

## Chapter 9

---

# The Politics of Administrative Decentralization in Turkey Since 1980

---

Gül Berna Özcan and Hasan Turunç

### Contents

1	Introduction .....	177
2	Societal and Political Transformation Since 1980 .....	180
3	Anatolian Tigers and Islamic Capitalism .....	183
4	EU-Induced Administrative Reforms .....	185
5	Conclusion .....	190
	Notes .....	191
	References.....	192

### 1 Introduction

Modern Turkey inherited the legacy of a highly centralized governance structure from the Ottoman Empire. With the collapse of the empire, the modern Turkish

republic emerged as a centralized top-down state with an ambitious modernization and economic development project. The roots of this modernization can be found in the late Ottoman state reforms that aimed to preserve the disintegrating empire. From its establishment in 1923 until the end of the Second World War, highly insular and motivated technocrats led the modernizing reforms under single party rule in the Turkish Republic.

In the 1950s, the Democrat Party (DP) government attempted to undermine the long-established practice of centralized authoritarian rule by opening avenues for a new political voice for groups that had traditionally been excluded from the country's power structure. It is debatable to what extent the DP aimed to achieve a counterrevolution, but the perception of both the military and the government bureaucracy was that the DP presented a threat to the secular centralist regime. These fears were further exacerbated by rising economic instability and eventually led to a military coup in 1960. This first military coup drew considerable support from the centralist bureaucracy and intellectuals and aimed to restore secular republican ideals and bring about wider democratic rights. The army briefly intervened again in 1970, this time through an ultimatum to the civilian government and in 1997 through the state security council. The 1980 military intervention, along with its civilian government established in 1983, promoted a new economic regime: trade liberalization and export-oriented growth. These military interventions took advantage of weak central coalitions of the political elite and radicalized multiparty politics.<sup>1</sup> They invariably brought new regime changes along with a speedy restoration of military-induced civilian governments.

Throughout its half-century experiment with multiparty politics, Turkish political party reforms and parliamentary mandates remained ineffectual in guiding economic and social change in the country. Instead, Turkey's political and economic systems were periodically adjusted through undemocratic means, primarily civilian unrest and army interventions. During the postwar period beginning in the 1950s, quite contrary to earlier marginalization of the army from political power in the 1930s and 1940s, the military gained a central role as the ultimate guarantor of stability, secularism, and territorial integrity of Turkey. This central role for the military in governance found considerable support among civilian politicians and intellectuals.<sup>i</sup>

This chapter focuses on the post-1980 decentralization activities that were partly introduced by liberal export-oriented growth strategies and partly demanded by cosmopolitan urban and local elites. The European Union (EU) accession process, which has accelerated since the late 1990s, has also played a catalyzing role in shaping state and local authority and civil society relations. The most significant administrative decentralization was realized as a result of an increasing number of elected municipal authorities and their increased economic powers. However, municipalities controlled by opposition parties often ran into conflictual relations with the ruling parties and state-appointed governors. Personal and political antagonisms shaped by interest group politics consequently hampered local development

initiatives, and local business elites used political party connections to maximize personal and group gains to the detriment of their respective localities.

Three fundamental changes shaped decentralization to markets, civil society, and lower echelons of administrative units in the post-1980 period. First, economic liberalization was driven by both internal and external factors. Turkey followed monetary stabilization policies of the International Monetary Fund (IMF) and the World Bank to open up the previously closed economy. Trade liberalization introduced by the Motherland Party (ANAP) led to new competitive pressures for domestic conglomerates and small and medium-sized enterprises (SMEs) under a regime of export-led growth. These policies aimed to reduce the role of the state in the economy, promote entrepreneurialism, and empower the new urban classes. The Turkish economy grew on average more than 5 percent annually from the mid-1980s, despite the financial crises of 1994, 1999, and 2001. Previously underdeveloped sectors such as tourism, textiles, and ready-made garments emerged as engines of export growth. Sluggish privatization and foreign direct investment (FDI) efforts have also gained momentum since 2000. There has been a rapid growth in exports, from \$13 billion in 1990 to almost \$85 billion in 2006, which has also fuelled growth in domestic consumption.

The second trend has been the diffusion of industrialization to provincial Anatolian towns, which are city centers in the Asian provinces of Turkey. The rapid urban growth associated with the emergence of new metropolitan towns diversified regional economies beyond the old urban centers of Izmir, Istanbul, and Ankara. During the 1980s and 1990s, the city economies were gradually transformed by the growth of small- and medium-sized businesses that became integrated into regional and world markets. Modern capitalist establishments largely eliminated craftsmen and artisans, local business culture embraced free markets and globalization, and the agrarian and religious social character of these centers, as well as their entrepreneurs, helped to generate a new form of pious capitalism.<sup>2</sup> The rise of political Islam contributed to the growth of new urban classes. These groups later shaped Islamist politics by demanding greater autonomy, political recognition, and power from the centralist forces: the Ankara-centered secular modernist state and the Istanbul-centered business holdings and cosmopolitan financial world. The ruling Justice and Development Party (AKP) drew its main supporters from this second generation of urban bourgeoisie.<sup>3</sup> Pious capitalists of Anatolia began to challenge the domination of Istanbul-based business conglomerates in the country's economy as well as the top-down modernization of the secular bureaucracy in Ankara.<sup>4, ii</sup>

Third, administrative decentralization became an imperative as the country became more urban and industrial. Ankara-based state institutions were unable to cope with the increasing and diverse needs of an emerging urban Turkey. A new administrative culture was needed to improve service delivery and provide fair access to public services. These developments were accompanied by differentiated and more sophisticated expectations of social and business groups across the country. Moreover, recent demands for more democracy put forward by emerging civil

society organizations mark a new trend. Previous demands for decentralization came largely from academia, intellectuals, and mayors who were concerned with the rapidly growing cities of Istanbul, Ankara, and Izmir. These early demands were not abstract imaginative arguments for decentralization in governance but were rather limited to solving tangible problems of metropolitan municipal governments. What we see after 1990, however, is a new trend toward containing the state and shifting power to local groups and municipalities.

Although slow and frustrating, Turkey's accession process to the EU fundamentally affected state–society relations. Turkey has made impressive progress in addressing the Copenhagen Criteria for Accession—the EU norms and standards for democratic governance, human rights, a functioning market economy, and administrative efficiency—and has entered into long and complicated negotiations. The EU provided significant technical expertise to reach the Copenhagen Criteria, with a particular focus on democracy and the rule of law. EU reform packages and projects also introduced new standards and benchmarks for administrative reform.

To examine administrative reform in Turkey, this chapter is organized into four main sections. The first section examines social and political transformation in the post-1980 period. This will be followed by an analysis of industrialization in Anatolian towns and new urban elites. The third section introduces recent EU reforms and projects that are fundamentally changing public administration and state–society relations in Turkey. Finally, the conclusion highlights the main points presented in the chapter, questions the suitability of EU–Turkey relations, and assesses Turkey's current positioning for further administrative reform.

## 2 Societal and Political Transformation Since 1980

The modern Turkish system of public administration was initially based on the principle of a strong central government presiding over weak localities. This form of governance was also a prerequisite for top-down secular modernization led by bureaucratic and military elites. Within this context, Turkish public administration is structured on three administrative layers: (1) the province and subprovince administration appointed by the central government, (2) elected municipal bodies, and (3) village administration.

Turkey is divided into 82 provinces, and there are no provisions for regional administrative units or authority. These 82 provincial organs are each headed by a governor who is appointed by the minister of the interior in cooperation with the provincial council (an elected body). Each province has townships as subunits, and these have both appointed deputy governors and elected mayors. Municipal governance is the true local democratic unit, and it includes an elected mayor and an elected municipal council. Village governance, like provincial governance, is comprised of a mixture of elected and nonelected members. It includes an elected

village “headman” and a village council, which has elected members, appointed members, and local representatives such as teachers and big landowners who are accepted as “natural” members.<sup>5</sup>

Until the 1980s, municipalities in Turkey had very limited powers. The first municipality law was passed in 1930, and it simply listed the duties and responsibilities of local authorities. This law remained the major legal influence in municipal governance until recently. This structure of limited autonomy made localities subservient to the republic, and, from urban planning to budgetary allocation, local governments remained dependent on political bodies and state institutions in Ankara. This structure of governance represents a form of administrative modernization that is commonly referred to as statist-centralist. From the 1950s, this statist-centralist structure became a proverbial straitjacket, constraining societal and economic change during a period of rapid increases in literacy, urbanization, and industrialization. It was all the more untenable when public opposition grew along with the emergence of radical trade union and student movements during the 1960s and 1970s. Such public opposition combined with subsequent diffused industrialization to undermine the influence of the so-called Republican elite, a powerful segment of Turkish society that defended the secular legacy of Turkey’s founding principles and whose members occupied key positions in the military, civil service, judiciary, and academia.

Rapid urbanization overburdened municipal administrations too wedded to archaic political and managerial practices. And political divisions deepened between appointed governors and elected bodies since fiscal controls remained in the hands of central state organs. As municipal authorities did not have the power to levy local taxes, they were chronically burdened by scarce resources to meet the growing needs of urban planning and management.

Thus, a managerial approach toward decentralization became the dominant trend of the 1980s. This trend was led by pragmatists of the neoliberal elite who opted for dismantling the state’s leading role in the economy by means of privatization, reduced public spending on health and education, and export-promotion policies. Worldwide trends toward downsizing central government and increasing bureaucratic efficiency were reflected in the policies of international financial institutions and, therefore, had substantial political leverage in the post-1979 economic crisis of Turkey. The ruling ANAP party, led by Tugut Özal, who was an admirer of Ronald Reagan and Margaret Thatcher, prepared the foundations of decentralization from the state to the private sector and civil society, albeit with narrow political freedoms.

In 1984, the Greater Municipalities Act introduced a new concept of metropolitan governance by redefining the roles and responsibilities of small municipalities and their districts, along with their relationships to the greater municipality. This marked an important step for decentralized and more independent local governments.<sup>6</sup> The municipalities were also granted permission to develop urban plans along with the state-run bank for provincial development.<sup>iii</sup> As a result of these

efforts, many municipalities began initiating their own housing, transportation, water, and sewage treatment projects in the 1990s. For the first time, these municipalities were also able to borrow funds from international markets.

The private sector started to play a major role in urban development in the post-1980 period as well. This trend was promoted by liberal policies, the expansion of municipal contracts, and procurement that generated new local opportunities for small and medium-sized businesses. Benefiting from the postcoup political vacuum, the ANAP introduced bold liberalization measures to replace import substitution policies. The Istanbul business community, which had already put pressure on government during the late 1970s to liberalize the economy, warmly supported the ANAP's new vision. Turkey's first membership application to the European Community in 1987 fit in as a strategic move aimed at opening European markets for Turkish exporters. This paved the way for the 1995 Customs Union with the EU.

However, civil society activities had been discredited by radicalized left- and right-wing patronage networks in the 1970s and led to deep mistrust toward civic action in the public psyche. Many trade union and civil society organizations were closed down by military rule. The country also faced 15 years of war between military forces and the separatist Kurdish organization, the Kurdistan Workers' Party (PKK). During that period, those promoting economic liberalism were among the first to recognize the need for some degree of accompanying social and political liberalism. For example, the organization representing Istanbul-based large businesses, TUSIAD, emerged as a leading force defending human rights, Kurdish ethnic expressions, and democracy in Turkey.<sup>7</sup> With the acceleration of preparations for EU accession and the cessation of hostilities with the PKK upon the capture of their leader, Turkish governments passed several reform packages to enhance human rights and individual freedoms.

Another trend toward decentralization gained momentum in the aftermath of Turgut Özal's death in 1989 and the subsequent realignment of centrist politics, which led to a new political landscape from the March 1994 local elections. The Islamist Welfare Party (*Refah Partisi*) took power in the municipalities of Istanbul and Ankara, as well as many other smaller towns, including some predominantly Kurdish towns in southeastern Turkey. The Welfare Party was a recombination of the Islamist right-wing National Order Party (MNP) and the National Salvation Party (MSP). Their success was based on their capacity to organize solidarity networks at the grassroots level in cities and develop a new Islamist, modernist political image. When the judicial system was used to close down the Welfare Party in 1998, the AKP was established by a group of reform-minded Islamists. The post-1980 liberalization made room for institutions that contributed to the growing strength of political Islam, while leftist and center-right politics fell into a series of ideological and leadership crises.

The increasing popularity of political Islam was accompanied by a growing rivalry between first- and second-generation business elites. This gave rise to a

successful Islamist business association (MUSIAD), which competed with TUSIAD for influence.<sup>8,9,10</sup> Islamic politics in the 1990s were mainly supported with capital from provincial Anatolian towns and religious groups. As the economy grew, Islamist business owners also diversified their economic interests. Many small and medium-sized towns experienced industrial growth. One major social consequence of Anatolian industrialization was to bring capital accumulation into the hands of provincial businessmen. This capital accumulation and new prosperity reversed an economic decline that had begun in the late Ottoman Empire.<sup>11</sup>

In the 1990s, Turkey was ruled by shaky coalition governments. At the same time, deepening economic liberalization and democratization brought forth ethnic and religious expressions of diversity and demands for pluralism. Turkey–EU relations influenced the domestic power struggle between mainstream parties and political newcomers. This was a special concern of Tansu Çiller, the center-right prime minister at the time when the Customs Union with the EU was agreed, who frequently stressed that the isolation of Turkey from Europe would lead to the rise of fundamentalism. Ironically, it was she who established the coalition government of 1996 with the Islamist Welfare Party.

The most recent decentralization trend emerged in conjunction with the AKP's success in the 2002 elections. Without questioning the basis of their predecessors' fiscal policies, the AKP government continued to implement macroeconomic stability and financial responsibility practices that were part of the IMF stability program first introduced by the Ecevit government following the 2001 banking and financial sector crisis. They also increased the powers and resources of local governments and passed several EU reform packages through parliament. Local government reform gained further momentum in 2005, when the parliament adopted new legislative reforms aiming to restructure systems of governance, enhance efficiency, increase democratic participation, and ensure accountability.

### **3 Anatolian Tigers and Islamic Capitalism**

Without the emergence of Anatolian industrial and urban centers, Turkey could not have experienced administrative decentralization. As the country became predominantly urban (70 percent), the pressure from the geographical periphery to central government calling for better governance culminated in a vigorous new political voice. In 1929, there were 467 elected local authorities in municipalities. This number rose to 546 in 1947, then to more than 1,700 in 1977, and is currently more than 3,200. From the management of school boards and professional associations to environmental pressure groups, Turkish society began organizing and influencing its local governments.<sup>12</sup>

The main change came with increasing industrialization in the provincial towns of Anatolia and the rise of new urban classes with strong traditional rural values.<sup>iv</sup> Members of these new groups held a certain resentment toward top-down

modernization characterized by secularism, cosmopolitanism, and an elitist state bureaucracy. Liberal government policies contributed to economic development by encouraging entrepreneurial activities, loosening the control of the state, and diversifying social class structures in urban areas. Indigenous SMEs with strong rural links sustained the local economies of many Anatolian towns, which, in conjunction with the rise of political Islam, contributed to and exploited small town development. Consequently, the left and liberal right parties lost the management of metropolitan cities for the first time in the 1994 local elections. Three growing industrial centers, Denizli, Gaziantep, and Kayseri, exemplify these deep changes taking place in Anatolia. Economic development in these towns began with modernization in agriculture, which started in the 1950s. Surplus value was transferred from rural to urban areas, contributing to capital accumulation for industry and commerce. This process also increased the rural demand for agricultural machinery and domestic goods. During the first push, many skills were developed through small manufacturing workshops in all three cities.<sup>13</sup>

The second push came with urbanization. Increasing urban demand coupled with weak competition in the closed economy of the 1960s and 1970s offered new opportunities for local SMEs. Urbanization offered cheap young labor for new businesses. During the 1970s all three cities suffered losses because of the emigration of skilled workers to Western Europe, mainly to Germany. But the city economies also benefited from the remittances of Turkish workers abroad. The gradual integration of economic activities emerged through the national distribution and franchising networks of large companies that also diffused new ideas, goods, and business practices to small and medium-sized towns. The state also played a crucial role as facilitator in the industrialization process of many Anatolian towns. The state supported market decentralization by financing urban infrastructure and delivering opportunities through state procurements and tax and export incentives.

The third push came with the liberal policies of the 1980s and the gradual opening of the Turkish economy to world markets. During the 1980s, export businesses focused on Arab and other Middle Eastern markets. With the fall in oil prices and increasing confidence, many businesses entered new markets in Europe, Russia, and Central Asia. Through increased trade and manufacturing opportunities, previously inward-looking SMEs had a chance to benefit from export-oriented growth. This process, in return, changed the character of the local SMEs from being inward looking and conservative to being adventurous and risk taking. There also emerged a gradual diffusion of various industries into smaller rural towns. For instance, the towns of Babadağ and Buldan in Denizli and Hacilar in Kayseri are now strong manufacturing locations as well as agricultural centers. They provide some evidence that these developments are the beginning of extensive industrial diffusion into provincial lands.

These developments came along with the emergence of new Anatolian business and urban classes firmly rooted in Islamic traditions and indigenous local cultures. Sometimes in opposition to the secular urban elite and state ideology but also



firmly attached to republican patriotism, these groups sought to assert their power through center-right party politics and fed the growth of Islamist parties. Municipalities controlled by the Islamists began forming their own development initiatives along with local businesses. One such town, Kayseri, has been the bastion of Islamic politics in Turkey. As one of the largest rapidly industrialized Anatolian cities, Kayseri illustrates an indigenous form of conservatism. By embracing Islam but not forgetting the virtues of profit making, its businessmen became symbols of a new breed of entrepreneurs, neither marginalized artisans nor cosmopolitan conglomerates but outward-looking pious capitalists.<sup>14</sup> In 2005, Kayseri's new industrial zone celebrated the opening of 139 new factories in one single day. A similar launch took place in 2006 for more than 100 companies.

The European Stability Initiative (ESI), a German think tank, celebrated Kayseri and popularized the term *Islamic Calvinists* to describe its businessmen. This term was first used by the former mayor of Kayseri, Mr. Şükrü Karatepe, who argued that one must read Max Weber's *Protestant Ethic and the Spirit of Capitalism* to understand his city.<sup>15</sup> In their study of Islamic companies, Özcan and Çokgezen<sup>16</sup> similarly pointed out that although Islamic values are employed as a social glue for interpersonal trust, Muslims are as capitalist and motivated by self-interest as others. Hard work and money-making relations embraced by pious values emerged along with the deepening liberalization and capitalist market relations, and social norms adapted themselves for a new form of moral capitalism. The theme of the ESI study is that conservative religious values are a force for progress in development, but those values are not necessarily Christian or European. However, attributing economic success to religion is not as fruitful as it is attractive. Sociological perspectives do not explain under what circumstances restraining old norms turns into flourishing business practices. For example, many people associate Confucian values with the recent Chinese economic success, but they fail to explain why and how these same values accommodated decades of poverty and one-party brutality in China.

## 4 EU-Induced Administrative Reforms

Turkey's recent local governance and public management reforms have been underpinned by structural transformation initiated by governments and external actors, including the EU, Organisation for Economic Co-operation and Development (OECD), and United Nations Development Programme (UNDP). For decades, state institutions have been resistant to change, and the governments have been reluctant to draw on external advice and assistance for the reform of administrative systems. Although decentralization to local government has been a particularly sensitive area because of the strong tradition of unitary and centralized governance, dramatic changes have taken place in recent years. Many of these structural reforms were introduced as part of the accelerated process of EU accession. The current

Turkish government recognized the need for reform and the benefits of partnering with external agencies to modernize Turkey's state structures and to comply with the requirements of the EU. Virtually all of the EU assistance programs now require the channeling of financial assistance through regional and local administrations.

As the 2001 EU White Paper on governance suggests, European governance actually denotes a complete recontextualization of politics and the transformation of political structures.<sup>17</sup> Along with increasing denationalization, there has been a shift of power from the nation-state to supranational institutions. This new form of governance aims to integrate EU member states to the European institutional scheme by reshaping their territorial structures, empowering local governments, and mobilizing social and political movements. Although this process shows significant variation among the EU member states, economically peripheral states of South and Eastern Europe have shown greater enthusiasm for the EU's supranational powers to push for domestic reforms. Turkey has been going through this process with dramatic new changes.

Strong and effective public administration reforms to improve administrative capacity in line with EU accession principles were accelerated by the AKP government in three reform packages, namely, the Project to Restructure Public Management, the Immediate Action Plan for the Government, and the Draft Framework Bill on Public Administration. The government also prepared a plan for comprehensive administrative reform by drafting a series of legal changes including the Public Administration Draft Law, the Law on Metropolitan Areas, the Law on Municipalities, and the Draft Law on Special Provincial Administrations. These reforms affirmed the continuing decentralization process. Although they primarily aimed to strengthen local authorities, these laws also intended to modernize public finance management, redefine the role and structure of coordinating bodies, regulate working and communication procedures, and enhance administrative capacity and efficiency through enhanced information systems.<sup>18</sup>

The Decentralised Implementation System (DIS) has been one of the key reforms in this field. The aim of the DIS is to provide an appropriate legal and administrative framework for the transfer of responsibilities for the implementation of the EU-funded programs from the European Commission (EC) to partner countries.<sup>19</sup> In recent years, the EU has been giving more responsibility to institutions in the partner countries, and this began to change the practice of top-down central administrative management in Turkey. For the introduction of the DIS in Turkey, a financial cooperation agreement was issued on 18 July 2001. This aimed to design the management of various administrative functions in a decentralized system according to the framework of the preaccession strategy.

Turkey is also in close partnership with OECD/SIGMA (Support for the Improvement of Governance in Management of the Administration) in concert with public administration reform efforts and the EU accession process.<sup>20</sup> For example, in 2004, the EC requested SIGMA, a joint initiative of the OECD and the EU, to assess the state of central systems in Bulgaria, Romania, and Turkey.

The SIGMA program supports partner countries in their efforts to modernize public governance systems. It assesses reform progress and identifies priorities; it also assists in the process of institution building by helping to design and implement action plans. The SIGMA program was made available to Turkey upon the agreement of a new contract between the OECD and the EC on 8 May 2004. The first task set by the EC was to conduct assessments on aspects of Turkey's administrative performance. And at the request of the Prime Ministry of Turkey in February 2005, SIGMA organized in Ankara a seminar titled "Public Administration Reform and European Integration." The main purpose of the event was to stimulate a debate among officials of the central government on the needs and goals for reforming public administration in Turkey. It also aimed to raise awareness of the principles of governing in the European administrative space and the implications of EU membership for administration. SIGMA has cooperated on three major subjects with the Prime Ministry and Secretariat General for EU affairs: The Civil and Administrative Framework, Public Procurement, and An Integrity Framework.

*In the context of Turkey's EU preaccession process, an auxiliary project, the Local Administration Reform Programme, was agreed between the EC and Turkish government in 2003. The overall objective of the Local Administration Reform Programme is to (1) strengthen the capacity of both central and local administrations to formulate and implement reform policies and initiatives, (2) improve budgetary procedures and service performance in selected pilot administrations, and (3) improve the efficiency and effectiveness of human resources. This project envisaged new changes in the way local administration affairs are conducted and managed by the Interior Ministry. The project started in August 2005 and lasted until November 2007. The project is being implemented by the Ministry of Interior (General Directorate for Local Authorities), with technical assistance provided by the UNDP and funding provided by the EC's Euro-Mediterranean Partnership program (MEDA). The Local Administration Reform Programme was launched through the adoption of new legislation on local authorities, and it encompasses a wide number of reforms that affect all aspects of local administration and management. The final purpose of the Local Administration Reform Programme is to enable local authorities to provide better public services, carry out more efficient management of their financial resources, and enhance their capacity for more active engagement in policy making with national authorities and in creating partnerships with other local authorities in EU member countries.<sup>21</sup>*

Another project conducted to promote decentralized, participatory, and transparent governance in Turkey is the International Public Cooperation Programme (MATRA) supported by the Netherlands Ministry of Foreign Affairs. With the participation of the International Co-operation Agency of the Association of Netherlands Municipalities (VNG International), the Turkish Economic and Social Studies Foundation (TESEV), and the International Union of Local Authorities Section for the Eastern Mediterranean and Middle East Region (IULA-EMME), MATRA aims to institutionalize good governance practices by focusing on institution building

and capacity building for governmental organizations in Turkey, particularly in the municipalities in South and Southeast Anatolia.<sup>22</sup>

The **Local Agenda 21 (LA 21) program was initiated by UNDP** for the promotion of good governance and local democracy. The program draws on the UNDP's links with global environmental initiatives and was generated as a direct result of the participation of Turkey's central government and local mayors in HABITAT II, the major environmental UN summit, which was held in Turkey in 1996. The UNDP adopted a successful catalytic approach, which relied extensively on national technical inputs and capacity in the early stages of program design and implementation. The main element of the LA 21 program entails the establishment of city councils, which are city-level participatory mechanisms for decision making. These councils then bring together community-based organizations, NGOs, labor unions, academics, the private sector, individual citizens, and local governments into a consultative forum that raises and discusses issues of direct concern to the participating communities.

In Turkey, the LA 21 program is nationally executed by the International Union of Local Authorities Section for the Eastern Mediterranean and Middle East Region, which is based in Istanbul. LA 21 exemplifies Turkey's ability to leverage its own limited resources and has far wider implications than the management of environmental assets alone. Indeed, this program has helped to increase significantly the level of participation of civil society organizations and private citizens in decision making and also increased the level of decentralization of governance in Turkey. At the broadest level, the UNDP LA 21 program has spread, largely spontaneously and through local initiatives, a locally adapted model of City Councils from nine pilot municipalities to more than 50 cities throughout the country.

Another major step in administrative reform is the recent decision to set up regional development agencies under the State Planning Organisation (DPT). The DPT has been preparing five-year development plans since the 1960s and initiated regional development programs across the country. However, these projects were sporadic and never fully integrated into local decision making and civil society. Instead, planning remained a top-down exercise by a group of Ankara-based bureaucratic and intellectual elite. Planning in general, and regional planning in particular, were condemned as leftist communist ideologies by the ruling center-right parties for decades. And to a certain extent, the DPT's plans did portray such characteristics with their poor links to markets and social realities. The nature of the DPT's operations and plans began to change, however, with the South Eastern Anatolian Development Project (GAP), which was comprised of more than 30 dams and irrigation canals that united seven cities. As a result of GAP, there have been concerted efforts toward community-based initiatives and local participation, and regional development initiatives have also been proliferating with unusual speed and variety.<sup>24</sup>

In 2000 the Eastern Black Sea Development Agency (DAP) was initiated with the support of the Japanese International Development Agency (JICA). The same

year, the Eastern Anatolian Development project (DOKAP) and the Bartın–Zonguldak–Karabük development initiatives were launched with a new concept of partnership and cooperation between the DPT and five universities in the region. The DPT developed a variety of programs and new regional subunits to aid regional development and Turkish Research Areas (TRAs) for EU projects.<sup>25</sup> Differentiation in national development priorities and detailed plans were developed by the DPT for the purpose of EU funding, and the statistical regional units of TRAs were established in line with the EU programs. The DPT continued producing national plans but with a more specific focus on regional development issues rather than on sectoral targets.

Although Turkey has been the beneficiary of an impressive array of EU-funded administrative restructuring projects, they are not nearly sufficient for Turkey to upgrade its administrative capacity to EU levels of performance and operability. Turkey has not gone through a new organizational and bureaucratic transformation, and EU-inspired reforms have not produced new institutions for policy implementation. The EU's technical and financial assistance to Turkey has long been subjected to the Greek governments' veto<sup>v</sup> and has never had a significant impact at the operational level. Moreover, EU–Turkey relations were recently strained because of Turkey's refusal to extend the Customs Union agreement to Greek Cypriots as long as Turkish Cyprus remains isolated.<sup>vi</sup> Contrary to its earlier promise to lift the trade embargo on the Turkish side, the EU subsequently diminished the scope and nature of its earlier promises. Following the crisis concerning Cyprus and the increasingly negative atmosphere toward Turkish membership among several EU states, the EC slowed down membership talks with Turkey, and many negotiation chapters are currently frozen.

Nine packages of constitutional and legal reforms have been promulgated to widen minority rights, curb corruption, strengthen civilian authority over the military, and abolish the death penalty and security courts. The EC, which is monitoring the implementation of these extensive changes, has noted that the relative inexperience of the judiciary and bureaucracy is constraining compliance with EU-induced reforms. But more importantly, the EU's questioning tone toward Turkey and its preferential treatment toward Cyprus and other Balkan states have damaged Turkey–EU relations for a long time to come. As a result of growing assertiveness in the xenophobic tone of the EU member states that oppose Turkish membership, Turkey has assumed a more suspicious, defensive, and nationalistic posture in relation to Europe. Consequently, a form of staunch nationalism has been recently increasing in Turkey, in part as a backlash of current EU–Turkey relations and partly as a response to the worsening situation in neighboring Iraq and growing suspicion of U.S. policies in the Middle East.

## 5 Conclusion

Two primary forces have fuelled Turkey's decentralization in the social and political spheres: (1) industrialization of the Anatolian towns through an extended role for SMEs and (2) the emergence of new urban classes. First, the diffusion of industrialization to provincial Anatolian towns and the rapid urban growth associated with the emergence of new metropolitan towns combined to produce profound effects as city economies gradually transformed with SMEs integrated into regional and world markets, and modern capitalist establishments largely eliminated the craftsmen and artisans who had previously dominated city economies. Second, this transformation process resulted in the emergence of new urban middle classes and capitalist practices with influences from both local traditions and Islam.<sup>26</sup> Societal changes, fast urban growth, and economic liberalization combined and created conditions for strong societal demands to contain the state and to decentralize and localize governance. The success of the ruling AKP is a result of this trend toward a new regime for further religious autonomy and increased political and economic power by emerging classes. For the most part, the party leadership played a moderating role between strong local interests and long-established, top-down, secular, elite traditions.

The balanced approach utilized by Turkey's AKP leadership facilitated the EU's becoming a legitimizing force for political and administrative reform. The EU has affected not only formal structures, such as Turkey's national legal system and national and regional administrations, but also business–government relations and wider societal expectations concerning law, human rights, and public order.<sup>27</sup> However, the impacts of reform are not even across regions and social groups. Because of social and economic inequalities, larger cities and wealthier classes benefit from changes rather quickly, while rural populations and the southeastern regions, especially those that suffered from the war between the PKK and the army throughout the 1990s, have weak civil society structures and are slow to absorb change.

There are also ongoing deep fractures concerning the EU's sincerity toward Turkey. Turkish membership has recently become subjected to individual member state's domestic political dynamics and the calculations of political leaders, most notably observed during Turkey's presidential elections by Nicolas Sarkozy in France and Angela Merkel in Germany. Both repeatedly stressed that Turkey is not European enough and is culturally different (with regard to religion) and should therefore be offered a status of privileged partnership—rather than membership—in the EU. Despite these odds, the process of reform has gained unstoppable momentum in Turkey. Efforts toward reform have raised public expectations to a level that any government or political movement pondering a reversal would now fail to secure popular support. However, an important distinction is also emerging: Turkey's long ambition of internalizing Westernization and civilization is no longer narrowly interpreted as and associated with Europeanization. This public

perception is likely to shape a new but somewhat cautious relationship with the EU, and its calls for administrative decentralization.

Finally, following inconclusive presidential elections in May 2007, the balanced policy of the ruling AKP government was upended when a deepening conflict emerged between it and the secular establishment (the president, army, and civil society groups). At this point in time, further deepening of decentralization that will enhance local democratic institutions requires strong political consensus on the principles of the constitutional existence of the state. This process must urgently address three fundamental domains: (1) the relationship between religion and state, (2) a wide range of political reforms to contain ethnic separatism, and (3) a concerted civilian effort to overtake the army's central role in politics. The public debate on to what extent secularism can accommodate political Islam within democracy has been deepening in recent months, but party politics have been polarized and ineffectual in reaching consensus on a constitutional position on the issue. Despite EU-influenced reforms, Kurdish political parties still live in the shadow of the PKK's terror tactics. The Turkish army has resisted giving up its central position and instead continues to meddle in domestic politics. Turkey now needs another change of direction in its domestic political and economic management, and it is essential that such change be accomplished through civilian means. Decisions concerning the nature of Turkey's future political and economic environments will, of course, determine the nature of future administrative reform in Turkey.

## Notes

- i. There is a compulsory military service for 18 months in Turkey, thus the army, as one of the strongest institutions in the country, is not clearly detached from the society like in the case of professional armies. Many claim that there is a strong bonding between ordinary citizens and Turkish army.
- ii. Although Turkey's largest businesses are still owned by foreign- and state-owned companies as well as by Istanbul-based family conglomerates, the number of successful Anatolian businesses has also been increasing. According to the 2005 Istanbul Chamber of Commerce classification, 23 Anatolian businesses, mostly SMEs, managed to get in the top 50 of the second league of largest companies. For additional details, see media reports at [http://www.aktifhaber.com/read\\_news.php?nID=80711](http://www.aktifhaber.com/read_news.php?nID=80711).
- iii. İller Bankası is a state-owned development and investment bank dealing with municipalities and councils.
- iv. The rise of political Islam in Turkey is due to a complex set of developments, not just a consequence of the rise of Anatolian SMEs. However, because this chapter is mainly addressing political Islam within the context of decentralization and rising new urban classes, a more detailed focus on and explanation for the rise of political Islam are beyond the scope of this chapter.

- v. Greece joined the EU in 1981 and systematically used its veto right to block EU's technical and financial help to Turkey. The division of Cyprus between Turkish north and Greek south more recently intensified the tension between Turkey and the EU, as the Greek section of the island became a member of the EU in 2005 despite its rejection of the UN-backed unification plan. Turks believe that Greek veto is being used by EU's big Turcophobes such as France, Germany, and Austria as a tool to block Turkish membership in medium term.
- vi. Following its independence from Britain in 1960, Cyprus was a bicomunal—Greek and Turkish—republic. However, there had been violent tensions between the two communities during the late 1960s. In 1974, the military government in Greece backed a right-wing coup to topple the Cyprus government and unite the island with Greece. In response, Turkey invaded northern Cyprus and created an ethnic enclave for Turkish Cypriots in the north. The southern regime remained as the internationally recognized Cypriot regime, whereas the north stayed isolated and dependent on Turkey. The last attempt to unify the island drafted by the UN and supported by the EU was accepted by the Turkish side but rejected by Greek Cypriots in 2005.

## References

1. Özcan, G. B., A critical analysis of decentralisation and local economic development: The Turkish case, *Environment and Planning A: Government and Policy*, 24, 117, 2006.
2. Özcan, G. B., Local economic development, decentralisation and consensus building in Turkey, *Progress in Planning*, 54, 197, 2000.
3. Çokgezen, M., New fragmentations and new cooperations in the Turkish bourgeoisie, *Environment and Planning C: Government and Policy*, 18, 525, 2000.
4. İşte Türkiye'nin en büyük 500 şirketi (Here is Turkey's largest 500 companies), *Aktif Haber*, 24 August 2006, [http://www.aktifhaber.com/read\\_news.php?nID=80711](http://www.aktifhaber.com/read_news.php?nID=80711).
5. Kalaycıgolu, E., Decentralisation of government, in *Politics in the Third Turkish Republic*, Heper, M. and Evin, A., Eds., Westview Press, Boulder, 1994, 87–103.
6. Özcan, G. B., Local economic development, decentralisation and consensus building in Turkey, *Progress in Planning*, 54, 197, 2000.
7. TUSIAD, *Local Government in Turkey: Problems and Solutions*, TUSIAD, Istanbul, 1996.
8. Buğra, A., Class, culture, and state: An analysis of interest representation by two Turkish business associations, *International Journal of Middle East Studies*, 30, 521, 1998.
9. Buğra, A., *Islam in Economic Organisations*, Turkish Economic and Social Studies Foundation, Istanbul, 1999.
10. Çokgezen, M., New fragmentations and new cooperations in the Turkish bourgeoisie, *Environment and Planning C: Government and Policy*, 18, 525, 2000.
11. Demir, Ö., Acar, M., and Toprak, M., Anatolian tigers or Islamic capital: Prospects and challenges, *Middle Eastern Studies*, 40, 166, 2004.
12. Özcan, G. B., Local economic development, decentralisation and consensus building in Turkey, *Progress in Planning*, 54, 197, 2000.



13. Özcan, G. B., *Small Firms and Local Economic Development: Entrepreneurship in Southern Europe and Turkey*, Avebury, Aldershot, 1995.
14. Özcan, G. B. and Çokgezen, M., Limits to alternative forms of capitalization: The case of Anatolian holding companies, *World Development*, 31, 2061, 2003.
15. European Stability Initiative, *Islamic Calvinists: Change and Conservatism in Central Anatolia*, Berlin-Istanbul, September 2005.
16. Özcan, G. B. and Çokgezen, M., Trusted markets: The exchanges of Islamic companies, *Comparative Economic Studies*, 48, 132, 2006.
17. Commission of the European Communities, *European Governance: A White Paper*, Brussels, 25 July 2001, [http://eur-lex.europa.eu/LexUriServ/site/en/com/2001/com2001\\_0428en01.pdf](http://eur-lex.europa.eu/LexUriServ/site/en/com/2001/com2001_0428en01.pdf).
18. Can, H. H., *Belediye idaresinin gorev, yetki ve imtiyazlari (The powers, responsibilities and rights of municipal administrations)*, Turkish Public Administration, 2002, [http://www.yerelnet.org.tr/mevzuat/makale\\_02.php](http://www.yerelnet.org.tr/mevzuat/makale_02.php).
19. European Commission, *Enlargement and Decentralisation Sections*, n.d., [http://ec.europa.eu/enlargement/financial\\_assistance/decentralisation\\_en.htm](http://ec.europa.eu/enlargement/financial_assistance/decentralisation_en.htm).
20. Organisation for Economic Co-operation and Development, *Selection of OECD social indicators: How does your country compare?* 2005, [http://www.oecd.org/LongAbstract/0,2546,en\\_2649\\_201185\\_35046282\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/LongAbstract/0,2546,en_2649_201185_35046282_1_1_1_1,00.html).
21. Turkish Ministry of Interior, UNDP-Turkey, EC-MEDA: Government Programme, n.d. <http://www.lar.gov.tr/introduction.html>.
22. The Government of the Netherlands, *Outline of the MATRA Programme*, July 2000, <http://www.nl.org.tr/en/pages/Matra1x.htm>.
23. United Nations Development Programme, *Brief information on the Local Agenda 21 Program in Turkey*, n.d., <http://demo.undp.org.tr/undp/LA21.asp>.
24. Turkish Ministry of Interior, Special ad hoc Committee on Restructuring of Public Fiscal Management and Fiscal Transparency, *8th Five-Year Development Plan*, March 2000, <http://ekutup.dpt.gov.tr/kamumali/oik8/pubfinan.doc>.
25. Republic of Turkey Prime Ministry State Planning Organization, *National Rural Development Strategy*, Ankara, 2006, 39–40, <http://ekutup.dpt.gov.tr/bolgesel/strateji/kirsal-i.pdf>.
26. Özcan, G. B., Local economic development, decentralisation and consensus building in Turkey, *Progress in Planning*, 54, 197, 2000.
27. Polat, N., Identity politics and the domestic context of Turkey's European Union accession, *Government and Opposition*, 41, 512, 2006.

