the city will deploy- will determine the characteristics of the transformation that the city (therefore its residents) will be going through.

When Keyder's writings on Istanbul - in which he tries to develop such an urban strategy for Istanbul - are examined, it is seen that he leaves the reader with a critical trade-off between 'populism' and economic growth. Taking neoliberal globalization as an inevitable and irreversible process, he proposes to deploy the global city strategy to maximize the economic benefits that Istanbul –therefore Turkey- will be achieving. Although there is a vast literature pointing out that globalization is not a sustainable transformation or it is just a transitory phase with an uncertain future or it is just a new phase of capitalist economy seeking the way out of the accumulation crisis, Keyder defends articulating to global economy on the grounds that it will bring great economical benefits to those cities deploying the correct strategy and to those having the best performance in the league of rising cities. His analyses, lacking

any connection to the systemic analyses of world capitalism's current phase, cannot capture the fact that globalization also brings with it the greatest polarization ever. Although he suggested new social policies to challenge these polarizations in his recent writings, without a broad analysis of globalization in the framework of world capitalism today, these suggestions are no more than 'a discourse of charity, in the nineteenth-century-style, which does not seek to understand the economic and social mechanisms that generate poverty, although the scientific and technological means to eradicate it are now available.'" (Amin, 2004 p. 1)

To track the position of Istanbul in the global economy and obtain some empirical evidence regarding the positioning of Istanbul in the global city hierarchy, various indicators alleged to be the indicators of 'globalness' in the global city literature have been examined in chapter 4. Looking at the data, it is seen that Istanbul is attracting increasing number of immigrants every year, its economy is expanding through intense foreign direct investment, its service sector attracting more and more investment every day and the manufacturing sector (which tend to be located on the peripheries of the city) still has a strong presence in the total economic activities of the city – almost all of which points to a more global city. On the other hand, income inequality does not change significantly as the city gets more open to the world market although its economy develops aggressively with very high growth rates. Although the future of this economic growth is not foreseeable since two very speculative

sectors such as construction and finance are the main drivers of this growth, policy-setters ignore the threats inherent to this type of economic development and continue to rest on the projects feeding these sectors²⁷. Detailed analyses of the economic data of Istanbul shows that the resources available to the city have increased dramatically following 2001 economic downturn and as Keyder had suggested (Keyder, 1993), limited resources have been steadily increased. But increasing resources available to city's population did not have a stabilizing effect on the social polarization.²⁸ Fed mainly by the extreme income inequality²⁹ in the city and due to the dynamics specific to Istanbul such as Kurdish migration of 1990's-2000's and the culturally clashing middle classes (new vs. old or 'conservative democrats' vs. 'old ruler elites'), social (and spatial) polarization in the city has been reinforced and has become more extreme.

Keyder correctly analyzed the economic benefits that would come with the global city strategy –Istanbul has been following a very similar route to the other global city candidates in the world in economical terms. What his analyses could not capture was the extreme spatial segregation and social polarization brought with the globalization and the mechanisms that reinforces these polarizations which exploits the existing tensions within the society. He prioritized the policies that adapt Istanbul to the globalizing economy and

²⁷ For the details of “Crazy Project” in Istanbul, see Appendix 1.

²⁸ Fuat Ercan shows that globalization does not only hide the social tensions; but also reinforces them. (Ercan, 1996)

²⁹ Top 1% and bottom 76% of the city's population has the same share of total income of the city. (Sönmez, 2007)

created a hierarchy of problems by putting the limited resources problem to the top and regarded possible social problems coming with globalization as secondary issues waiting to be solved after the expansion of city's limited resources. While doing so, he assumed that current capitalism is a sustainable system and what many other globalized cities had made in 60's or 70's now can be repeated by Istanbul and other globalizing cities in 2000's. Ignoring the crisis scenarios/potentials and suggesting an urban strategy which rests on a system whose future is not foreseeable³⁰, makes Keyder's expectations regarding Istanbul over-optimistic and therefore unrealistic³¹.

The other point that Keyder failed to capture in his analyses was the increasing inter-regional income disparity in Turkey. He proposed that Istanbul-led economic growth will lead to Turkey's integration to the global economy and thus will create economic opportunities for the rest of the country. But now it is seen that, as the service sector is prioritized over manufacturing, qualified human resources being attracted to the Istanbul, the share of Istanbul in total government spending is increasing and all cities are treated as –successful and unsuccessful - enterprises in the “market” competing for a higher rank in the global hierarchy, the result is a city –Istanbul- growing its economic activity at

³⁰ Especially with credit crunch in 2008, “end of capitalism” scenarios are more credited than ever even by the mainstream media. For a detailed analyses of global capitalism and its inevitable crisis, see (Harvey, 2010)

³¹ Recent crisis in Dubai is a good example of this over-optimism:
<http://www.telegraph.co.uk/finance/financialcrisis/6668281/Dubais-financial-crisis-a-QandA.html>

the expense of the rest of the country (rather than a global city-led national growth)³².

One other point Keyder's analyses have not put a central emphasis on is the gentrification processes the city has been going through. Istanbul's rapid economic growth does bring with it the spatial and social segregation, and as an inevitable outcome of these two: gentrification. Especially for the last ten years the city has been experiencing gentrification processes at a very fast pace in the old central neighborhoods. By now, the city has experienced three waves of gentrification (Islam, 2005). According to Islam, Istanbul is going through a very similar gentrification process with the other global cities of the world. He states:

“The Istanbulite gentrifiers are the products of the same occupational, cultural and demographic restructuring processes that have taken place across the globalizing cities of the 1980s.” (Islam, 2005 p. 136)

Keyder, while focusing on the benefits that would come with the global city strategy, have not put the same attention on the gentrified places and the victims of gentrification who bears mostly the costs associated with global city project rather than the benefits attached to it.

Figure 28: Akaretler – Before and after Renovation



Today, by looking at the basic economic variables that show the degree of a city's embeddedness into the global market economy, it can easily be stated that Istanbul is adapting to the world market fast and furious. On one hand the city is having a rapid economic transformation through which the wealth of the city is being increased dramatically; on the other hand new social tensions in addition to the existing ones are emerging in the city and an extreme social polarization which results in a spatial segregation and gentrification have become major problems to be solved. Keyder's proposal lacking the social perspective and a comprehensive analysis of historical capitalism now has to be re-considered to develop new social and economical policies– which gets beyond the 'corrective policies' and rests upon the analyses of world capitalism- that will produce mechanisms to decrease/remove the social costs of globalization and/or suggesting alternatives to it. Urban policies aiming at profit maximization, creating brands from geographical names and considering cities as enterprises whose product to be marketed in the free market can be regarded as being no more than impositions of the rules of a certain economic logic - neoliberalism.³³ Even (as Keyder assumed) it is impossible to stay out of the neo-liberal globalization, as a point to start, it is possible to build social protect mechanisms that will prioritize the needs of people which a city is in fact composed of. Again, the key question is “Whose interests will be served?”

³³ For more detailed analyses between the urban politics in Istanbul and neo-liberal globalization, see (Öktem, 2006), (Ercan, 1996), (Öncü, 2010).

6. Limitations to Study – Areas for Further Research

The empirical analysis of Istanbul's urban transformation process is limited in this study due to lack of data which are used to track the urban transformation process of a city. Although this study includes many indicators of 'globalness' for Istanbul, most of these data belong to last ten years. To observe the trends and to make more accurate analyses regarding those indicators, more historical data sets are needed. In addition to this, for many other indicators even limited data is unavailable or not public such as the details of TOKI's and KIPTAS' construction projects, FDI breakdown by city, economic development of certain sectors (consultancy firms, security firms etc.).

Considering that the urban transformation processes are grand changes occurring in a time span of decades (rather than a decade or years), the indicators and analyses presented in this study should continuously be updated with the latest available data.

7. Appendix A: Canal Istanbul Project

In his campaign for the 2011 parliamentary elections, Prime Minister Recep Tayyip Erdoğan announced the ‘crazy project’ which is planned to be completed by the year 2023. In the project, it is aimed to build a 30 miles long canal parallel to Bosphorus, to the west of the city. The project will divide the city into two peninsulas and an island, on each of which new cities with many residential and office building are expected to rise.

Figure 29: The Canal Istanbul Project



Saying “We are building the canal of the century, a project of such immense size that it can’t be compared to the Panama or Suez canals,” Recep Tayyip Erdoğan is adding another ‘great’ construction project to Istanbul’s economy with an estimated project size of 40 billion dollars:

“According to government estimates, the cost of the steel and iron products to be deployed in the building of the bridges is expected to be \$7 billion. The project also includes an airport with a capacity of 60 million flights per year (thus solving Istanbul’s current difficult air traffic). There will be two mega-cities of 1 million people each on either side of Kanal İstanbul. However, these cities will not be right next to the banks of the canal, which will be used for building large parks, shopping centers and three congress halls. The residential sections of the cities will begin on the other side of this area. The total cost of the project is estimated around 40 billion dollars, of which 10-15 billion dollars will be used for the construction of the canal itself.” (Pivariu, 2011)

The ‘crazy’ project, as the mainstream media calls it, is expected to create many new residential areas to the northern parts of the city which remained untouched by now. Triggering a hike in the land prices and allowing more residential and commercial areas to be built and giving rise to the rapid ‘commodification’ of land, this project is estimated to create a 40 billion dollar economy (excluding the indirect investments). Offering many new job opportunities and new ‘cities’, the canal project is expected to attract more and more immigrants from

other regions in Turkey, exacerbating the interregional imbalance within Turkey.

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