

POLITICAL DETERMINANTS OF SUB-NATIONAL SOCIAL SPENDING:

A STATISTICAL ANALYSIS OF METROPOLITAN MUNICIPALITY BUDGETS IN TURKEY

by

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ABSTRACT

The main question of this thesis is whether incumbency affiliation and political competition have an effect on social spending decisions of the local governments in Turkey, especially through strategic allocation of sub-national resources. The findings provide partial support for strategic fiscal choices of social spending at the local level, especially for metropolitan municipalities that hold partisan ties with national incumbents. While mayors that have partisan ties with national incumbents tend to increase spending on social assistance services in their stronghold provinces, they tend to spend more on health services in face of political competition. Moreover, electoral analysis examines the effect of particularistic social spending decisions on the vote share of political parties at the elections. The spending on health services as well as spending on social assistance increases the vote shares of political parties that hold mayors' position at the national elections.

Keywords: Social policy, social expenditures, sub-national spending, incumbency affiliation, political competition.

YEREL DÜZEYDE SOSYAL HARCAMALARI BELİRLEYEN POLİTİK ETMENLER:

TÜRKİYE'DEKİ BÜYÜKŞEHİR BELEDİYELERİ BÜTÇELERİNİN İSTATİSTİKİ BİR ANALİZİ

ÖZET

Yerel yönetimlerin merkezi hükümetle siyasi partiler üzerinden bağlantısının olmasının ve yerel düzeyde siyasi rekabetin yerel hükümetlerin sosyal harcama kararları üzerinde etkisi var mıdır sorusu bu tezin başlıca sorunsalını oluşturmaktadır. Bulgular özellikle merkezi hükümetle partizan bağları olan büyükşehir belediyelerinin sosyal harcama yaparken stratejik mali kararlar aldıklarına işaret ediyor. Hükümetteki siyasi partilerle ilişkili büyükşehir belediye başkanları sosyal yardım harcamalarını seçmenlerin kendi partilerine olan desteğinin fazla olduğu illerde artırırken, seçimlerde siyasi rekabetin yoğun olduğu yerlerde daha fazla sağlık harcaması yaptıkları görülüyor. Seçim analizine göre ise, sağlık ve sosyal yardım harcamalarının daha yüksek olduğu seçim bölgelerinde büyükşehir belediye başkanlarının bağlı olduğu siyasi partilerin oyları artıyor.

Anahtar kelimeler: Sosyal politika, sosyal harcamalar, yerel düzeyde harcamalar, mevcut hükümetle bağ, siyasi rekabet.

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1. Introduction

The comparative literature on social spending provides a prosperous understanding of the determinants of social expenditures. “Political parties, policy legacies and political institutions” are widely emphasized as explanatory factors of well functioning social policy mechanisms and social welfare efforts. The studies of social spending refers to durable facets of political institutions such as neo-corporatism, state centralization and traditionalist policy legacies; besides partisan and non partisan aspects of democratic politics including government partisanship, electoral competition and turnout, self-interested behaviors of politicians and bureaucrats (Keefer 2007; Hicks and Swank 1992). Especially developing countries provide considerable variation to examine the sources of policy decisions with respect to their socioeconomic and political divergences. Many studies employed an exhausting list of variables to understand reasons behind different levels of social spending in Latin American countries varying from the level of democratization, partisanship, state structure, openness of economy, foreign direct investment, globalization, electoral competition, rule of law to demographic indicators such as urban population, aged population as well as young (Hecock 2006; Brown and Hunter 1999; Keefer 2007; Huber, Mustillo and Stephens 2008).

Social spending as a component of welfare expenditures represents a programmatic distribution of benefits that does not necessarily exclude particular groups in the society. Rather social spending aims to balance the inequalities in the society through facilitating the ones in need. However, social policy on the other hand provides a tool for governments that might increase the chances of reelection via the processes of budget allocation at the local level. The targeted allocation of government resources might enable particularistic exchanges between the political actors and their targeted clientele. Although the programmatic spending is determined through demographic factors, the particularistic allocation of social spending might encourage strategic involvement of political variables into policy-making processes. Despite the lack of personalistic linkages between patron and client, incumbent political parties are able to differentiate themselves through social spending mechanisms at the local governments. The local incumbents control resources that enable them to target and spend more in particular constituencies depending on the demographic, economic as well as political factors.

The particularistic allocation of resources through clientelistic linkages has been discussed in Turkish politics literature to characterize political arena in Turkey.¹ Although patronage based networks are emphasized as a determinant of policy preferences of the governments in Turkey, the particularistic allocation of resources have not been supported by empirical evidence except the recent studies of Adaman and Carkoglu (2000) and Kemahlioglu (2008). Moreover, other than comparative social policy analysis and the discussion on the extent of the social expenditures in Turkey²; the determinants of social spending at the local level have not been analyzed with empirical data. In this research I would like to fill in this gap and analyze social expenditures of metropolitan municipalities to understand if they are affected by political variables, in addition to demographic and socioeconomic determinants of programmatic spending. The research concerns the explicit effect of the political variables of interest that are electoral competition and incumbency affiliation³ in explaining the social spending decisions at the local level in Turkey between 1997-2010. Before presenting the results of analyses, I discuss the literatures of programmatic and particularistic types of spending.

2. Literature Review and Theoretical Background

2.1. Social policy in comparative literature

Although social expenditures are a widely used notion in the literature as well as in policy areas, it is hard to come up with a concordant definition of it. The public expenditures as a response to social demands vary with respect to their social nature by their contribution to the public welfare. Therefore, how to identify any public expenditure as social becomes a critical question. The externality, merit good aspect and coverage of the spending are suggested as three criteria to identify social spending (Erdogdu and Yenigun 2008). Based on the criteria, the social aspect of the public expenditures is related to the number of people that benefit from the services provided by state. Although the social services become non-excludable and indivisible while publicly provided, the coverage is not enough to identify social aspect of a public expenditure. On the other hand; some of the public goods that emphasize particular private goods and services affect a very limited number of people, yet

¹ Kudat 1975; Sayari 1975 and 1977; Kalaycioglu 1997 and 2001; Heper and Keyman 1998; Carkoglu and Adaman 2000; Kemahlioglu 2008.

² Bugra and Adar 2007; Bugra 2007; Yenturk 2009, 2011; Erdogdu and Yenigun 2008; Seker 2011.

³ Incumbency affiliation refers to political parties controlling local government which hold seats at the cabinet simultaneously. A discussion of the advantages of incumbency affiliation will be provided by sub-national spending literature later.

considered as merit goods. The good or service that concerns a particular group of people does not necessarily become less social. For instance, although the expenditures of merit goods directly influence a small part of the society, it still concerns the rest of the society as well. That is why the public expenditures on poor or disabled should be regarded as social spending. Even though there is a close relation between the coverage of a public spending and its social aspect, the opposite is not accurate. In other words, smaller coverage does not necessarily indicate a loss in social aspect of government expenditures. Another aspect that helps to determine the social nature of a public spending is the externality of the expenditures. The externality concerns the cost and benefits of an expenditure on other individuals who are indirectly affected from it as well. That is why an expenditure on education or health does not only benefit the individual who receives it, but it also contributes to the society (Erdogdu and Yenigun 2008).

Besides the criteria discussed, the assumptions have a crucial role to define social spending due to the lack of objective measures to identify any public expenditures as social. It is important to notify the fact that these assumptions differ from developed countries to developing ones because of the discrepancies with respect to economic development and socio-cultural structures. For instance, in a country that resolved its infrastructural problems and is capable of alternative responses to possible problems, even the clean water which is a vital good can be easily commoditized in the market. In such a country it is not crucial to assess the institutions that are responsible for the provision of clean water as social. However, in another country where the majority does not have access to clean water and therefore the health of people is threatened, the service under such conditions makes the institution social, regardless of its cost to people. Similar to previous example, in a country with higher ratios of educated population; spending on especially higher education does not necessarily fall under the category of social. Yet on the other hand, in countries with educational deficiencies spending on education becomes an important component of social expenditures (Erdogdu and Yenigun 2008). Moreover, social expenditures do not only contribute to social welfare but also support the human and social capital. There is a comprehensive literature arguing the effect of human and social capital on economic growth and development.⁴ Economic growth and development are considered as potential sources for social welfare which is one of the fundamental reasons behind social spending. Although it is not possible to calculate the total

⁴ See Becker 1962; Coleman 1988; Putnam 1995; Teachman, Paasch and Carver 1997; Langhammer 1999; Dakhli and De Clercq 2003.

contribution of expenditures in human and social capital, the economic rationale suggests that the benefit to the society exceeds the expenditures. Therefore the expenditures that contribute to social and human capital need to be considered as social spending, especially in developing countries like Turkey (Erdogdu and Yenigun 2008).

Besides the theoretical discussions on the extent of social expenditures, the worldwide applications might help to understand which expenditures should be included in an analysis of social spending. The three main statistical databases of social spending that are widely used in comparative analyses are as follows: ESSPROS (European System of Integrated Social Protection Statistics- EUROSTAT), SOCX (Social Expenditure Database- OECD) and SPERS (Social Expenditure and Performance Reviews- ILO). As Seker (2011) discusses in detail, the main difference among the methodologies of these databases concerns the definition of social risk. Accordingly, what is included in social expenditure and which segments of the society benefits from the social protection varies. Among many differences based on the extent and definition of social risks⁵, the inclusion of expenditures on education constitutes the most important difference between these three methodologies for this research. The methodologies of SOCX and EXPROSS do not include education expenditures into social budget and ignore the potential in education to decrease the poverty for the generations ahead. On the other hand, ILO covers the formal education as a component of social expenditure. In developing countries such as Turkey, the role of education should not be excluded from the social policy area which contributes to accumulation of human and social capital. Moreover, the State Planning Organization of Turkey also includes the section on improvement of the educational system within the ninth development plan⁶ that covers the years between 2007 and 2013 (Seker 2011).

2.2.Explanations to social policy preferences

The comparative literature on social spending provides a prosperous understanding rather than mere descriptive across different regions of the world. The amount of social spending and its determinants vary from OECD countries to welfare states to developing countries. The literature examining long established welfare states emphasizes political variables such like “political parties, policy legacies and political institutions” as explanatory

⁵ These differences concern the definitions of unemployment, occupational accidents, social exclusion among many. To see a detailed discussion see the TESEV (2011) report on monitoring the social budget in local governments prepared by Murat Seker.

⁶ DPT 2007, IX. Development Plan 2007-2013, Ankara.

factors of well functioning social policy mechanisms and social welfare efforts. Those studies of social spending refers to durable facets of political institutions such as neo-corporatism, state centralization and traditionalist policy legacies; besides partisan and non partisan aspects of democratic politics including government partisanship, electoral competition and turnout, self-interested behaviors of politicians and bureaucrats (Keefer 2007; Hicks and Swank 1992). Among the determinants of social spending, the partisan effect is mostly referred since the social spending is commonly associated with left-wing parties.⁷ Therefore, the expectation towards higher levels of social spending from a left-wing government dominates the arguments in the literature. As an interesting contribution to the studies on the effect of partisanship, Jensen (2010) argues that the partisan effects are not uniform across western world but depends on the existing welfare setup in the countries. Accordingly, a right-wing government might unexpectedly spend more in a country where left wing governments have a long established tradition to compensate for the distrust on right wing parties regarding social spending.

Although OECD welfare states as old established democracies represent a well functioning social policy, the variation among those countries remains weak to examine the sources of policy decisions, including social spending. That is why the literature recently converged on the Latin American and East Asian states as crucial parts of the developing world which provide considerable variation within the political and socio-economic variables. Many studies employed an exhausting list of variables to understand reasons behind different levels of social spending in Latin American countries varying from the level of democratization, partisanship, state structure, openness of economy, foreign direct investment, globalization, electoral competition, rule of law to demographic indicators such as urban population, aged population as well as young (Hecock 2006; Brown and Hunter 1999; Keefer 2007; Huber, Mustillo and Stephens 2008).

The variation within the region depends on the size and the coverage of the welfare state. How regime type contributed to these differences in social policy becomes a key question for many studies.⁸ Haggard and Kaufman (2008) emphasize the discrepancies between democracies including some semi-democracies and competitive authoritarian regimes, and their hard authoritarian counterparts in terms of the expansion of social policies

⁷ Korpi and Palme 1998; Huber and Stephens 2001; Iversen and Stephens 2008; Bradley et al 2003; Iversen and Soskice 2006.

⁸ Haggard and Kaufman 2008; Brown and Hunter 1999; Huber, Mustillo and Stephens 2008.

in areas of social security, health and the access to education. The duration of democratic rule also matters to distinguish comprehensive opportunities “for the mobilization of parties and interest groups that appeal to low-income sectors and greater possibilities for the cumulative growth of social commitments” the long-standing democracies offer compared to countries in which democratization were either partial or of shorter duration (Haggard and Kaufman 2008). Moreover, the involvement of unions and populist political movement into the decision making processes significantly shaped the social welfare system in Latin America from the initial stages of democratization, although the integration into the system was very limited and controlled at the beginning (Haggard and Kaufman 2008).

Besides Latin America, the comparative literature on East Asia suggests a very different pattern of social policy for the region. Mostly discussed within the framework of Esping-Andersen's (1990) 'worlds of welfare capitalism', the literature considers the East Asian experience as a distinctive form of welfare system from Euro-American models in social policy discourse that cannot be fitted properly into the conservative-liberal-social democratic tripartite (Kwon 2005; Holliday 2000). Although there is no agreement on the precise nature of East Asian experience⁹, the recent studies mostly focus on developmental aspects of political development to discuss 'East Asian welfare regime' (Aspalter 2006). According to Midgley (1995) and Tang (2000), the governments believe in the theory that the economic growth will eventually benefit all of the population. Therefore, the states of East Asia with a developmental focus applied government intervention and promoted industrialization through policies. According to Tang (2000); “small governmental spending, relatively flexible labor markets and the application of social security as an instrument to target politically important interest groups” are the common characteristics of East Asian developmental states. Although it is inconvenient to discuss all East Asian countries as an integrity, especially in mature economies of East Asia the social policies are subordinated to economic policy and worth applying as long as they encourage “economic growth, political stability, social peace and human capital development” (Holliday 2000).

The regime type is emphasized as an important political determinant in this region as well. In East Asia, overall incidence of democracy is lower and duration of particular democracies are shorter compared to other parts of developing world such as Latin America (Haggard and Kaufman 2008). The incidence of competitive politics that might influence the

⁹ To follow the development of East Asian welfare literature, see Jones 1993; Midgley 1986, 1995; Tang 2000; Holliday 2000; Gough and Barrientos 2004.

policy making process is not a common observation within the region.¹⁰ Although the democratic openings were accompanied by shifts in government priorities and expansion of social insurance as well as services in general, the regime types prevented major changes on social policy area (such as market reform and social development) in East Asia. Except Singapore and Malaysia that inherited central provident funds¹¹ and public health systems from British legacy, the governments with authoritarian history generally take a minimalist approach to social policy. The model of East Asian social policy suggests minimal government fiscal commitment and almost no redistribution, and the health systems became more market oriented over time (Haggard and Kaufman 2008).

Apart from the emerging literatures on different regions, Haggard and Kaufman (2008) compare the welfare efforts across Latin America, East Asia and Eastern Europe. Although the welfare state is mostly associated with Northern-Western European states, the regional welfare models are also developed in Latin America as well as East Asia and Eastern Europe with a varying focus of emphasis between the provision of social insurance, basic health services and education. Briefly, social security spending in Latin America statistically exceeds the East Asian minimalist welfare states' spending on pensions both as a percentage of GDP and share of government spending. Moreover, the variation in health spending is not significant across regions. However, Latin American governments put greater emphasis on social insurance compared to Asian ones, which give weight to basic health care. On the other hand, despite the lower per-capita income in general, Asian countries spent more on education as a share of GDP and government spending than did the East European countries; while the differences in educational spending between East Asia and Latin America are not significant (Haggard and Kaufman 2008).¹² Haggard and Kaufman (2008) explain these cross-regional differences by political economy factors that include “critical realignments, the choice of development strategy and regime type” as well as varying dimensions of economic and social divergences across regions.

2.3. Is welfare spending still relevant in context of globalization?

¹⁰ Haggard and Kaufman (2008) give Philippines and Malaysia as limited examples of democracy that influenced policy making processes.

¹¹ CPF (Central Provident Fund) is a compulsory provident savings plan for national workers primarily to fund their retirement, healthcare and housing needs. See Aspalter 2006 for further discussion.

¹² pp. 40

Despite the development of regional models, the relevance of welfare states is highly debated especially in context of globalization.¹³ On the one hand Mosley (2000) argues that there is still “room to move” with respect to the divergence on policies of industrialized countries, despite the pressures of international financial markets on policy choices of governments. The motivations are rooted in domestic institutions and politics as a result of which the governments have opportunity to maintain their welfare policies, despite the international financialization of markets. On the other there are several studies that based their arguments on the decline of the welfare state in different parts of the world.¹⁴

Rudra (2002) is one of the scholars who argue that the welfare spending decisions of developed and developing countries have diverged. While more developed countries increased their resources to spend on public welfare provision, developing countries decreased their welfare expenditures as a share of their average GDP. Rudra (2002) explains these diverging trends in welfare spending with respect to the collective-action capability of workers in face of globalization that undermines labor's potential to strike in LDCs where low-skilled labor is highly abundant. Moreover, based on comparative evidence Mishra (1999) argues that as globalization maintains its present neoliberal path, pressures on West European and Japanese social market models -as alternatives to Anglo-Saxon model US represents- “to deregulate and lower social standards” will escalate. The study claims that the opening up of economies restricted the policy autonomy of nation states particularly on “labor markets, taxation, social spending and systems of social protection” as well as undermining the defense against poverty. Hence, Mishra (1999) emphasizes the need for a “transnational approach to social policy and social standards as an alternative to current system of capitalism and maintenance of welfare policy”. Razin and Sadka (2005) employs a political economy model that assess the impact of the globalization which combines the forces of aging, low-skill migration as well as globalization itself. The interpretations of the model suggest that the forces are too strong for the welfare state to maintain its current size. Moreover, they emphasize the recent adjustments in retirement ages across a variety of

¹³ See Bernauer and Achini 2000; Iversen and Cusack 2000; Hicks 1999; Rieger and Leibfried 1998; Garrett 2001; Rodrik 1998; Pierson 1996.

¹⁴ See Rudra 2002; Mishra 1999; Razin and Sadka 2005; Greve 2006.

industrialized economies¹⁵, including United States, France and Germany as an evidence of the tendency to restrict welfare-state programs.

Although the OECD declared that the welfare state was in crisis in 1981¹⁶, European welfare system seems to survive and even enhance its impact through increases in social security spending and coverage of spending between EU states. However, recent debates of reforms on the pension systems that aim “ensuring later retirement from the labor market and increased the use of the market” indicate a tendency towards a current crisis of welfare state (Greve 2006). Moreover, Greve (2006) also contributes to the discussion on the decreasing capacity of nation state to maintain its own national strategy. Greve (2006) accepts that the “room for maneuver” within the nation state particularly in income and fiscal policies has been shrinking, especially for small open economies and autonomous decision making is not an option in these policy areas for Euro-zone anymore.

As oppose to the arguments on the decline of the welfare state in context of globalization, the analysis of Pierson (1996) claims that the support of the powerful interest groups to the welfare state in Europe prevented a drastic decline in functionality of the welfare state. The social spending is considered as inflexible or inelastic because of its nature. Although the expenditures of governments are expected to decrease following globalization, social spending continues to capture a considerable share from the budgets according to empirics (Pierson 1996; Bugra and Adar 2007). Although the total public expenditures as a share of GDP dropped in OECD countries from the mid-1980s to the second half 1990s, the public social expenditures did not decline and the argument is also valid between the years 1980-2003 as well (Bugra and Adar 2007).

While discussing the effect of globalization, the relationship between openness and social spending is at stake. There is an extant literature on this relationship with a variety of arguments that support both negative and positive ties between openness and social spending.¹⁷ One strand of the literature expects an increased openness to lead governments to decrease public spending, according to the efficiency hypothesis. Rudra (2002, 2005) suggests the governments to spend less on a host of goods and services in order to reduce the

¹⁵ US gradually raises the retirement age so that it will be 67 by the year 2027. France decided to increase the years that public sector workers are required to contribute to state pension system. Germany who has already increased the retirement age decided to increase it again to 67 between 2011 and 2035. (Razin and Sadka, 2005)

¹⁶ OECD 1981, *Welfare State in Crisis*. Available online at http://img.kb.dk/tidsskriftdk/pdf/nto/nto_0120-PDF/nto_0120_89499.pdf

¹⁷ See Rudra 2002 and 2005; Segura- Ubierno 2001; Adsera and Boix 2002; Nooruddin and Simmons 2009.

price of intermediate and consumer goods as well as labor by guaranteeing the competitiveness of prices vis-a-vis imports in the market through exchange rate. Moreover, Garrett and Mitchell (2001) associate decreases in government spending with increases in total trade and international financial openness, although the economies with greater openness (i.e. greater inflows and outflows of foreign direct investment) continues to tax the capital heavily. In contrast, other studies expect to observe an increase in government spending when an economy opens up. Two arguments support the expectation for governments to increase spending as a result of opening. First, the social spending is suggested as a tool for governments to win the support of public for the neoliberal policies of government, in order to compensate for the potential harm through loss of jobs and lack of competitive markets. According to Rodrik (1998), governments of more open economies which have greater exposure to the risks of global markets spend more to support the “safe” public sector. Second, an increase in public spending through investment in human capital might lead to an increase in worker skills and therefore productivity (Kaufman and Segura-Ubiergo 2001).

Instead of arguing an unconditional relation between openness and spending, the literature responds to various questions on the effect of political and institutional variables on spending as well as interactions between these variables and trade openness. While Adsera and Boix (2002) refers to regime type as a determinant of government spending “to accommodate public demands for compensation”, Nooruddin and Simmons (2009) focus on democracies' response to openness by increasing social spending to make it more acceptable because of the economic insecurities and dislocations it generated. Moreover, Rudra and Haggard (2005) find evidence on autocracies spending less in the face of openness, while democracies do not represent a particular pattern towards spending more by higher levels of trade openness according to their results that challenge the arguments by Kaufman and Segura- Ubiergo (2001) and Avelino et al. (2005) to an extent. Besides, many studies¹⁸ examine the impact of domestic political institutions on public service spending under higher exposure to international trade and mobile capital. The evidence for contrary results exists.

In a sample of 14 Latin American countries, Kaufman and Segura-Ubiergo (2001) find that globalization produces downward pressure on social security but less so for education and health-care spending (pp. 554–55). They also find that democracies do not cut

¹⁸ Kaufman and Segura- Ubiergo 2001; Avelino, Brown, and Hunter 2005; Rudra and Haggard 2005.

welfare expenditures in the face of openness, and spend more on health and education compared to non-democracies. Analyzing a similar set of countries, Avelino, Brown, and Hunter (2005) report that “trade openness has a strong positive impact on the resources devoted to education and social security while democracy’s impact on spending results from increased expenditures for education” (Avelino, Brown and Hunter 2005, p. 626).

The prosperity of research on the relationship between globalization and spending provides a comprehensive understanding on the question. Although the effect of globalization on welfare expenditures such as social security, education and health-care spending remains inconclusive; the abundance of research implies the relevance of welfare spending in the literature, despite and through globalization.

2.4.Social Policy in Turkey

The recent studies make considerable effort to determine the extent of social expenditure in Turkey¹⁹ and the common measures to identify any expenditure as social emerges as follows. The positive externalities, the benefits of particular disadvantaged groups in the society and the coverage of the spending turn out to be most important aspects of any social expenditure in Turkey, in line with the comparative literature. Accordingly, the expenditures that help improving social welfare conditions and contribute to the development of human and social capital are included in social budget.

The social spending consists of the social assistance services, health services and education services based on their functional classifications in the budget throughout this research.²⁰ Seker (2011) also includes spending on education, health and social protection into the public sector social expenditures in Turkey. With respect to their description under functional classification, what each component of social spending covers is as follows. Social assistance services include social security and social protection services for those who do not receive regular social security benefits; payments to old, disabled and ill as well as direct transfers of social assistance. Health services include health services of government, formation and implementation of public health facilities, services of public health and

¹⁹ To follow recent publications on social expenditures in Turkey, see Bugra’s (2007) *Turkiye'nin Sosyal Koruma Harcamalari* ,Yenturk’s (2009) *Sosyal Koruma Harcamalarini Izleme Klavuzu* and Erdogdu and Yenigun’s (2008) *Turkiye'de Sosyal Butce*.

²⁰ A series of descriptive graphs (based on the data collected for the analysis) is provided in the appendix that indicates the distribution of different components of social spending across 16 metropolitan municipalities, by provinces.

services of outpatient care. Finally, education services refer to operation of the schools of each degree, foundation and supervision of them, services of formal and mass education. (Yentürk 2011, p. 36) Moreover, according to the guide for analytical classification of budgetary expenditures, spending on education services cover scholarships and allowances for students and interns both in Turkey and abroad, participation of personnel to vocational training programs as well as other transfers for expenditures of registration, diploma, examinations or certificates for the students in need.²¹

The public social spending is considerably low in Turkey compared to other OECD countries, including South European countries that used to have a similar welfare system to Turkey before their full membership to EU. Unlike Turkey, these Southern European countries increased their public social spending significantly (Bugra and Adar 2007). According to SOCX methodology in 2003, the public social spending is 11.6 percent as a share of GDP in Turkey. The OECD average turns out to be 20.7 percent for the same year. Moreover, the comparative data from ESSPROS covering the years from 2002 to 2004 suggests that the social protection expenditures in Turkey are around 12.5 percent of GDP. The same ratio is 27.6 for EU-15 area countries, and 26 for Greece, 24.9 for Portugal, and 20 for Spain in year 2004. If the expenditures on social protection excluding the old age assistance and spending on health are considered, the weakness of Turkey in social policy area becomes clearer. Social spending under the category of “others” constitutes the 1.3 percent of GDP in Turkey, while this number reaches to 7.2 percent for EU-15. These statistics indicate the necessity in Turkey to increase the resources directed to poverty and social exclusion through income support programs or unemployment insurance and support for housing (Bugra and Adar 2007).

Bugra and Adar suggest a new welfare model called “welfare governance”²² which reflects on Turkey as well. One of the most important aspects of this model concerns the transition of the responsibilities from central mechanisms to local governments with respect to the provision of social assistance. The emphasis on local governments contributes to the validity and relevance of the analysis in this research that is based on the metropolitan municipalities in Turkey. Another important aspect of the “welfare governance” as a new form of welfare provision is the cooperation between public institutions and private sector in

²¹ The guide of analytical budgetary classification for İstanbul Metropolitan municipality is provided by Melek Yonca as the assistant director of budget on 25 November 2011.

²² “Refah yönetisim” as it is referred in the original text.

a way that emphasizes the integration of civil society into the process. Although the role of nongovernmental organizations are not in the scope of this research²³, the concerns on the states' control over standardization and continuance of social services worth notice under the circumstances that encourage the withdrawal of state from the process. Moreover, this new approach to welfare provision that highlights the role of civil organizations is compatible with the traditional approach that perceives social services as charitable endowment instead of the responsibility of state (Bugra and Adar 2007).

Especially from the beginning of 1980s, the policies that encourage a diminishing welfare state shifted the focus on local governments and expanded their role on public welfare provision. The contribution of local governments to social policy varies between countries as well as time periods. The local governments' functions to provide economic stability, income distribution and public services mostly failed to achieve the first two of these goals both in developed²⁴ and developing²⁵ countries (Ersoz 2011). The foremost purpose of local governments has become to provide public services either as local representatives of central government or as colleagues, since legal regulations to improve working conditions and income redistribution compel a decision making process at the national level, instead of distinct regional policies. However, the local governments embody a considerable portion of the public sector employment in their departments in most of the developed countries. Therefore, these local institutions might lead the enrichments in social policy through improvements in collective bargaining agreements. In other words, although local governments' main function concentrated more on public service provision, their capabilities is not limited to it (Ersoz 2011).

Although the neoliberal policies of post-1980 governments in the world highly influenced the social and economic policies of Turkey, the tendency to restrict the financial resources and aids of local governments received from center did not reflect on Turkey. Contrary to the trends in liberal countries, the financial resources of municipalities increased between 1981 and 1994 through law regulations in Turkey. Up until the crisis of 1994, the financial resources directed to municipalities remained above the average share from central

²³ For further discussion on the role of NGOs in welfare provision, see World Bank 1997 and 2000; Jessop 1999; Bode 2006; Tandler 2004; Chandhoke 2002.

²⁴ Owens and Norregaard 1991.

²⁵ Smoke 2000.

budget income.²⁶ The revisions on the economic policy aimed to increase the public revenues while decreasing public expenditures. The decisions of April 5th decreased the revenues of municipalities through changes in tax law in order to balance the budget. Aftermath of the new regulations, the municipalities experienced difficulties in investment and even the monthly payments of personnel until the amendments after 2004 that increased the share of tax revenues transferred from the central budget. Despite these increases, the financial independence of municipality budgets remains as a problem. In fact, the share of local government revenues within public revenues as one of the determinants of financial independence is quite low compared to developed countries. Among OECD countries, the ratio of local government revenues to public revenues is 25.4 % on average; while this ratio is 12.97% for Turkey. A considerable part of local budget consists of transfers, private funds and shares from the tax revenues of central budget²⁷, while tax revenues of local governments corresponds to 14.3% of the budget. The figures reflect the dependency of local budget to the center, besides the insufficiency of financial resources (Ersoz 2011, pp. 113-116).

The Law Number 5216 specifies the responsibilities and the boundaries of jurisdiction for the metropolitan municipalities. Within the scope of administrative reforms that aimed to transform local governments into effective agents of local services in 2004, the Law Number 5216 defines social policy among the responsibilities of metropolitan municipalities. The municipal law determines the extent of social policy in local governments and responsibilities attached to governors at the local level. The content of the municipal law is comprehensive and compasses social assistance and social services as well as particular services provided for disadvantaged population in the society. The law encourages local governments to promote social policy through the services that emphasize the population under social policy coverage (Ersoz 2011, p. 135). The social policy functions of metropolitan municipalities include services of basic social policy areas of education, health and residence; poverty centric services such as social assistance services for old, disabled, unprotected children, women and family; and broader services with a focus on women, young, disabled population (p. 159).

2.5. Programmatic versus Particularistic Spending

²⁶ According to Guler (1994), while municipalities shared 8.81% of the budget income on average between 1925-1989; this share increased to 9.51% in 1985 and to 17.02% in 1986 which is the highest share in republican history.

²⁷ The ratio was around 53% for municipalities between 2000-2003.

A variety of research questions particularly tackle with sub-national spending with respect to macroeconomic stability especially in developing countries²⁸ and institutional framework that influences the fiscal decisions²⁹. The literature on sub-national government expenditures frequently uses political variables such as political competition and incumbency affiliation to understand the mechanisms behind spending decisions of both central and local governments.

The partisan affiliation of local governments with the national incumbents especially in federal governments emerged as a new strand in the literature. Accordingly, the partisan ties with the national incumbents are expected to decrease the total sub-national spending at the local level, controlling for the size of the revenue³⁰. The fundamental reasons concern the macroeconomic stability and then chances of reelection most of the time. The budgetary tensions due to deficits and debt levels that threaten the macroeconomic stability might lead central governments to restrict spending at the local level in order to increase the chances of the reelection at the national level. That is why the expectation towards a decrease in spending at the local governments that are affiliated with the national incumbent dominates the literature on local partisan ties. However the patronage literature expects an increase in spending levels at the local governments that are affiliated with the national incumbents. The arguments suggest that the mechanisms of favor distribution expand the amount of spending in local governments with partisan ties which already receive more resources from the center compared to others that are not affiliated with the national incumbents.³¹ If the co-partisans of national incumbents at the lower levels of government receive more resources, the expectation towards co-partisans to involve more in particularistic distribution of benefits at the local level increases. It means that the partisan ties will enable the incumbent affiliated mayors that choose to take advantage of particularistic networks through disproportionate access to government resources. Accordingly, the expectations via two different strands of literature suggest a two-sided analysis of the effect of incumbency advantage on spending decisions.

Another strand of the literature focuses on the effect of electoral competition on the fiscal choices of governments, including spending as well as social spending in particular.

²⁸ Remmer and Wibbels 2000; Jones et. al. 2000; Khemani 2002; Kemahlioglu 2009.

²⁹ Alt and Lowry 1994; Merrifield 2000.

³⁰ Kemahlioglu (2009) differentiates Brazil as an exception to this tendency.

³¹ See Wright 1974; Grossman 1994; Worthington and Dollary 1998; Travits 2009; Roszvitich and Weiss 1993 to follow the literature concerning the effect of partisan ties on intergovernmental grants and transfers.

Many outstanding studies examined the effect of democracy on social spending as the focus of the literature shifted from the industrialized countries to developing world.³² The studies emphasize the expectation towards higher levels of spending on popular programs in democratic regimes in order to increase the chances in the elections compared to authoritarian ones. Apart from the comparison between democratic and authoritarian regimes, more studies examine the effect of electoral competition on spending decision across democracies as well as at the sub-national level.³³ Comiskey (1993) tackles with the question concerning the effect of democratic competition on the public spending across industrialized democracies. The results of Comiskey (1993) suggest a positive linkage between indicators of electoral competition and the growth of domestic spending.³⁴ However the effect of political competition on spending decisions or clientelistic efforts are dependent upon other factors most of the time. Barrilleaux, Holbrook and Langer (2002) examine the role of electoral competition as well as its interaction with the partisan composition of the legislature in American states' public policy making. Within the literature there is a tendency towards the expectation that more rewards should be given to the supporters whenever the competition is tighter.³⁵ Therefore more political competition is expected to result in policy outcomes which support “more generous provision of services and benefits from governments” (Barrilleaux, Holbrook and Langer 2002). However the results from Barrilleaux, Holbrook and Langer (2002) interestingly indicate that the partisan composition in the legislature (whether legislature is composed by Democrats or Republicans) matters to the decision of welfare spending in the face of electoral competition. While the level of competition is associated with greater welfare spending in a legislature under the control of Democrats, the same impact does not occur for Republican legislatures (Barrilleaux, Holbrook and Langer 2002). Similarly, Weitz-Shapiro (2012) argues that the effect of political competition on the clientelistic efforts of mayors is only significant in regions with higher levels of poverty.

Moreover, the literature on particularistic spending on core voters versus swing voters enables me to discuss the effect of political competition on social spending better. The debate continues on how political parties allocate their resources, especially private and public targetable goods to either increase or optimize their electoral chances. While one strand in the literature base their arguments on “core voter model” of Cox and McCubbins (1986), the

³² Brown and Hunter 1999, 2004; Kaufman and Segura- Ubierno 2001; Stasavage 2005.

³³ See Hecock 2006; Comiskey 1993; Barrilleaux, Holbrook and Langer 2002; Hicks and Swank 1992.

³⁴ The significant relationship corresponds to years from 1950 to 1973 and 1973 to 1983.

³⁵ Schattschneider 1942; Riker 1962; Schlesinger 1991.

opponents develop their claims on the “swing voter model” of Lindbeck and Weibull (1987). Based on the models, the political parties either distribute or promise to distribute targetable goods to either core or swing voters. The empirical studies on core voters suggest that the political parties’ incentive to target loyal voters is based on their strategy to maximize their votes. Ansolabehere and Snyder (2003), Levitt and Snyder (1995), Balla et al. (2002), Diaz-Cayeros et al. (2000), Murillo and Calvo (2004) and Bickers and Stein (2000) lead the empirical studies on targeting core voters across and within electoral districts. These studies expect political parties to involve in particular distribution of benefits as a rewarding mechanism in their stronghold districts. On the other hand; Wright (1974), Bickers and Stein (1996), Denmark (2000), Herron and Theodos (2004), Stokes (2005)³⁶, Dahlberg and Johansson (2002), and Case (2001) outstand as the empirical studies examining the allocation of benefits in favor of the swing voters. The political parties might strategically distribute more on districts with voters that might change their vote depending upon what they receive or when they are promised to receive. The cross-district studies provide evidence on political parties targeting districts with swing voters, even though they do not answer the question on exactly who gets the benefits in each district. Accordingly, political parties might target areas with either loyal or swing voters with respect to different motives.

Finally, in provinces where political competition is tighter, the political parties at the local government might tend to increase their spending. Higher levels of social spending in those provinces with swing voters might benefit the mayors and the political parties that are affiliated with them in the elections. The literature on patronage politics expects an increase in local incumbents’ social spending through particularistic allocation of resources towards swing voters, in face of political competition.

Based on the discussions of incumbency affiliation and political competition, this research will examine the effect of political variables as well as their interaction on the social spending decisions of mayors at the local level in Turkey. Apart from the incumbency affiliation and political competition, their interaction helps to understand whether political competition effects the social spending decisions of mayors with partisan ties differently, compared to the local governments that are not affiliated with the national incumbents. The empirical analysis focuses on the social spending, regarding the arguments of spending in general. The aim is to understand the effect of political variables on social spending in

³⁶ Among the studies mentioned, only Stokes (2005) examines the allocation of benefit to individual voters instead of districts.

particular, since social expenditures concern welfare improvement and therefore attributed as inflexible. However, the variation within social spending across metropolitan municipalities is expected to be responsive to political variables of interest as well.

Moreover, the literature of voting behavior incorporates the effect of social policy preferences into the determinants of voting behavior. Although income based voting has been a mainstay of the literature, different perspectives to understand voting behavior towards redistributive policies of governments in particular exist in the literature.³⁷ The arguments on income based voting concentrates on redistributive policies and its effect on voters' attitudes. The discussion develops around the effect of inequality on the redistributive preferences of median voter based on the 'tax and transfer' model of Meltzer and Richard (1981) that studies the relationship between income distributions and taxes. The main argument emerges from the discussion is that the "redistribution should be highest in polities with the highest levels of inequality, because in such societies, the median voter has the most to gain from taxes that redistribute income" (Huber and Stanig 2009). However, many studies claimed that the redistributive programs do not respond to levels of inequality³⁸, contrary to intuitive appeal of the argument based on the 'tax and transfer' model. Despite the diversity of models that examine a wide range of factors³⁹ that might affect taxes and distribution (besides the unsettled discussion on inequality), the arguments are based on a common assumption that accepts "voters will support parties that advance their economic interest", all else equal (Huber and Stanig 2009). Accordingly, poor is expected to vote for redistributive policies while the support for the leftist "tax and transfer" parties decreases with increasing income at the individual level (Lipset et al. 1954).

Although the literature mostly emphasize the influence of redistributive policies, the social spending as a part of the social policy might have an effect on the voting decisions of electorate as well. Bruhn (1996) argues that the national solidarity program in Mexico which selectively targets groups in order to avoid large-scale subsidies resulted in the increase of PRI's political support. Although the increase in PRI votes cannot be solely attributed to the

³⁷ Huber and Stanig (2009) focus on the macro level variables that are related to ethnic heterogeneity, cross pressures on individual freedom issues, economic development, electoral laws and party systems to examine their effect on the relationship between individual income and vote choice. Among those macro level variables, Iversen and Soskice (2006) also emphasize the influence of electoral law on the vote choice in order to understand why some democracies redistribute more than others.

³⁸ See Alesina and Glaeser 2006; Moene and Wallerstein 2001; Benabou 1996.

³⁹ The literature is vast and diverse, and includes many variables ranging from electoral laws, targeted transfers, social insurance schemes to policy dimensions unrelated to redistribution (Huber and Stanig 2009).

social program they adopted, the perception of “personally benefitted from program” emerged among significant determinants of PRI vote in the polls (Bruhn 1996). Based on the effect of social policy programs on voting behavior, the final part of the analysis tries to understand if vote share of political parties that involve in particularistic social spending benefit from their strategic allocation of social expenditures at the local level in Turkey.

The literature on political clientelism is diverse and still expanding. The comparative literature on political clientelism employs a wide range of measures including government expenditures, personnel spending, allocation of investment subsidies as well as public investment and distribution of jobs to understand the relationship between patrons and clients. According to Lemarchand and Legg’s (1972) definition, clientelism refers to “an individual, affective and reciprocal relationship” between an inferior and a superior who have access to unequal resources. Robinson and Verdier (2001) suggest a common conclusion that clientelistic politics are most attractive in conditions of low productivity, high inequality and long established hierarchical social relations; while other strands of the literature emphasize the importance of culture, economic development, historical legacy and the size of the public welfare sector (Wantchekon 2003). It is necessary to discuss clientelism within the scope of this research in order to understand the mechanisms that lead to particularistic distribution of government resources at the local level. Although social spending substantially refers to social policy literature, the correlates and linkages that are suggested by clientelism and patronage literatures enhance the answers given in a discussion of government expenditures, including social spending.

An early work of Scott (1969) describes the political machine as rather a non-ideological organization that relies on “what it accomplishes in a concrete way for its supporters, not on what it stands for”. This approach allows scholars to examine the relationship between patron and his/her clientele beyond the ideological and institutional mechanisms. Political or institutional legacies such as ideological tendency, party identification, party system or electoral law remain insufficient to explain the preferences of voters, especially in developing countries where informal mechanisms are prevalent. The under institutionalization in developing countries encourages the accommodation of clientelistic networks or patronage based relations. However, under institutionalization does not provide an understanding of informal political mechanisms; unless they are studied separately and in depth, rather than identifying them as under institutionalized compared to their institutionalized counterparts (O’Donnell 1996). The informal linkages help to explain

the mechanisms that cannot be explained by the variables of developed country literatures. Hence, a wide-ranging literature on informal or partially informal political mechanisms leads and encourages the students of politics to search for alternative explanations.

Many studies respond to the questions of clientelism with respect to their research interest ranging from the type of voters that are targeted by clientelism⁴⁰ to the reasons why patrons and clients “comply with clientelistic agreements”⁴¹, as well as “the implications of clientelism for democratic accountability”⁴² (Weitz-Shapiro 2012). Moreover, Calvo and Murillo (2004) respond to the question why some incumbents are more likely to benefit from patronage politics than others. Besides, a comprehensive study of Kitschelt and Wilkinson (2007) place policy choice of the governments at the center of the analysis on linkages between patrons and their clientele. However, Weitz-Shapiro (2012) emphasizes that only few studies search for an answer to the substantial question that asks why some political agents choose to involve in clientelistic networks while others do not, at the first place. In her research, Weitz-Shapiro (2012) suggests the interaction of political competition and poverty as the key determinant of the involvement into personalized decision making in a context where clientelism is widespread. Asking the question “why some individual politicians use clientelism while others opt not to” as Weitz-Shapiro (2012) did becomes very crucial, in order to understand the extent of clientelistic practices and political correlates that encourage particularistic distribution of resources in return for political support. This research also aims to explain the correlates of particularistic decision making⁴³ in regards to the variation within social spending decisions of local governments in Turkey.

The literature on political clientelism and patronage in Turkey implies established particularistic networks. However, most of the arguments are not supported by empirics except the recent studies of Carkoglu and Adaman (2000, 2001) and Kemahlioglu (2008). Carkoglu and Adaman in a series of TESEV reports based on a comprehensive survey data examine the household views in Turkey regarding the satisfaction from the services of central and local mechanisms of government; patronage based relationships as well as the causes of corruption and preventive measures suggested. Besides, Kemahlioglu (2008) concerns the

⁴⁰ Gans-Morse et al. 2009, Nitcher 2008, Stokes 2005, Stokes and Dunning 2008.

⁴¹ Auyero 2000, Lawson 2009, Brusco et al. 2004, Stokes 2005.

⁴² Piattoni 2001, Stokes 2007.

⁴³ Although it is not possible to detect a clientelistic transaction (or call it as clientelism) from the examination of final accounts of metropolitan municipalities with statistical analysis, the reference to clientelism literature is still necessary to understand the motivation behind the research on political variables that might explain the variation within social spending.

particularistic distribution of investment subsidies in provinces where the vote share of coalition partners decrease in line with their capacity to claim any responsibility for particularistic provision of goods.

Earlier theoretical arguments concentrate on the establishment and characteristics of networks and changing nature of the relationships after economic development followed by social transformation in Turkey. Kudat (1975) suggests that these interpersonal or non-formal relations of influence are central to an analysis of interest articulation in Turkey, especially for eastern local politics of less developed regions. Throughout the analysis, Kudat (1975) refers to these relations as either “clientelism”, “dyadic contract” or “personal network”. The study establishes a framework based on “a mixed system” between formal central authority, bureaucracy and informal local, personalistic ties (Kudat, 1975, p. 66). Moreover, face to face relations of a dyadic nature and involving parties of unequal status are identified as the essential characteristics of personalized networks in Turkey. Hence, the early literature suggests a vertical relationship based on exchange of goods and services between the agents of a clientelistic network, especially based on the studies of the eastern regions of Turkey. Within the scope of a vertical relationship based on patronage, patron usually provided “protection and benefits” while the client supplied “personal services, loyalty, assistance and general support”. The resources provided by the patrons consist of two types; either direct or indirect. While the direct resources of patrons correspond to an easier access to land, work, scholarship or funds; the indirect sources refer to the strategic contact with other people who have direct control over the resources concerned (Kudat, 1975, pp. 66-67).

With regard to the emphasis on the eastern Turkey, understanding the reasons why personalized networks developed in the region becomes essential to the development of literature. Why patrons rather than formal political organizations became prevalent in particular regions of Turkey? Kudat (1975) suggests a variety of reasons to reflect the environment in eastern Turkey that encouraged the establishment of personalized networks, including “ethnic and religious cleavages, widespread poverty and economic dependence of the population, fragmentation of political power and inability of the state to reach the eastern countryside” (Kudat, 1975, p. 73-74).

In line with the transformation of the socio-economic dynamics following the rapid social mobilization from 1970s to 1990s, the networks based on personalized relationships also changed. The transformation of party notables into party-affiliated brokers enabled the

development of party patronage rather than the patron dominated relationships (Sayari 1975, 1977; Kalaycioglu 1995). The emphasis on rural patrons shifted to the “dual alliance of politicians and public bureaucrats” (Kalaycioglu 1995). In contrast to the dependency on one particular patron, clients expanded their access to resources through greater opportunities of choosing between several competing brokers (Huizer 1965). Hence, the multiplicity of the opportunities increased the bargaining power of the clients- both the peasants in rural areas and the new residents of shantytowns in the city (Sayari 1975, 1977). Consequently, the transformation of socio-economic dynamics in Turkey -especially through increased migrant population in cities- shifted the focus on “urban party patronage” rather than person based relations of particularistic networks (Sayari 1975, 1977).

On the other hand, Heper and Keyman (1998) approach the historical evolution of patronage politics in Turkey via “tensions between state elite and party elite after multi party politics”. The measures of protection served as the means of requirements of economic modernization throughout the “westernization period” controlled by the state elite which represents a strong state tradition. Contrary to state elite, political elite tended to be responsive to the demands from particularistic socio-economic groups from the beginning of multi-party politics. Accordingly, political patronage became a fundamental policy to obtain votes in a way that frequently uses religion as a source of political support. Hence “state centered polity” shifted to “party centered polity” as a result of the multi-party politics that enabled DP to obtain political power in 1950 and continued by other center-right parties such as Justice Party and True Path Party.

Besides the historical evolution of political patronage, Heper and Keyman (1998) provide an analysis of factors that contributed to the establishment of political patronage of multi-party politics in Turkey. The rising political elite represented themselves as the “proponents of national will” and positioned against the state will. Hence the political elite introduced a more responsive government mechanism between the electorate and political authorities. This political responsiveness with respect to inequalities leads to the provision of particularistic favors for those in need, especially in local political arena. Emerging public sector supported political elite in their responses to meet the popular demands at the time. DP as a new party introduced an alternative political machine compared to politics of CHP that dominated the republican history before. DP as a political organization was less interested in political ideologies and more in “securing and holding office”. The ideal of reelection contributed to the emergence of “pork-barrel grants” concerning the public sector of “roads,

schools, electricity, mosques and the like”. The principles of policy making remained particularistic and political parties detached themselves from rationally formulated policy-making processes. Besides, Heper and Keyman (1998) emphasizes that political parties do not choose to mention the merits of their policy programs instead of involving in particularistic exchanges in order to gain votes. The political parties rather depend on patronage power to convince their electoral constituencies that are driven by popular demands. This relationship of exchange through patronage linkages puts pressure on parliamentarians to repay their “debt” to people that enabled them as the governors through their vote (Heper and Keyman 1998).

Moreover, Kalaycioglu (1995, 1997 and 2001) gives comprehensive understandings of how this links that are based on “nepotism, favoritism, family bonds and religious solidarity” are established and why they are likely to continue. According to Kalaycioglu (1997) clientelism represents a mechanism of “providing have-nots some of their most desired values of respect, security and welfare”. This mechanism reproduces itself through elections which provide a relation of exchange between electorate and political authorities (Kalaycioglu 2001). In such an environment voting is not only a mean to democratic representation for the electorate but also provides greater access to resources of state through political parties. That is how distribution of favors becomes one of the essential rules of the exchange between party and the electorate. However, the particularistic distribution of favors brings along its dilemmas. First, “democracy is maintained at the expense of the rule of law” in a political environment dominated by patronage based linkages. Since it would be hard to distribute favors if practices of government is based on “meritocratic grounds” through “transparent procedures”, the rule of law needs to be relaxed in order to respond to the clientele. Second, the tradeoff between popular governments versus good governance generates a tension on the budget processes and public spending (Kalaycioglu 2001). Despite its dilemmas Kalaycioglu (1995) argues that “the parliamentary party does and will continue to function as a ticket for more emoluments from the state budget, than as a flag of ideological distinction”.

3. The Argument

So far I tried to discuss the social policy mechanisms and clientelistic linkages that determine the choices of government agents with respect to their budgetary decisions separately. The social spending as a component of welfare expenditures represents a

programmatic distribution of benefits that does not necessarily exclude particular groups in the society. Rather social spending aims to balance the inequalities in the society through facilitating the ones in need. However, social policy on the other hand provides a tool for governments that might increase the chances of reelection via the processes of budget allocation at the local level. Although the programmatic spending is determined through demographic factors, the particularistic allocation of social spending might encourage strategic involvement of political variables into policy-making processes. The electorate is highly responsive to the welfare provision at the local level. Despite the lack of direct personalistic linkages between patron and client as expected from a typical clientelistic exchange, incumbent political parties are able to differentiate themselves from their competitors through particularistic spending mechanisms in the eyes of the constituents. The local incumbents control resources that enable them to target and spend more in particular constituencies depending on the demographic, economic as well as political factors.

Kitschelt and Kselman (2011) differentiate the clientelistic forms of democratic accountability from the programmatic accountability relations between political parties and society. In contrast to direct exchange between voters and politicians in regards to clientelistic relations; programmatic accountability relations prevail where winning parties offer club and collective goods, the provision of which is not based on the vote or other services. However, the Huber and Ting (2009) also suggest that particularistic spending with targeted policy programs became a more efficient tool for attracting votes, compared to standard tax and transfer models of redistribution. The studies based on redistributive policies of governments fail to understand why poor vote for right wing parties that redistribute less. That is why; the literature on government expenditures focuses more on particularistic or clientelistic networks recently.

The public social expenditures as the focus of this research can be identified as programmatic spending with respect to the differentiation Kitschelt and Kselman (2011) suggests. However, it is not possible to claim that the social spending decisions are irrelevant to particularistic distribution of government resources; even if it does not suggest a direct exchange between voters and politicians. Although the social spending is programmatic in nature, the social spending might become particularistic through strategic allocation of social expenditures across metropolitan municipalities. Accordingly, the variation within social spending of metropolitan municipalities might be explained by political factors concerning

incumbency advantage and political competition, apart from the programmatic determinants of welfare spending.

Lemarchand and Legg (1972) argue that clientelism provides an alternative to “social security” function of the modern welfare state when society is dissatisfied with the protective or redistributive capacity of the state. The argument can be expanded to other functions of welfare state as well. When the social function of state is defined within the particularistic relations based on patronage, even the provision of social goods and services becomes more likely to be manipulated to reinforce power. Moreover, Pappas (2009) emphasizes the “selective distribution of public goods” as a convenient strategy for the political parties depending on patronage.

Based on the discussions, I will examine the effect of political variables on the variation within social spending levels across metropolitan municipalities in Turkey, controlling for demographic and socio-economic factors. The research concerns the explicit effect of the political variables of interest that are electoral competition and incumbency advantage in explaining the social spending decisions at the local level in Turkey between 1997-2010.

4. Empirical Analysis

4.1. Data and Analysis

The cross-sectional time series data from 16 Turkish metropolitan municipality final accounts are used to conduct the empirical analysis. The data cover the years between 1997 and 2010. However; it requires two separate analyses to examine the dataset due to the changes in records of final accounts beginning with the year 2006. The data from 1997 to the latest release of TUIK on the final accounts and budgets of municipalities in 2005 constitute the first part of the dataset.⁴⁴ Second part of the dataset relies on the final account data gathered from each metropolitan municipality for the purpose of analysis, since TUIK did not release that particular data after 2005. Through metropolitan municipalities’ method of budget itemization, the second part of dataset provides a more detailed recording of municipality budgets. However, data for some items do not exist for all municipalities since the metropolitan municipalities keep record of their final accounts independently. Although it

⁴⁴ TUIK’s dataset does not include Sakarya before 2001, since Sakarya was not a metropolitan municipality then.

is not possible to match every item on the final accounts across 16 metropolitan municipalities, the institutional, functional and economic categorization provides a common ground for cross-sectional analysis. However there are missing observations in the second part of the data set. The final accounts of metropolitan municipalities are not easily accessible for the years after TUIK's latest release in 2005. Although some of the metropolitan municipalities publish either their final accounts or annual reports online and others provide data upon request, missing data still generates a problem because of the discrepancies across budgeting methods of metropolitan municipalities.⁴⁵ Besides the data on metropolitan municipality budgets, the main dataset for elections is taken from Carroll and Kemahlioglu (2010) with an addition of latest local elections in 2009 and national elections in 2011.

The research aims to analyze the particular variables discussed in the clientelism literature to understand the impact of political determinants on social spending of local governments. The programmatic explanations of welfare spending as well as socio-economic variables of control are included in order to separate out the effect of political variables on social expenditures. The dependent variable is social spending.⁴⁶ However, what is categorized under social spending requires detailed explanation due to the differences between recording methods of TUIK and metropolitan municipalities. First part of the analysis corresponds to the years between 1997 and 2005 which accommodated coalition governments before AKP's rise to power as a single party in the government in 2002 national elections as well as AKP's early years in the government. The first part of the dataset provides information only on social transfers of metropolitan municipalities. These social transfers recorded under the transfer expenditures will be examined as the main component of social spending before 2006.

Second part of the analysis covers the years between 2006 and 2010 and the final accounts for that period are gathered from municipalities. The recording is more detailed and includes different components of social spending under various departments of metropolitan municipalities. However, main components of social spending analysis after 2006 consist of social assistance services; health services; and education services. Social spending as aggregate sum of these as well as components themselves is analyzed in order to understand whether there are political explanations to the variation within social spending. Although the

⁴⁵ The metropolitan municipalities of Ankara, Gaziantep, Diyarbakır and Antalya either failed to keep records or provide final accounts for certain years. Most of the data concerning these years was collected from their annual reports which does not provide as detailed data as final accounts.

⁴⁶ Figure 2 provides descriptive statistics for dependent variable in appendix.

main dependent variable of concern is social spending, the final accounts after 2006 provide data for further examination of different types of expenditures. The analysis of social spending includes the spending on services of social assistance, education and health. Besides, the examination of public welfare spending and total expenditures will also contribute to an analysis of local governments' spending decisions. The analysis of the different forms of spending will help me to compare between what I expect to be programmatic and particularistic types of spending. Moreover, the variation within total spending⁴⁷ will also help to understand the tensions between local and national governments regarding the spending decisions which are highly debated in the literature.

The final part of the analysis concerns the effect of social spending decisions on political parties' votes in the elections. The study of Kemahlioglu and Ozdemir (2012) also analyze whether partisan affiliation at the local level contributed to the success of AKP through easier access to government resources during their one-party government. Prior to the effect of budgetary decisions -social spending for this research- on electoral outcomes, the analyses of votes in national and local elections suggest that having control over metropolitan municipalities benefit those incumbent parties in the elections, controlling for socioeconomic indicators. Tables 1 and 2 indicate that AKP and its predecessors increase their vote shares in provinces where they have partisan ties with the mayors of those metropolitan municipalities both in national and local elections, independent from their budget allocation. The AKP and its predecessors benefit from their local ties in national elections, beginning with 2002 (See Table 1). Moreover, beside AKP that holds incumbency advantage in the latest local elections of 2009, the predecessors of AKP also benefited from their incumbency advantage before 2004 in the local elections (See Table 2).

Although most of the mayors⁴⁸ seem to increase their votes in the local elections with respect to their partisan ties, the mechanism of incumbency advantage does not benefit either CHP and its predecessors or MHP in national elections.⁴⁹ The access to the government resources and the distribution mechanisms at the local level might be a determinant of the increases in vote shares. Although this study does not answer if there are discrepancies with respect to the accession to government resources among local governments with different

⁴⁷ Both social spending as a share of revenues and social spending per capita across municipalities are examined.

⁴⁸ Except independents, all mayors seem to benefit from incumbency advantage in local elections.

⁴⁹ Although it is not included in the tables, the incumbency advantage does not have an impact on the vote share of independents either.

party affiliations, the research tries to answer if the distribution mechanisms at the local level can be explained by political variables through social spending as a share of revenues, given the same resources. Besides the budgetary analysis, the variation within spending levels might help to explain the changes in vote shares of the political parties in the elections. That is why this study also tries to suggest an answer to how do social policy preferences of local governments affect electoral outcomes with respect to their spending decisions. The answers to the question do not only contribute to the literature on the determinants of voting behavior, but also to the studies of social policy. Since the research is based on statistical analysis with aggregate data, it is not possible to understand the mechanisms of voting behavior that indicates the causal linkages between the variables of interest. However, it is also noteworthy to detect a linkage between social policy preferences of local governments and vote of constituencies that might encourage further research. Hence, the final part of the analysis aims to examine the influence of particularistic social policy decisions of local governments (meaning social spending within the scope of this research) on the vote share of political parties in the elections. The analysis will help me to understand whether increasing social spending at the local level benefits mayors or the parties they are affiliated with either in the local or national elections respectively.

4.2.Explanatory Variables

The main hypothesis to test is whether the political variables affect the social spending decision of local governments or not. Although the social spending is basically related to demographics and socioeconomics of a province, political variables of interest are also expected to contribute explaining the variation within social spending across 16 metropolitan municipalities of Turkey. The theoretical arguments follow two different set of explanatory variables, as well as factors of control. The political variables compose the main variables of interest which are electoral competition and incumbency affiliation. Both variables are widely referred as potential determinants of particularistic distribution at the sub-national level. Second group of explanatory variables develops from the literature on welfare spending. Higher ratios of old, disabled and students to the population constitute the main correlates of programmatic social spending which includes spending on social assistance, education and health services. Including these welfare explanatory variables into analysis enables me to differentiate the impact of the political variables.

The impact of political variables might work either way, as it is discussed earlier. The literature on patronage suggests that the incumbency advantage might encourage particularistic social spending through easier access to government resources (Wright 1974; Grossman 1994; Worthington and Dollary 1998; Travits 2009; Roszvitich and Weiss 1993). Moreover, the mayors might tend to spend more on social expenditures in face of political competition in order to increase their chances in the elections through targeting swing voters, especially if they have partisan ties with national incumbents. On the other hand, the literature on partisan ties expects local governments with incumbency affiliation to decrease their spending in order to reduce the pressure on national budget concerning macroeconomic stability (Remmer and Wibbels 2000; Jones et. al. 2000; Khemani 2002; Kemahlioglu 2009). Especially the provinces with loyal voters might enable strategic control over sub-national budgets. The analysis results will guide the discussion on the two sided expectations from different stands of the literature on budgetary choices. However, an increase in social spending with respect to political competition and incumbency advantage at the local level is expected in this research. Accordingly, the results might suggest particularistic social spending at the sub-national level in Turkey. Political parties holding mayors' position at the metropolitan municipalities are expected to increase social spending if they encounter with relatively stronger competitors at the local electoral arena compared to the municipalities that do not experience intense electoral competition.

The political variables of interest as the main independent variables are composed from the electoral dataset. The incumbency affiliation is a dummy variable that takes the value of 1 when the mayor of metropolitan municipality has partisan affiliation with the national incumbents in government and 0 otherwise.⁵⁰ The political competition is the difference between the vote shares of mayor's party and the party following the winner in local elections.⁵¹ Therefore, political competition generates a negative effect on dependent variable as the political competition becomes tighter when the difference between first two parties' vote share decreases. The ratio of old population, young population and disabled population within total population as the variables of explanation concerning welfare spending are taken from TUIK's data on population statistics.

4.3. Variables of Control

⁵⁰ Figure 3 provides descriptive statistics for explanatory variable incumbency affiliation in appendix.

⁵¹ Figure 4 provides descriptive statistics for explanatory variable political competition in appendix.

I included certain control variables into the empirical analysis to capture other demographic, socio-economic and partisan effects on social spending.⁵² First, there are other demographic variables such as population and district magnitude that might have an effect on the amount of social spending. The population is included for the analysis of social spending as a share of revenues to address the variation with respect to the size of the provinces. As the population increases, the size of budget increases including the amount of social spending. The banks per capita and literacy rate are included to control for the socioeconomic discrepancies across provinces. District magnitude is also discussed as a determinant of the distribution of material benefits in the literature (Carey and Shugart 1995). With respect to social spending in this analysis, lower district magnitude is expected to increase the distribution of particularistic benefits by making electoral competition more candidate-oriented. Therefore, districts with fewer seats available to national representation becomes a more open ground for particularistic allocation of spending.⁵³ Besides, the partisan affiliation of political parties also has an effect on the decision of social spending. The expectation in the literature towards the left-oriented parties to spend more compared to right-oriented ones requires inclusion of a control factor concerning the partisan affiliation of mayors at the local governments.⁵⁴ The placement of political parties on the ideological spectrum of left-right enables researchers to analyze the impact of partisan effect on the policy decisions. Although center-periphery cleavage dominated the Turkish politics literature for a long time, Secor (2001) suggests left-right as a “salient axis of competition” in Turkish political arena following 1940s; even though he does not link economic and political issues in a ‘typical’ left-right package for Turkish political parties.⁵⁵

Another set of control variables is employed in the electoral analyses. The vote share of the political parties in the previous elections controls for the general level of political support for political parties in a province. Besides, it is also necessary to control for socioeconomic factors that might have an effect on the changes in parties’ political support in the ballot box. Since particular policies implemented between elections might benefit

⁵² A dummy variable for the years of elections is also included into regressions to control for the changes in budget due to the general and national elections. However, having an election does not significantly change any of the budgetary decisions in years of elections.

⁵³ Kemahlioglu (2008) uses this measure to control for the candidate oriented competition while explaining the particularistic distribution of investment subsidies in Turkey.

⁵⁴ See Esping-Andersen 1990, Huber and Stephens 2001, Bradley et al. 2003a, Castles 2004, Iversen and Soskice 2006, Iversen and Stephens 2008 for a detailed discussion of partisan effect and inclination of left-wing parties towards social spending.

⁵⁵ Secor (2001) based his discussion on left-right axis in Turkey on Sayari 1978, Ozbudun 1981, Tachau 1984, Kalaycioglu 1994.

different electorate groups disproportionately, the socioeconomic composition of constituency might be determining on votes. If there is incumbency advantage at the local level under such circumstances, the changes in political support might be misinterpreted. Due to their incumbency advantage, previous local governors generally take the credit for the socioeconomic developments in an electoral area. Therefore, socioeconomic indicators are included to control for the increase in vote share of local incumbents due to the socioeconomic developments in the province. Hence, the banks per capita as an economic indicator, change in banks per capita as an index of the recent economic developments in a province and the literacy rate as a socioeconomic indicator are included to control for the discrepancies across provinces to capture the disproportionate changes in vote share of political parties in the elections.

Among the control variables population, literacy rate and district magnitude of the province in national elections are gathered from TUIK's databases on population and elections. The data on the number of banks in provinces to generate variables of banks per capita and change in banks per capita is collected from the database of the Banks Association of Turkey. The control variable 'banks per capita' is a count of banks in a province per year, considering the ones that are opened up and closed down every year. The 'change in banks per capita' is the count of banks' difference between two election years. The partisan effect is generated according to successive surveys on placement of political parties on the left-right specturum on the voters for the years after 2002⁵⁶ and on Secor's (2001) discussion of Turkish political parties' placement on the left-right axis before 2002.

4.4.Methodology

The dependent variable of the analysis is the amount of social expenditures as a share of revenues that metropolitan municipalities spend per year.⁵⁷ Besides total social expenditures after 2006 and social transfers before 2005; social assistance, health services and education services as a share of revenues that constitute the main components of social spending are separately analyzed. The second part of the analysis concerns the vote share of political parties in the national and local elections as the dependent variable of electoral analysis. While examining budgetary data, regressions are estimated with Driscoll and Kraay standard errors to address serial correlation and cross-sectional dependence (Hoechle 2007).

⁵⁶ The data on political parties' placement after 2002 is provided by Kalaycioglu on 23 May 2012.

⁵⁷ The same analyses are also conducted for social expenditures per capita.

Moreover, fixed effect regressions with Driscoll and Kraay standard errors are also employed separately to address the discrepancies across metropolitan municipalities which might not be covered by the control variables included. The results of fixed effect analyses will also be reported additionally. Finally, a simple ordinary least squares (OLS) method is employed to analyze the electoral data in order to understand whether budgetary choices have an effect on vote share of the political parties in either national or local elections.

4.5. Findings

Results from two separate analyses are reported for budgetary decisions. First part of the analysis concerns the social transfers between the years 1997- 2005, while the second part includes a more detailed analysis of social spending as well as different kinds of expenditures⁵⁸ between 2006 and 2010. The final part of the research analyzes whether the spending decisions of local governments have an impact on the votes of political parties either in general or local elections. The discussion of results will start with budgetary analysis and will be followed by the impact of that particular spending decision on vote shares of the political parties in the elections. The analysis of elections is important to understand the impact of spending decisions, especially for incumbents that have control over the budget.

4.5.1. Social transfers

According to Table 3, the results support the expectation of political parties to spend more through social transfers⁵⁹ from the local budget in their stronghold provinces controlling for other factors. Mayors that are affiliated with national incumbents spend more on social transfers in constituencies with loyal supporters.⁶⁰ The partisan ties at the local government decrease the effect of interaction between incumbency affiliation and political competition on social spending. In other words, the increase in social transfers is even more for the parties that are not affiliated with the incumbents, facing the same level of competition. Moreover, higher ratios of old to population⁶¹, lower district magnitude and higher population increases the share of social transfers among expenditures, as expected. Although the analysis verifies

⁵⁸ All expenditures are employed as a share of total expenditure, except the total expenditure which is calculated as a share of revenues through out the regressions.

⁵⁹ The same results are also verified for the social transfers per capita, only with magnified coefficients and robust standard errors for the independent variables.

⁶⁰ The standard error for the interaction term is 0.02. The coefficient is statistically significant at 90 percent.

⁶¹ The ratio of disabled population is also employed an alternative to the ratio of old in order to control for the effect of welfare spending. Similar to ratio of old population, higher ratios of disabled population increases social transfers significantly.

these results for local governments between 1997 and 2005, political variables do not have an impact on social transfers after 2002 that corresponds to years of AKP incumbency (Table 3, Column 2). Accordingly, social transfers at the local level are only sensitive to demographic and socioeconomic indicators such as population, literacy rate and ratio between 2002 and 2005. Besides higher ratios of old population, lower ratios of literacy rate increases social transfers as well during the first years of AKP government. Before 2002 (Table 3, Column 3), local partisans of national incumbents as well as the mayors of opposition parties' tend to spend more on loyal voters through social transfers in their stronghold provinces.⁶² The results for the fixed effect regressions are also indicated in Table 3a.⁶³

The effect of social transfers on the vote share of parties in the general and local elections are indicated in Tables 3.1 and 3.2. It is not possible to observe any significant effect of social transfers for the local incumbents neither for general or municipal elections except its effect on MHP's political support in national elections, controlling for the socioeconomic indicators. Fourth column of the Table 3.1 indicates that MHP increased their vote share in national elections in provinces where they spend more through social transfers. It means that although the mayors tend to spend more through social transfers in their stronghold provinces, the increases in social transfers between 1997 and 2005 do not reflect on the vote share of political parties in the elections most of the time.

4.5.2. Social spending

The second part of the statistical analysis enables me to examine the social spending decisions of the government in detail with respect to the availability of a more prosperous data on metropolitan municipalities' final accounts after 2006. Before the separate results of each type of social spending, the analysis of aggregate social spending provides noteworthy results controlling for the population, literacy rate and district magnitude, besides ratio of old population. The partisan affiliation with national incumbent reflects as an increase in social spending in the municipal budget. As it is indicated in first column of Table 4, the social spending⁶⁴ of AKP (as the only incumbent after 2006) increases when the incumbent's vote share is equal to its main competitor at the local level. The results of total social expenditures

⁶² The standard error for the interaction term is 0.02.

⁶³ The fixed effect regressions imply that the only strategic distribution of social transfers occurs after 2002, during AKP government. The metropolitan municipalities that are affiliated with AKP as the incumbent as well as mayors of opposition tend to increase social transfers in face of political competition after 2002.

⁶⁴ Same results for social spending per capita are also verified, only with magnified effect of coefficients and larger standard errors of independent variables.

do not provide evidence of a strategic control over the local budget in face of competition, irrespective of the partisan ties of mayors with national incumbents. The results for fixed effect regressions of social spending analysis are presented in Table 4a.⁶⁵

The inclusion of the population to the regression provides a control for the variation within social spending due to the size of the municipality. The population is significantly increases the social spending as expected. The literacy rate is employed in order to control for the socio-economic discrepancies across metropolitan municipalities. However, the linkage between social spending and literacy rate contradicts with the expectations. Although social spending is expected to increase in provinces where socioeconomic indicators are poor, the aggregate social spending increases with higher levels of literacy rate according to the statistical analysis. On the other hand, banks per capita as an economic indicator influences social spending negatively as expected. In other words, social spending increases in provinces where economic indicators are poor. The district magnitude is negatively correlated with the social spending as expected. A decrease in district magnitude makes the political competition more candidate-oriented in the elections as a result of which might boost the spending to increase the chances in the elections. Moreover, the ratio of the old to population to account for the explanations regarding welfare spending did not have any impact on the social spending, unexpectedly.⁶⁶ Although the ratio of old accounts for one of the main determinants of the social spending, in Turkey political variables seem to explain the variation within social spending more compared to the variables of welfare literature.

Tables 4.1 and 4.2 indicate the effect of social spending on the vote share of political parties in general and local elections, respectively. According to the analyses, social spending decisions do not have a considerable effect on the vote share of political parties neither in general or local elections. Accordingly, although mayors with partisan ties spend more on social expenditures, increases in social spending do not have a significant effect on vote shares of political parties in the elections.

⁶⁵ The fixed effect regressions do not provide significant results for total social spending and health services. Neither tends to change with respect to political variables of interest. The mayors with partisan ties increases their spending on social assistance services in face of political competition, while mayors of opposition allocate this resource more towards their loyal voters. Moreover, both types of mayors increase their spending on education services in provinces with loyal voters.

⁶⁶ Similar to ratio of old among population, the ratio of disabled people does not also have an impact on social spending after 2006.

In addition to the total social spending; the effect of political variables on social assistance, health services and education services are analyzed and discussed separately.

4.5.3. Social assistance services

Table 4 (Column 2) indicates the impact of the political variables on the decision of the social assistance distribution, controlling for the ratio of old population, population and literacy rate. Accordingly, incumbent affiliated mayors⁶⁷ as well as the mayors of the opposition parties tend to increase the spending on social assistance in provinces with loyal voters. Therefore, spending on social assistance seems to support the arguments on particularistic distribution of the resources through local governments in their stronghold constituencies in this case.

Although political variables are the focus of this research, the ratio of old to the population as well as socioeconomic controls deserves attention. The ratio of old as one of the explanatory variables of welfare spending does not have a significant effect on social assistance spending, unexpectedly. Although the welfare literature expects an increase in social spending (or services of social assistance at this point), the results indicate that higher levels of the ratio of old to the population do not significantly change social assistance spending from the metropolitan municipality budgets. Although there is an expectation towards an increase in social spending with respect to lower literacy rates and banks per capita as socioeconomic indicators, neither of the indicators have a significant impact on this form of social spending. Moreover, higher population decreases while larger district magnitude increases spending on social assistance, unexpectedly.

As it is indicated in Table 4.4, the spending through social assistance does not have an impact on vote shares of the political parties in local elections. However, social assistance expenditures of the local governors that are affiliated with national incumbents increases the vote share of AKP (as the only incumbent after 2006) at the national elections (See Table 4.3).⁶⁸ Moreover, the spending on social assistance services at the local level benefits parties with no ties to national incumbent even more at the national elections (See Table 4.3). Despite the positive effect of social assistance spending on political parties with partisan ties as well as others that are not affiliated with national incumbents, the results do not suggest any particular party or political tendency that benefits from the social assistance expenditures.

⁶⁷ The standard error for the interaction term is 0.003.

⁶⁸ The standard error for the interaction term is 0.35.

Neither of the party affiliations including AKP, CHP or MHP increase their political support through higher social assistance expenditures at the local level. Finally, the strategic distribution of local resources favors the loyal voters in case of spending on social assistance regardless of the political parties' partisan ties and the increases in spending through social assistance services reflect on the vote share of political parties at the national elections.

4.5.4. Health services

The results for the analysis of spending on health services are presented in Table 4 (Column 3). The results imply that AKP affiliated local governments tend to increase spending on health services if they are challenged by a strong competitor at the local elections.⁶⁹ It suggests that the mayors with partisan ties target swing voters. On the other hand, political parties that are not affiliated with the incumbents do not significantly change spending on health services in regard to competition. The ratio of old as welfare explanatory variable contradicts with the expectation, since the spending on health services is expected to be higher in provinces with higher ratios of old population. While population and socioeconomic indicators do not have an impact, bigger district magnitudes decrease the amount of spending on health services.

The spending on health services does not have a significant impact on the vote share of political parties in local elections⁷⁰ (See Table 4.6). However, AKP and its predecessors increase their vote share in national elections through higher levels of spending on health services in metropolitan municipalities where they hold the mayor's position (See Table 4.5).⁷¹

4.5.5. Education services

As indicated in Table 4 (Column 4), the political variables of interest do not have considerable impact on education services controlling for population, ratio of young to the population and literacy rate and district magnitude, unlike other components of social spending. The reason for the unexpected results for spending on education services might occur due to fewer observations, compared to other forms of social spending. The spending

⁶⁹ The standard error for the interaction term is 0.01.

⁷⁰ Although MHP seems to increase its vote share in local elections through health spending, it is hard to interpret as such since the interaction between MHP incumbency and health spending is omitted from the regression because of the collinearity. The reason might be the scarcity of observations with MHP incumbency at the local level.

⁷¹ The standard error for the interaction term is 0.15.

on education services are not itemized in many of the metropolitan municipality final accounts. It is possible that different municipalities included education spending under different kinds of expenditures instead of having a separate item for education services that appeared as missing data for this analysis.⁷²

In addition to political variables, the welfare and control variables also do not respond to the expectations. The higher ratios of population who are aged within the range that benefit from the education services is expected to increase social spending through education services. However the ratio of young to the population significantly decreases the expenditures on education services. The population is not associated with the decision of education spending according to the results. Moreover, literacy rate as socioeconomic and banks per capita as economic indicators increase the social spending in provinces where they are higher. The reason might be the increase in demand for education services in provinces with better socioeconomic composition.

The effect of education spending on the vote share of political parties either in national or local elections is weak. Only the education spending of mayors that are affiliated with CHP or its predecessors benefit those parties in national elections in terms of vote shares (See Table 4.7).⁷³ Other than that, spending on education services does not have any significant impact on the vote share of political parties in the elections.

4.5.6. Other dependent variables

Apart from the analyses of social transfers or social spending, the dataset enables me to explore further on different kinds of spending after 2006 as well as the total expenditures for both datasets. The research aims to understand whether social spending corresponds to particularistic or programmatic spending. However, spending on public welfare services is also related to the research in a sense that provision of welfare services implies a programmatic spending in comparative literature. Therefore, the analysis of public welfare spending at the municipality level in Turkey contributes to this research as well as the literature in Turkey. The examination of total expenditures in Turkish metropolitan municipalities will suggest empirical evidence on the discussions of local governments'

⁷² Although the Law Number 5216 of metropolitan municipalities defines spending on education services among the responsibilities of metropolitan municipalities in case of necessity under Article 7, the method of budgetary itemization of the expenditures is not specified under law. That might be the reason for differences across final accounts with respect to their recording methodologies.

⁷³ The standard error of the interaction term is 0.66. The coefficient is significant at 90 percent.

budget allocation on spending with respect to their incumbency affiliation and the competitiveness of political arena.

4.5.6.1. Public welfare spending

The public welfare spending -according to functional categorization of the final accounts- includes the provision of basic good services such as water and lightening of streets (Yenturk 2011). Although the provision of public goods is expected to be related mainly to demographic and socioeconomic factors that are included as control, the empirical analysis suggests a link between political variables and public welfare spending (See Table 5). The literature on pork-barrel relations recognize the fact that the involvement of the political processes might result in inefficient (either overprovision or under provision) provision of public goods (Lizzeri and Persico 2001). Although pork-barrel politics concentrate more on the particular public investment in search of electoral support (Enelow and Hinich 1984), it is commonly argued that the political and electoral incentives encourage the politicians to allocate benefits disproportionately while sharing costs (Denzau and Mackay 1976; Weingast, Shepsle and Johnsen 1981; Baron 1991). Moreover, evidence suggests a linkage between intense party competition and increase in welfare expenditures (Dawson and Robinson, 1963). In line with arguments, the results suggest that the local governments that are affiliated with national incumbents tend to increase spending on public good provision in the face of intense political competition at the local level in Turkey after 2006 (Table 5, Column 1).⁷⁴ Moreover, local governments that do not have partisan ties with the national incumbents tend to increase public welfare spending in their stronghold provinces with loyal voters. Local spending on public welfare is expected to increase in provinces where socioeconomic indicators are lower. The public welfare spending increases as the number of banks per capita and literacy rates get lower; as well as by larger population expectedly.

Moreover, integrating partisan effect into analysis changes the impact of political competition on public welfare expenditures of local governments that are not affiliated with the national incumbents.⁷⁵ Although mayors of opposition parties seem to spend more on public welfare in their stronghold constituencies, they turn out to spend more in face of electoral competition when the partisan effect is included in the regression. The second

⁷⁴ The standard error of the interaction term is 0.03.

⁷⁵ The results do not change for the local governments that are affiliated with national incumbents after integrating partisan effect to the regression.

column of Table 5 indicates that, the parties at the local government significantly spend less when they move right in the ideological spectrum after 2006. It means that mayors that are affiliated with right wing parties (namely AKP's mayors) tend to decrease their spending on public welfare compared to mayors of left-wing parties. This result on public welfare spending supports the expectations of welfare literature that associates welfare expenditures with left-wing parties most of the time. The results for the fixed effect regressions of public welfare expenditures analysis are indicated in Table 5a.⁷⁶

4.5.6.2.Total expenditures

As Table 6 indicates; total expenditures⁷⁷ as a share of revenues is sensitive to incumbency affiliation regardless of the level of competition; controlling for population, district magnitude as demographic, banks per capita and literacy rate as socioeconomic indicators. The political parties at the local government tends to spend more in total as a share of their revenues, if they have partisan ties with the national incumbents in general as well as after 2002 in particular. It means that the metropolitan municipalities that are affiliated with AKP spend more in total, compared to ones that do not have partisan ties with the AKP after 2002. Moreover, tighter competition significantly increases the total expenditures in a constituency regardless of the partisan affiliation of the mayor after 2002 (Table 6, Column 3). Accordingly, AKP affiliated mayors spend more in total at the local level and mayors with any partisan affiliation tend to spend more in face of political competition after 2002. However, the results on total expenditures do not imply any strategic distribution of resources for local partisans of national incumbents in particular with respect to political competition (Table 6, Column 2). The effect of banks per capita and district magnitude is negative, while the effect of population is positive on total expenditures. Hence the local governments tend to increase spending in provinces with lower economic development and where elections are more candidate-oriented. The results of the fixed effect regressions for total expenditures are indicated in Table 6a.⁷⁸

⁷⁶ The fixed effect regressions suggest that the political competition does not have an impact of public welfare spending decisions of local governments after 2006. However, the mayors that are affiliated with national incumbents (namely AKP) tend to spend more as a share of their revenues, compared to other mayors with other party affiliations. Moreover, partisan effect also does not have an impact on public welfare spending according to the results of fixed effect regressions.

⁷⁷ The same relation between political variables and total expenditures is also verified for total expenditures per cap, controlling for population, literacy rate and district magnitude.

⁷⁸ Although fixed effect regressions do not provide significant results for the period 1997-2010, the results after 2002 are noticeable. The second column of the table indicates that the mayors with partisan ties are inclined to

4.6. Discussion of Results

Figure 1. The strategic budgetary allocation of local governments⁷⁹

		Loyal votes	Competitive votes
Social transfers	inc=0	X	
	inc=1	X	
Social assistance services	inc=0	X	
	inc=1	X	
Health services	inc=0	-	-
	inc=1		X
Public welfare spending	inc=0		X
	inc=1		X

The results of the budgetary analysis suggest that mayors with partisan ties increase their spending on health services in particular, in face of political competition after 2006. Moreover, they also tend to increase their social transfers before 2005 in provinces with loyal voters. Accordingly, the social spending decisions of local governments that have partisan ties with national incumbents provide evidence for both types of strategic spending with respect to the political variables of interest. However, spending on health services particularly supports the argument that local partisans might provide room for strategic maneuver at the local level to national incumbents as a result of which might help to gain support from the swing voters. On the other hand, mayors that do not have partisan ties with national incumbents increase their social spending only through social assistance services as well as social transfers in their stronghold provinces with loyal voters. There is no evidence of particularistic distribution of resources in face of intense political competition concerning the mayors of opposition parties. Moreover, there is no evidence of a decrease in social spending in metropolitan municipalities where mayor has partisan ties with the national incumbents. The arguments in the literature that expect an interference with local spending decisions in order to reduce the pressure on incumbents' budget through their local partisans do not gain evidential support from the budgetary analysis of social expenditures.

decrease their total expenditures, in line with the expectations of partisan ties literature. Moreover, mayors with partisan ties (AKP mayors) tend to spend more in provinces with loyal voters, while mayors that are not affiliated with AKP increases spending in provinces with competitive votes. Accordingly, the total spending decision of local governments with different partisan affiliations strategically diverge with respect to political competition at the local level.

⁷⁹ Figure 1 represents the strategic budgetary allocation of local governments with respect to their partisan affiliation with the national incumbents.

The effect of spending decisions on the vote share of political parties in national and local elections is rather weak. The results suggest that the social transfers before 2005 and aggregate social spending after 2006 do not have an impact on votes in the elections. Only spending on health services increases the vote share of AKP (and its predecessors) in provinces where those parties have incumbency advantages through their local partisans at mayor's position. Besides, any mayor with incumbency affiliation as well as others that do not have partisan ties contributes to vote share of his/her party at the national elections in constituencies where they spend more on social assistance expenditures. Therefore only conclusion from the electoral analysis follows as; although there is no impact of social spending decisions on the vote share of political parties at local elections, increases in particular spending types at the local level (such as spending on health services and social assistance) contributes to the success of political parties at the national elections, especially for those who are national incumbents.

Although political variables are expected to be irrelevant for public welfare spending, the results encourage further research on public good allocation of local governments in order to verify the results and clarify the reasons beneath. Besides social spending, the public welfare expenditures of a metropolitan municipality are also sensitive political competition. Both types of mayors (either affiliated with the national incumbent parties or not) tend to increase public welfare spending in face of political competition. Rather than incumbency affiliation, party ideology becomes a more important determinant of the public welfare spending at the local level. The mayors tend to spend more on public welfare provision as the political parties they are affiliated with move left on the ideological spectrum.

The results for total expenditures analysis suggest two different interpretations for political variables, independent of each other. First, the total expenditures of mayors that are affiliated with the incumbents are significantly higher than the others that do not have partisan ties with the national incumbents, when the vote share of incumbent party is equal to its main competitor's votes.⁸⁰ Second, political competition increases the level of total expenditures in metropolitan municipalities regardless of the mayor's partisan affiliation. It means that total expenditures do not suggest a particularistic spending policy for local governments with partisan ties with respect to political competition. Unlike the literature on

⁸⁰ It should be noted that this research does not examine the discrepancies across the availability of resources to metropolitan municipalities with respect to their partisan affiliation. It only concerns the total expenditures a share of revenues.

budgetary choices, the results do not provide evidence of a decrease in total spending of mayors with partisan ties which might reduce the pressure on incumbents' national budget.

5. Conclusion

This thesis examines the role of political variables in explaining variation across social expenditures of metropolitan municipalities in Turkey between 1997 and 2010. The budgetary analysis provides evidence to understand if incumbency affiliation in face of political competition leads local governments to strategically allocate their social expenditures. Moreover, electoral analysis examines whether mayors at the local elections and the political parties they are affiliated with at the national elections benefit from the strategic allocation of social spending.

The findings of this thesis suggest that social spending decision of metropolitan municipalities might be affected by political variables of incumbency affiliation and political competition. The mayors that are affiliated with the national incumbents through partisan ties increase social transfers (before 2005) and spending on social assistance services (after 2006) in their stronghold provinces. In other words, local governments with partisan ties increase this particular type of spending in provinces where they have loyal voters. On the other hand, local governments that have partisan affiliation with national incumbents increase spending on health services particularly in face of political competition. The result suggests that the mayors with partisan ties target swing voters through health spending. Moreover, mayors that do not have partisan ties with incumbent government tend reward their loyal voters through social transfers and spending on social assistance services, similar to mayors that are affiliated with national incumbents. However, there is no evidence of a change in social spending decision for the mayors of opposition in competitive provinces. Accordingly; although incumbent affiliated mayors strategically allocate their resources on social expenditures, the mayors of opposition tend to spend more in their stronghold constituencies.

The allocation of social expenditures at the local level does not have any significant impact on the vote share of mayors at the local elections. However, the spending decision of mayors reflects in vote share of the political parties they are affiliated with, for particular types of social spending at the national elections. The spending on social assistance that favors stronghold provinces increases the vote share of political parties at the national elections, regardless of the partisan affiliation of mayors. Moreover, AKP increases their vote share in the national elections by increasing health services at the local level, through

targeting competitive constituencies this time. The education spending of mayors that are affiliated with CHP or its predecessors might benefit those parties in national elections in terms of vote shares, although the mayors that are affiliated with CHP do not involve in strategic allocation of education expenditures for that matter.

There are two main conclusions from this research. First, local governments with partisan ties allocate different types of social expenditures strategically, with respect to the intensity of political competition at the local level. While mayors that are affiliated with national incumbents increase the spending on social assistance in their stronghold provinces, they allocate more resources on health spending in provinces where they encounter intense political competition. Both type of spending data are available after 2006 that covers the period of AKP government. Hence, it means AKP affiliated mayors increase spending on social assistance as well as spending on health services, with different motivations. Both types of social expenditures benefit AKP at the national elections. Second, although CHP seems to benefit from spending on education in national elections, the mayors of main opposition party do not involve in particularistic social spending. Accordingly, the CHP does not seem to prefer rational fiscal choices at the local governments, in terms of electoral outcomes.

Although the results imply strategic fiscal choices for national incumbents at the local level, further research is clearly needed to explain the particularistic linkages between the political parties and electorate. The surveys with recipients of social benefits (especially of social transfers and social assistance services) would enhance the interpretations of such an analysis. Further research through in depth interviews would strengthen the causal linkages between social spending decisions of local governments and political variables of interest. Unfortunately, due to time limitations this research only builds on statistical analysis of metropolitan municipalities' final accounts and suggests that political determinants play a role in particularistic allocation of local resources with a focus on social expenditures. However, further research needs to be conducted to provide empirical support for the arguments on particularistic allocation of government resources at the local level in Turkey.

6. Appendix

Figure 2. Descriptive statistics for dependent variable

	Mean	Std. Err.	[95% Conf. Interval]		Number of observations
Social spending	.00971	.0015378	.0066782	.0127419	207
Social assistance	.0204879	.0028232	.0147675	.0262083	38
Health services	.0213119	.0040132	.013255	.0293689	52
Education services	.0064853	.0014749	.0033867	.0095839	19

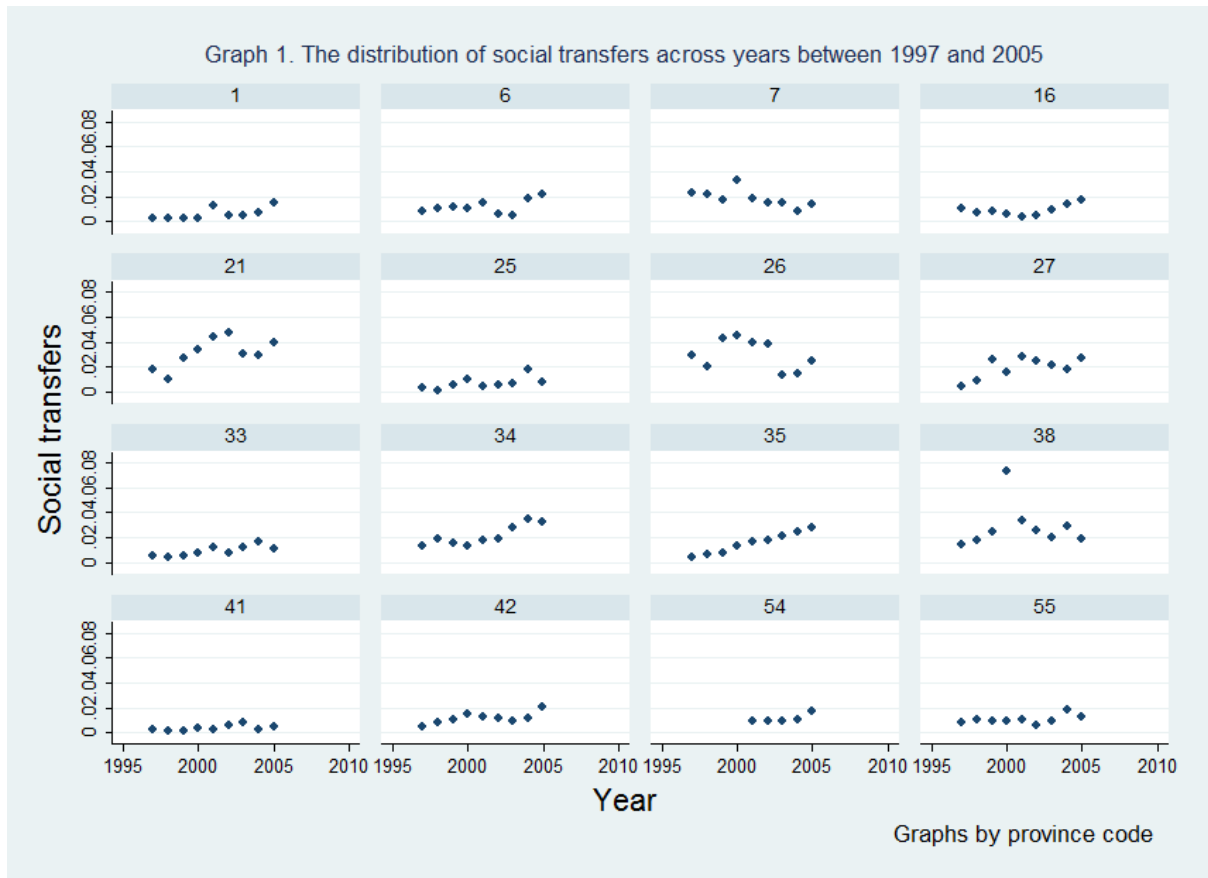
Figure 3. Descriptive statistics for explanatory variable incumbency affiliation

Incumbency affiliation	Frequency	Percent	Cumulative
0	110	51.89	51.89
1	102	48.11	100.00
Total	212	100.00	-

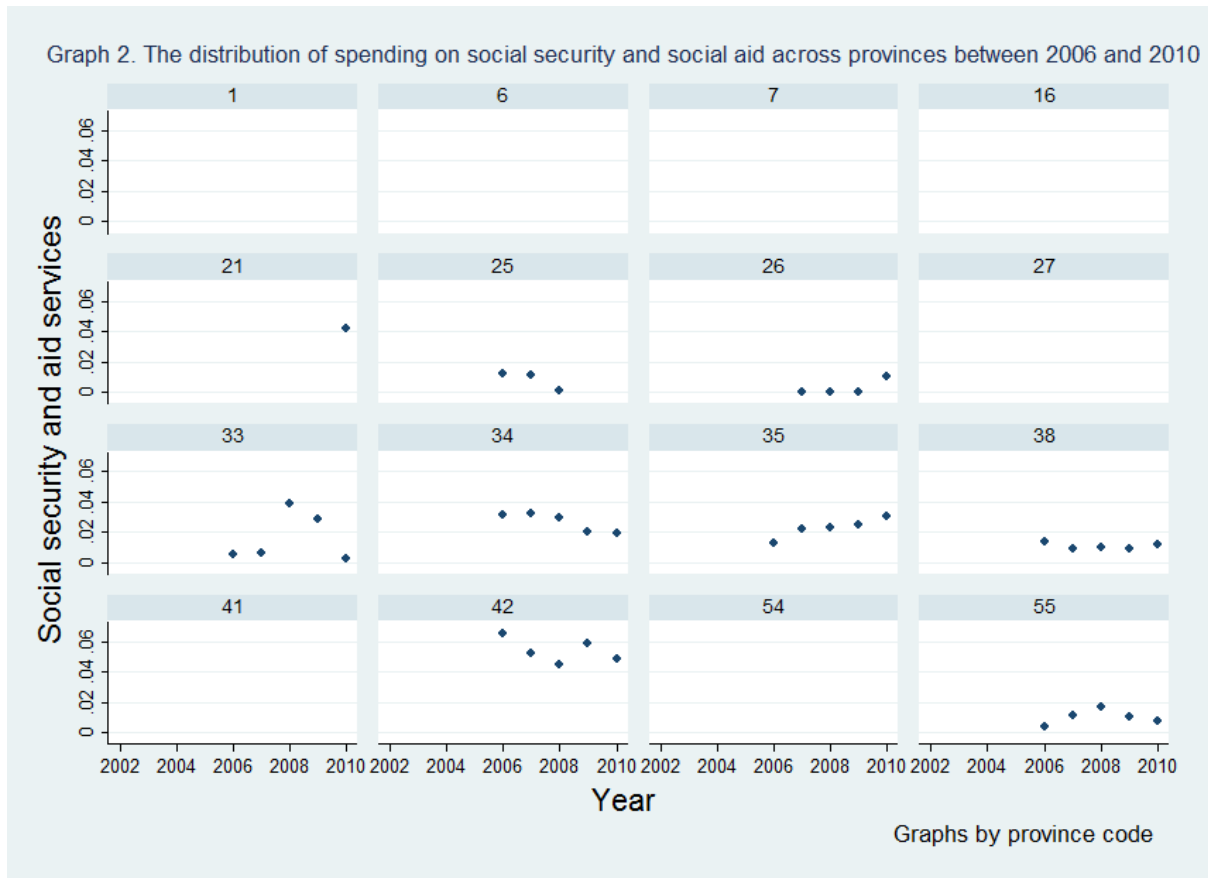
Figure 4. Descriptive statistics for explanatory variable political competition

	Mean	Std. Err.	[95% Conf. Interval]		Number of observations
Political competition	.1506974	.0088663	.133217	.1681777	207

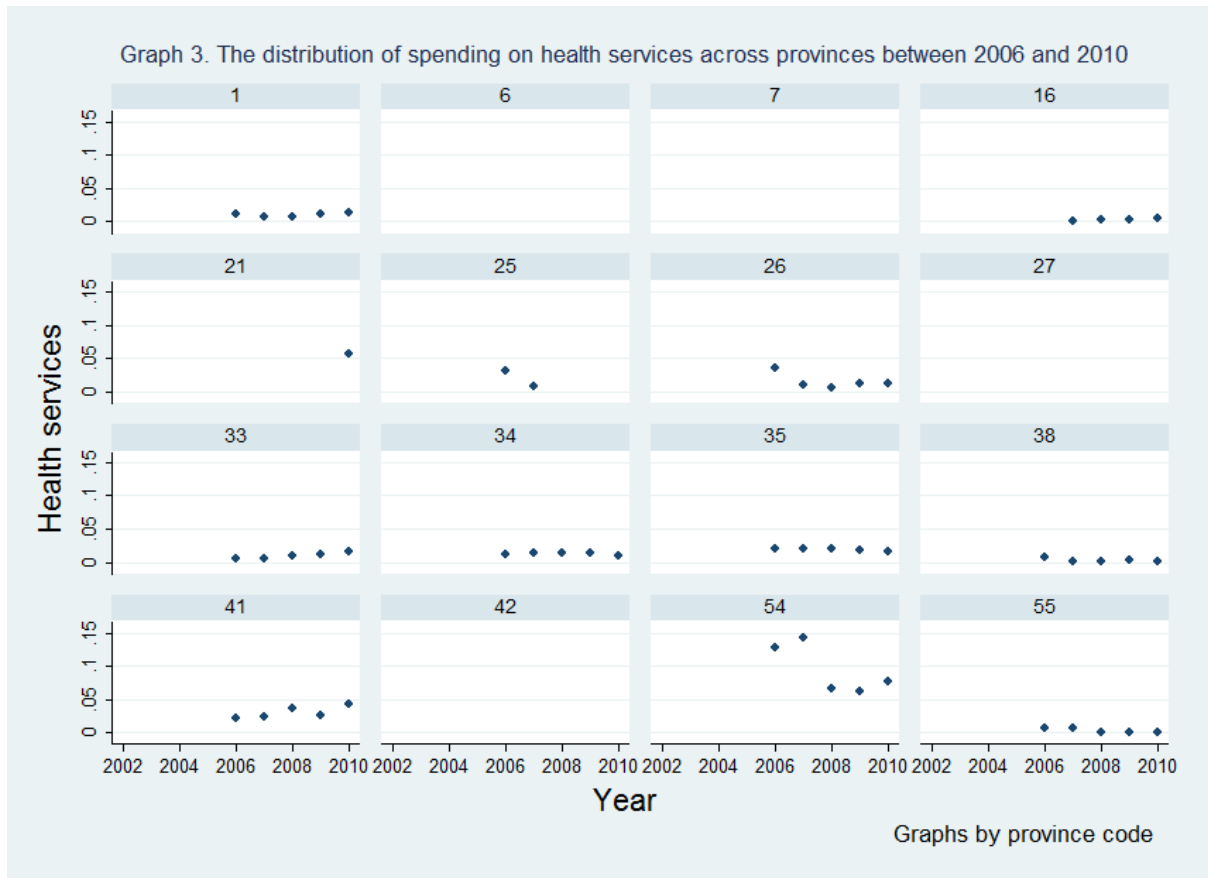
Graph 1. The distribution of social transfers



Graph 2. The distribution of spending on social assistance



Graph 3. The distribution of spending on health services



Graph 4. The distribution of spending on education services

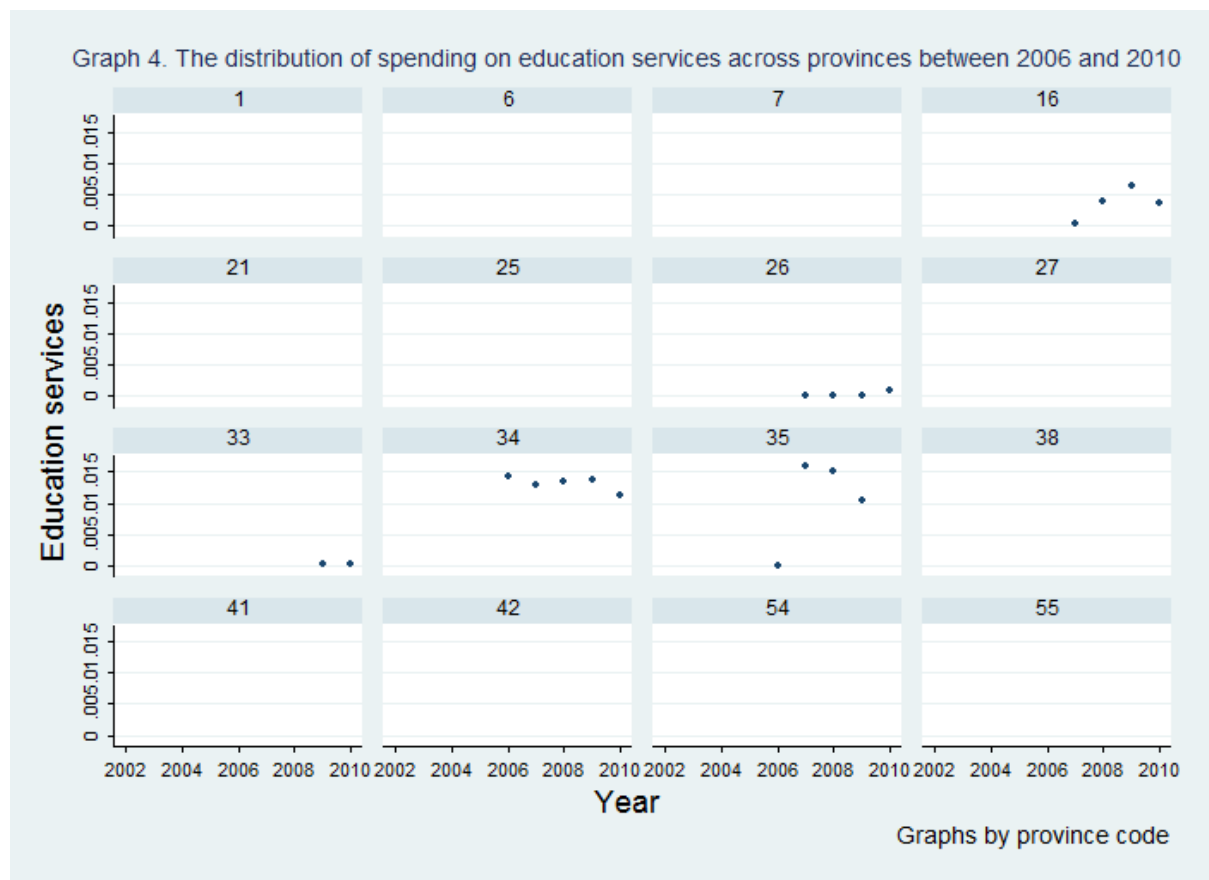


Table 1. The effect of incumbency affiliation on votes in national elections

VARIABLES	(1) AKP and its predecessors	(2) AKP and its predecessors year \geq 2002	(3) AKP and its predecessors year $<$ 2002	(4) CHP and its predecessors	(5) MHP
AKP lagged	0.61*** (0.100)	0.49*** (0.088)	0.85*** (0.057)		
AKP incumbency	0.12*** (0.036)	0.09*** (0.029)	-0.00 (0.013)		
Banks per capita	-0.64* (0.333)	-0.73*** (0.249)	0.40 (0.223)	0.20 (0.132)	-0.26 (0.188)
Change in banks per capita	-2.09*** (0.546)	-0.09 (0.436)	-0.44 (0.713)	-2.11*** (0.300)	2.29*** (0.401)
Literacy rate	0.05 (0.341)	0.17 (0.451)	-0.13 (0.096)	0.09 (0.103)	0.46*** (0.107)
CHP lagged				1.00*** (0.074)	
CHP incumbency				0.01 (0.017)	
MHP lagged					0.36*** (0.116)
MHP incumbency					0.05 (0.044)
Constant	0.15 (0.282)	0.15 (0.381)	0.05 (0.077)	-0.07 (0.083)	-0.29*** (0.079)
Observations	64	48	16	64	64
R-squared	0.749	0.796	0.960	0.864	0.474

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 2. The effect of incumbency affiliation on votes in local elections

VARIABLES	(1) AKP and its predecessors	(2) AKP and its predecessors year<=2004	(3) AKP and its predecessors year>2004	(4) CHP and its predecessors	(5) MHP
AKP lagged	0.35*** (0.090)	0.44*** (0.128)	0.60*** (0.139)		
AKP incumbency	0.18*** (0.027)	0.20*** (0.034)	0.09** (0.033)		
Banks per capita	-0.65* (0.352)	-0.65 (0.476)	-0.71 (0.523)	0.61 (0.438)	-0.57* (0.336)
Change in banks per capita	-2.29*** (0.636)	-2.81*** (0.872)	1.40 (0.992)	1.81* (0.911)	1.70*** (0.427)
Literacy rate	0.05 (0.239)	0.07 (0.297)	0.34 (0.391)	-0.56 (0.673)	0.59** (0.220)
CHP lagged				0.53*** (0.133)	
CHP incumbency				0.17*** (0.059)	
MHP lagged					0.56*** (0.152)
MHP incumbency					0.17*** (0.019)
Constant	0.17 (0.192)	0.13 (0.233)	-0.14 (0.336)	0.50 (0.573)	-0.39** (0.163)
Observations	46	30	16	44	45
R-squared	0.826	0.882	0.884	0.529	0.512

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 3. The effect of political variables on social transfers (1997-2005)

VARIABLES	(1)	(2) year>2002	(3) year <=2002
Incumbency affiliation	-0.00 (0.002)	-0.00 (0.002)	-0.00 (0.003)
Competition	0.06*** (0.017)	0.02 (0.008)	0.08*** (0.013)
Incumbency affiliation*	-0.03** (0.013)	-0.01 (0.008)	-0.02* (0.011)
Population	0.33*** (0.015)	0.26* (0.071)	0.35*** (0.020)
Banks per capita	0.01 (0.019)	0.02 (0.025)	0.01 (0.017)
Literacy rate	-0.02 (0.023)	-0.11* (0.031)	0.01 (0.011)
Ratio of old population	0.11* (0.053)	0.18 (0.086)	0.16** (0.056)
District magnitude	-0.17** (0.052)	-0.04 (0.039)	-0.23*** (0.021)
Constant	0.03* (0.018)	0.09** (0.020)	0.01 (0.009)
Observations	136	46	90
R-squared	0.312	0.527	0.380
Number of groups	16	16	15

Driscoll and Kraay Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 3a. Fixed effect regressions on social transfers (1997-2005)

VARIABLES	(1)	(2) year>2002	(3) year <=2002
incaff	-0.00 (0.002)	0.00 (0.001)	-0.00 (0.002)
competition	0.02 (0.019)	-0.05** (0.010)	0.04* (0.016)
incumb_comp	-0.00 (0.017)	0.03** (0.003)	0.00 (0.013)
population	1.40*** (0.361)	-0.13 (0.680)	0.58 (0.335)
bankpercap	0.06 (0.057)	-0.49 (0.251)	-0.02 (0.024)
literacy rate	0.26*** (0.045)	-0.11 (0.247)	0.42*** (0.081)
oldratio	0.13 (0.101)	0.93** (0.105)	-0.23 (0.183)
DM	-0.23*** (0.054)	0.00 (0.000)	-0.20** (0.061)
Constant	-0.24*** (0.041)	0.11 (0.248)	-0.33*** (0.065)
Observations	136	46	90
Number of groups	16	16	15

Driscoll and Kraay Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 3.1. The effect of social transfers on the votes in national elections (1999 and 2002)

VARIABLES	(1) AKP and its predecessors	(2) CHP and its predecessors	(3) MHP	(4) Independents
Social transfers	-1.72 (1.185)	-0.29 (0.513)	-0.14 (0.870)	-0.17 (0.153)
Banks per capita	-0.62 (0.638)	0.53* (0.309)	-0.76* (0.425)	-0.02 (0.069)
Change in banks per capita	-4.06*** (1.044)	-2.89*** (0.405)	2.62*** (0.767)	-0.08 (0.220)
Literacy rate	0.15 (0.245)	-0.10 (0.141)	0.70*** (0.212)	0.09 (0.060)
AKP lagged	0.56** (0.267)			
AKP incumbency	0.07 (0.084)			
AKP*Social transfers	1.41 (5.688)			
CHP lagged		0.79* (0.402)		
CHP incumbency		0.01 (0.026)		
CHP*Social transfers		1.46 (1.727)		
MHP lagged			0.13 (0.186)	
MHP incumbency			-4.42*** (0.463)	
MHP*Social transfers			7.73*** (0.797)	
Independent lagged				1.06*** (0.068)
Independent incumbency				-0.01 (0.034)
Constant	0.07 (0.186)	0.08 (0.105)	-0.41** (0.147)	-0.08 (0.052)
Observations	31	31	31	15
R-squared	0.679	0.750	0.572	0.998

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 3.2. The effect of social transfers on votes in local elections (1999 and 2004)

VARIABLES	(1) AKP and its predecessor	(2) CHP and its predecessors	(3) MHP	(4) Independents
Social transfers	0.18 (1.345)	-1.35 (1.602)	0.09 (1.018)	0.05 (0.035)
Banks per capita	-0.68 (0.463)	0.52 (0.575)	-0.40 (0.428)	-0.02** (0.008)
Change in banks per capita	-2.78*** (0.815)	1.66* (0.961)	1.71*** (0.498)	0.02 (0.020)
Literacy rate	0.09 (0.303)	-0.81 (0.856)	0.35 (0.283)	0.03 (0.017)
AKP lagged	0.43*** (0.121)			
AKP incumbency	0.20*** (0.062)			
AKP*Social transfers	0.15 (3.575)			
CHP lagged		0.29 (0.224)		
CHP incumbency		0.20 (0.135)		
CHP*Social transfers		0.28 (8.093)		
MHP lagged			0.48** (0.198)	
MHP incumbency			0.19*** (0.039)	
Independent lagged				0.03*** (0.004)
Independent incumbency				-0.01*** (0.003)
Constant	0.12 (0.244)	0.75 (0.720)	-0.21 (0.207)	-0.02 (0.015)
Observations	30	29	29	13
R-squared	0.882	0.472	0.641	0.891

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 4. The effect of political variables on social spending (2006-2010)

VARIABLES	(1) Social Spending	(2) Social Assistance	(3) Health Services	(4) Education Services
Incumbency affiliation	0.03*** (0.006)	0.01* (0.006)	0.05** (0.015)	-0.01** (0.004)
Competition	0.13 (0.080)	0.12*** (0.025)	0.12 (0.058)	0.03 (0.022)
Incumbency affiliation*	-0.15* (0.079)	-0.11** (0.025)	-0.21** (0.052)	-0.02 (0.013)
Population	0.53** (0.168)	-0.63*** (0.030)	0.35 (0.191)	-0.05 (0.054)
Banks per capita	-0.14** (0.046)	0.05 (0.027)	0.02 (0.033)	0.08* (0.029)
Literacy rate	0.24* (0.109)	0.01 (0.029)	0.25 (0.132)	0.11** (0.033)
District magnitude	-0.24** (0.102)	0.56*** (0.025)	-0.56** (0.134)	0.19** (0.065)
Ratio of old population	0.06 (0.186)	0.11 (0.053)	-0.55* (0.253)	
Ratio of young population				-0.08** (0.022)
Constant	-0.19* (0.089)	-0.07* (0.027)	-0.14 (0.133)	-0.11** (0.034)
Observations	113	38	52	19
R-squared	0.232	0.800	0.461	0.790
Number of groups	16	9	12	5

Driscoll and Kraay Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 4a. Fixed effect regressions on social spending (2006-2010)

VARIABLES	(1) Social Spending	(2) Social Assistance	(3) Health Services	(4) Education Services
Incumbency affiliation	0.00 (0.006)	0.00 (0.000)	-0.01 (0.004)	0.00 (0.000)
Competition	0.01 (0.051)	0.13*** (0.011)	-0.04 (0.034)	0.30** (0.105)
Incumbency affiliation*	0.02 (0.049)	-0.15*** (0.010)	0.05 (0.044)	-0.22* (0.083)
Population	2.83** (0.843)	-1.19*** (0.247)	0.19 (0.549)	-1.64** (0.581)
Banks per capita	0.49** (0.164)	-0.04 (0.088)	-0.08 (0.111)	0.37** (0.124)
Literacy rate	0.40** (0.149)	-0.13 (0.117)	-0.08 (0.133)	0.65** (0.212)
District magnitude	0.00 (0.000)	0.00 (0.000)	0.00 (0.000)	0.00 (0.000)
Ratio of old population	-0.31 (0.513)	0.16 (0.109)	-0.23** (0.052)	
Ratio of young population				-0.62* (0.235)
Constant	-0.44*** (0.119)	0.16 (0.109)	0.11 (0.116)	-0.43** (0.136)
Observations	113	38	52	19
Number of groups	16	9	12	5

Driscoll and Kraay Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 4.1. The effect of social spending on votes in national elections (2007 and 2011)

VARIABLES	(1) AKP	(2) CHP and its predecessors	(3) MHP	(4) Independents
Social spending	-1.10 (0.819)	0.14 (0.106)	-0.16 (0.213)	-0.13 (0.073)
Banks per capita	0.16 (0.257)	-0.21 (0.126)	0.08 (0.114)	-0.16** (0.053)
Change in banks per capita	0.99 (0.679)	-0.76** (0.278)	1.55*** (0.359)	0.04 (0.193)
Literacy rate	-0.39 (0.336)	0.46*** (0.140)	-0.07 (0.275)	0.03 (0.158)
AKP lagged	0.86*** (0.099)			
AKP incumbency	-0.00 (0.035)			
AKP*Social spending	1.34 (0.843)			
CHP lagged		1.18*** (0.095)		
CHP incumbency		-0.01 (0.014)		
CHP*Social spending		0.35 (0.470)		
MHP lagged			0.75*** (0.195)	
MHP incumbency			0.00 (0.021)	
Independent lagged				1.35*** (0.112)
Independent incumbency				0.07 (0.045)
Constant	0.47 (0.293)	-0.39*** (0.120)	0.11 (0.237)	-0.00 (0.141)
Observations	27	27	27	11
R-squared	0.933	0.979	0.753	1.000

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 4.2. The effect of social spending on votes in local elections (2009)

VARIABLES	(1) AKP	(2) CHP and its predecessors	(3) MHP	(4) Independents
Social spending	0.97 (1.081)	-1.20 (0.821)	0.60 (1.670)	0.02 (0.086)
Banks per capita	-0.36 (0.220)	1.66** (0.541)	-0.61 (0.649)	0.04 (0.093)
Change in banks per capita	1.26 (1.138)	-2.31 (2.352)	1.93 (1.366)	-0.21 (0.163)
Literacy rate	-0.12 (0.296)	0.68 (0.550)	0.60 (0.484)	-0.01 (0.091)
AKP lagged	0.79*** (0.152)			
AKP incumbency	0.04 (0.050)			
AKP*Social spending	0.72 (1.050)			
CHP lagged		0.58** (0.225)		
CHP incumbency		0.10 (0.118)		
CHP*Social spending		0.03 (3.189)		
MHP lagged			1.14*** (0.216)	
MHP incumbency			0.15*** (0.019)	
Independent lagged				-0.54 (1.435)
Independent incumbency				-0.00 (0.011)
Constant	0.15 (0.222)	-0.62 (0.458)	-0.43 (0.385)	0.01 (0.083)
Observations	14	13	14	12
R-squared	0.962	0.968	0.730	0.430

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 4.3. The effect of social assistance spending on votes in national elections (2007 and 2011)

VARIABLES	(1) Incumbent	(2) AKP	(3) CHP and its predecessors	(4) MHP	(5) Independents
Incumbent vote lagged	0.85*** (0.115)				
Incumbency affiliation	0.08** (0.037)				
Social assistance	3.34** (1.385)	-1.72 (1.862)	-0.29 (0.256)	-0.62** (0.270)	-0.02 (0.098)
Incumbency affiliation* Social assistance	-2.82* (1.363)				
Banks per capita	-0.12 (0.266)	0.07 (0.232)	-0.09 (0.137)	0.11 (0.121)	-0.13 (0.076)
Change in banks per capita	0.79 (0.477)	0.90 (0.696)	-0.87*** (0.298)	1.46*** (0.337)	0.14 (0.232)
Literacy rate	-0.35 (0.310)	-0.23 (0.391)	0.46*** (0.130)	-0.12 (0.252)	-0.06 (0.196)
AKP lagged		0.81*** (0.108)			
AKP incumbency		0.02 (0.031)			
AKP*Social assistance		2.24 (1.935)			
CHP lagged			1.09*** (0.098)		
CHP incumbency			-0.00 (0.011)		
CHP*Social assistance			0.51 (0.948)		
MHP lagged				0.76*** (0.179)	
MHP incumbency				-0.01 (0.021)	
Independent lagged					1.40*** (0.116)
Independent incumbency					0.03 (0.046)
Constant	0.38 (0.272)	0.33 (0.337)	-0.38*** (0.115)	0.16 (0.220)	0.07 (0.176)
Observations	24	27	27	27	11
R-squared	0.959	0.927	0.978	0.774	0.999

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 4.4. The effect of social assistance spending on votes in local elections (2009)

VARIABLES	(1) AKP	(2) CHP and its predecessors	(3) MHP	(4) Independents
Social assistance	-0.28 (1.523)	-0.99 (0.983)	-1.29 (1.188)	0.04 (0.083)
Banks per capita	-0.35 (0.284)	1.50* (0.587)	-0.64 (0.579)	0.05 (0.102)
Change in banks per capita	0.46 (0.909)	-1.79 (1.086)	1.40 (0.752)	-0.22 (0.196)
Literacy rate	0.17 (0.228)	0.37 (0.512)	0.97 (0.801)	-0.00 (0.064)
AKP lagged	0.55*** (0.113)			
AKP incumbency	0.08* (0.034)			
AKP*Social assistance	2.29 (1.571)			
CHP lagged		0.63** (0.214)		
CHP incumbency		0.11 (0.068)		
CHP*Social assistance		-1.01 (3.636)		
MHP lagged			1.14*** (0.239)	
MHP incumbency			0.12*** (0.031)	
Independent lagged				-0.48 (1.042)
Independent incumbency				-0.00 (0.009)
Constant	-0.00 (0.166)	-0.36 (0.422)	-0.72 (0.631)	0.00 (0.059)
Observations	14	13	14	12
R-squared	0.968	0.966	0.754	0.443

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 4.5. The effect of health spending on votes in national elections (2007 and 2011)

VARIABLES	(1) AKP	(2) CHP and its predecessors	(3) MHP	(4) Independents
Health services	-2.99*** (1.006)	0.20* (0.111)	0.02 (0.155)	-0.08 (0.080)
Banks per capita	0.09 (0.263)	-0.15 (0.118)	0.10 (0.124)	-0.15 (0.074)
Change in banks per capita	0.96 (0.625)	-0.78*** (0.270)	1.61*** (0.347)	0.13 (0.207)
Literacy rate	-0.51* (0.271)	0.44*** (0.122)	-0.11 (0.291)	-0.03 (0.164)
AKP lagged	0.88*** (0.108)			
AKP incumbency	-0.02 (0.038)			
AKP*Health services	3.16*** (1.030)			
CHP lagged		1.16*** (0.081)		
CHP incumbency		-0.01 (0.017)		
CHP* Health services		1.28 (1.220)		
MHP lagged			0.81*** (0.206)	
MHP incumbency			-0.00 (0.023)	
Independent lagged				1.39*** (0.116)
Independent incumbency				0.04 (0.045)
Constant	0.59** (0.245)	-0.38*** (0.106)	0.13 (0.251)	0.05 (0.146)
Observations	27	27	27	11
R-squared	0.946	0.981	0.747	1.000

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 4.6. The effect of health spending on votes in local elections (2009)

VARIABLES	(1) AKP	(2) CHP and its predecessors	(3) MHP	(4) Independents
Health services	-3.19 (7.876)	-0.21 (0.790)	2.60* (1.332)	-0.05 (0.052)
Banks per capita	-0.43 (0.488)	1.53* (0.632)	-0.45 (0.378)	0.05 (0.105)
Change in banks per capita	-0.07 (1.964)	-2.42 (1.803)	2.47** (0.791)	-0.26 (0.228)
Literacy rate	0.60 (1.151)	0.23 (0.514)	0.25 (0.472)	0.02 (0.082)
AKP lagged	0.65*** (0.120)			
AKP incumbency	0.05 (0.061)			
AKP*Health services	3.05 (6.675)			
CHP lagged		0.67** (0.200)		
CHP incumbency		0.13 (0.073)		
CHP* Health services		-4.52 (5.902)		
MHP lagged			1.16*** (0.212)	
MHP incumbency			0.14*** (0.017)	
Independent lagged				-0.07 (1.136)
Independent incumbency				0.00 (0.011)
Constant	-0.38 (0.893)	-0.26 (0.427)	-0.15 (0.394)	-0.02 (0.077)
Observations	14	13	14	12
R-squared	0.925	0.957	0.830	0.441

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 4.7. The effect of education spending on votes in national elections (2007 and 2011)

VARIABLES	(1) AKP	(2) CHP and its predecessors	(3) MHP
Education services	2.51 (1.860)	-0.46 (1.538)	-0.21 (1.754)
Banks per capita	0.17 (0.406)	-0.19 (0.166)	0.12 (0.247)
Change in banks per capita	1.11 (0.883)	-0.92*** (0.270)	1.59*** (0.406)
Literacy rate	-0.03 (0.532)	0.47*** (0.147)	-0.11 (0.291)
AKP lagged	0.85*** (0.099)		
AKP incumbency	0.05 (0.040)		
AKP* Education services	-4.82 (3.840)		
CHP lagged		1.16*** (0.073)	
CHP incumbency		-0.01 (0.010)	
CHP* Education services		3.34** (1.366)	
MHP lagged			0.80*** (0.192)
MHP incumbency			-0.00 (0.021)
Constant	0.10 (0.463)	-0.39*** (0.125)	0.13 (0.253)
Observations	27	27	27
R-squared	0.921	0.981	0.747

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 4.8. The effect of education spending on votes in local elections (2009)

VARIABLES	(1) AKP	(2) CHP and its predecessors	(3) MHP	(4) Independents
Education services	7.20 (11.538)	-5.70 (13.771)	-10.49 (16.722)	0.30 (0.605)
Banks per capita	-0.64 (1.380)	2.28 (1.570)	0.55 (1.529)	0.01 (0.092)
Change in banks per capita	1.75 (2.633)	-2.56 (3.617)	-0.87 (4.252)	-0.16 (0.240)
Literacy rate	0.22 (0.518)	0.06 (0.546)	0.61 (0.537)	-0.01 (0.062)
AKP lagged	0.63*** (0.161)			
AKP incumbency	0.11** (0.034)			
AKP* Education services	-6.22 (4.816)			
CHP lagged		0.62** (0.155)		
CHP incumbency		0.08 (0.051)		
CHP* Education services		0.49 (6.654)		
MHP lagged			1.11*** (0.243)	
MHP incumbency			0.11 (0.065)	
Independent lagged				-0.48 (0.824)
Independent incumbency				-0.00 (0.008)
Constant	-0.07 (0.407)	-0.15 (0.406)	-0.49 (0.448)	0.01 (0.056)
Observations	14	13	14	12
R-squared	0.931	0.958	0.736	0.434

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 5. The effect of political variables on public welfare expenditures (2006-2010)

VARIABLES	(1)	(2)
Incumbency affiliation	-0.02 (0.010)	-0.04 (0.052)
Competition	0.29** (0.079)	-0.99** (0.353)
Incumbency affiliation*	-0.44** (0.109)	0.84* (0.321)
Population	2.08*** (0.446)	1.64** (0.480)
Banks per capita	-0.76*** (0.160)	-0.35 (0.246)
Literacy rate	-1.69*** (0.091)	-1.34*** (0.151)
Partisan effect		-0.04** (0.008)
Constant	1.64*** (0.098)	1.60*** (0.240)
Observations	54	49
R-squared	0.433	0.419
Number of groups	12	11

Driscoll and Kraay Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 5a. Fixed effect regressions on public welfare expenditures (2006-2010)

VARIABLES	(2)	(3)
Incumbency affiliation	0.27*** (0.005)	0.28*** (0.010)
Competition	0.25 (0.143)	0.34 (0.199)
Incumbency affiliation*	-0.39 (0.182)	-0.43 (0.236)
Competition		
Population	-8.85 (5.732)	-10.88 (6.921)
Banks per capita	0.84 (0.470)	0.56 (0.666)
Literacy rate	-0.28 (0.337)	-0.76 (0.476)
Partisan effect		0.03 (0.014)
Constant	0.32 (0.359)	0.64 (0.507)
Observations	54	49
Number of groups	12	11

Driscoll and Kraay Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 6. The effect of political variables on total expenditures (1997-2010)

VARIABLES	(1)	(2) year>2002	(3) year>2002
Incumbency affiliation	0.07** (0.031)	0.11* (0.048)	0.09** (0.029)
Competition	0.07 (0.065)	0.02 (0.186)	-0.11*** (0.031)
Incumbency affiliation*	-0.12* (0.068)	-0.16 (0.253)	
Competition			
Population	7.14* (3.311)	8.42* (3.561)	8.46** (3.524)
Banks per capita	-1.07** (0.449)	-0.80* (0.367)	-0.79* (0.369)
Literacy rate	0.03 (0.126)	-0.12 (0.281)	-0.22 (0.176)
District magnitude	-1.29** (0.481)	-1.34** (0.419)	-1.35** (0.409)
Constant	0.06 (0.108)	0.13 (0.234)	0.23 (0.130)
Observations	203	113	113
R-squared	0.414	0.542	0.541
Number of groups	16	16	16

Driscoll and Kraay Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 6a. Fixed effect regressions on total expenditures (1997-2010)

VARIABLES	(1)	(2) year>2002	(3) year>2002
Incumbency affiliation	0.02 (0.026)	-0.09** (0.030)	-0.05* (0.026)
Competition	-0.06 (0.107)	-0.18*** (0.033)	0.04 (0.032)
Incumbency affiliation*	-0.07 (0.113)	0.28*** (0.059)	
Population	36.37*** (8.079)	75.96*** (13.037)	74.93*** (12.995)
Banks per capita	2.06*** (0.665)	0.47 (0.483)	0.55 (0.479)
Literacy rate	-0.25 (0.242)	-1.40** (0.410)	-1.31** (0.423)
District magnitude	-4.35*** (1.389)	0.00 (0.000)	0.00 (0.000)
Constant	-0.31 (0.219)	-0.62* (0.306)	-0.70* (0.320)
Observations	203	113	113
Number of groups	16	16	16

Driscoll and Kraay Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

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