

Globalization, Welfare State and Turkey

Ayhan Gencler, Aytul Colak

Trakya University

Abstract

Globalization entails challenges, opportunities and realities. The multiplying flows of goods and capital are grounded in the global extension of the free market and fostered by the neoliberal doctrine of economic liberalization and rationalization. Global economic forces limit States in their ability to independently determine economic and social policies. One of the defining ideals of the European Union has been its social support system, often referred to as the European welfare state. But the European welfare system is under pressure. In the other hand, both the national public institutions' searching for new solutions and Turkey's legal reform efforts on its way to European Union membership have an important role. Like other welfare regimes, Turkey's welfare regime displays new tendencies signaling a new period. This article is aimed at analyzing of the recent social policy reforms and dynamics in Turkey in the framework of the welfare state transformation.

Keywords: globalization, welfare state, social policy, Turkey

1. Welfare State Regimes in Advanced Democracies

Welfare state today is challenged by the globalization and a major subject of debate in important academic, political and economic circles has been the impact of the globalisation of economic activities on the ability of the world's developed capitalist countries to sustain their welfare states. During the last 50 years, European welfare states have gone through very significant transformations.

The term "welfare state" describes those institutionalized forms of social protection that secure its citizens from the risks of modern society on the basis of social rights. Furthermore, these rights granted on the basis of citizenship shape and determine the individual's position within society. In cross-national comparisons, the activities of the welfare state, the policies embraced, its level of protection, as well as its linkage to the market's and the family's role in social provision vary significantly (Esping-Andersen, 1990).

A welfare state is a state in which organized power deliberately used in an effort to modify the play of the market forces in at three directions (Briggs, 2006:18);

-by guaranteeing individuals and families a minimum income irrespective,

-by narrowing the extent of insecurity by enabling individuals and families to meet certain social contingencies like as sickness, old age; unemployment, which lead otherwise to individual and family crises,

-by ensuring that all citizens without distinction of status or class are offered the best standards available in relation a certain agreed range of social services.

In relation to this definition of the term “welfare state”, the term “welfare regime” denotes the fact that legal and organizational features of the welfare state, the family, and the economy are systematically interwoven. As a result, the term “welfare regime” stresses that cross-national clusters in welfare arrangements unveil not only regarding social policies but a variety of social structures (Esping-Andersen,1990).

With some simplification, we can distinguish three distinct regimes. This section draws heavily on Esping-Andersen (1990; 1999). His typology is an attempt to classify contemporary western welfare states as belonging to one of “three worlds of welfare capitalism”. It is shown that the idea of ordering welfare states according to ideal-typical models dates back to the late 1950s and was elaborated substantially during the early 1970s, though rather unnoticed. The publication of Esping-Andersen's *The Three Worlds of Welfare Capitalism* in 1990 is identified as the starting point for what has now become a whole academic industry, here entitled the Welfare Modelling Business (Abrahamson:1999:394).

Esping-Andersen (1990;1999) makes a distinction between three different clusters of welfare states, characterised by specific institutional arrangements and imprinted by the main political ideology behind their development; Anglo-Saxon welfare states together as liberal regimes; the universal welfare states in Scandinavia (Nordic countries) are translated into Social Democratic regimes, Continental Europe as Conservative regimes.

The Anglo-Saxon countries represent the ‘liberal’ regime; the liberal welfare state, in which means-tested assistance, modest universal transfers, or modest social insurance plans predominate. These cater mainly to a clientele of low income, usually working class, state dependents. (Esping-Andersen,1990:26). Entitlement rules are therefore strict and often associated with stigma; benefits are typically modest. In turn, the state encourages the market, either passively by guaranteeing only a minimum, or actively by subsidizing private welfare schemes. The archetypical examples of this model are the United States, Canada, and Australia. Nations that approximate the model are Denmark, Switzerland, and Great Britain (Esping- Andersen,1998:25).

The Nordic countries represent a second, ‘social-democratic’, regime that is, above all, characterized by its emphasis on universal inclusion and its comprehensive definition of social entitlements. These welfare states are committed to universal coverage of citizens and egalitarianism (Esping-Andersen, 1999: 78). The social democratic regime is furthermore distinct for expanded provision of public services as day-care, kindergarten, health, and education. Not least in respect to welfare service have Nordic countries struggled to close off the market (Esping-Andersen, 1999: 78-79).

Esping-Andersen labels the welfare states in continental Europe as conservative regimes. The third, and somewhat more heterogeneous, regime embraces the majority of Continental European countries, Austria, Belgium, France, Germany, Italy, the Netherlands, and Spain. These welfare states all have conservative origins. Conservative regimes are characteristic for their blend of status segmentation, and the role of the family and church for promoting welfare (Esping-Andersen, 1999: 81) Yet, at a closer look particularly the conservative regime type proves to be a highly problematic category.

Table 1: Goals and policy instruments in Esping-Andersen’s three welfare regimes typology

	Conservative-corporatist	Social-democratic	Liberal
<i>Main goal</i>	Workers’ income maintenance	egalitarian redistribution	poverty alleviation
<i>Claiming principle</i>	employment	citizenship / residence	economic need
<i>Benefit structure</i>	earnings- or / and contributions-related	flat-rate	means-tested
<i>Financing</i>	employment-related contributions	general taxation	general taxation
<i>Actors</i>	tripartite administration	state administration	state administration

Source: Bertozzo; 2004 ;transferred from Palier (2000; 2001) and Ploug and Kvist (1996: 53).

In these ‘corporatist’ welfare states, the liberal obsession with market efficiency and commodification was never pre-eminent and, as such, the granting of social rights was hardly ever a seriously contested issue. What predominated was the preservation of status differentials; rights, therefore, were attached to class and status. The state’s emphasis on upholding status differences means that its redistributive effects are negligible. The corporatist regimes are also typically shaped by the Church, and therefore influenced by a strong commitment to the preservation of traditional family patterns. Social insurance typically excludes non-working wives, and family benefits encourage motherhood. Day care, and similar family services, are conspicuously underdeveloped, and the ‘subsidiarity principle’ serves to emphasize that the state will only interfere when the family’s capacity to service its members is exhausted. (Esping- Andersen, 1989: 25). This welfare state have been strongly characterized by the principle of social insurance and social insurance schemes have been

generally based on labour market participation and performance. Social rights have been linked generally to class and status and the capacity reduce income inequality has been small (Esping-Anderson, 1990:60). This regime has been the commitment to the defence and the maintenance of the traditional family and its functions. Social insurance has protected the family against the disruptive impact of the market (Bussemaker, Kersnergen, 1999:18). The foundations were built around social insurance, often along narrowly defined occupational distinctions. This implies that entitlements depend primarily on life-long employment which has, historically, helped cement the male-breadwinner logic of social protection. With the partial exception of Belgium and France, this regime is strongly familialistic, assuming that primary welfare responsibilities lie with family members. Policies that help reconcile motherhood and careers are relatively undeveloped. Hence, these welfare states are transfer-heavy and service-lean (Esping-Andersen and Myles).

According to Abraham, in his *Three Worlds of Welfare Capitalism* Esping-Andersen renames Titmuss's models into the Liberal (residual) the Conservative/Corporatist (performance achievement) and the Social Democratic (institutional-redistributive) regime by using the names for the ideologies supporting the three distinctly different social policy models. This exercise has proven exceptionally popular, and whether in agreement or disagreement, every scholar writing on the contemporary welfare state has made a reference to Esping-Andersen's tripolar scheme since then.

Here the usual reference is Esping-Andersen's welfare regimes typology (liberal, conservative-corporatist and social-democratic welfare regime) to which is often added a fourth regime, i.e. the southern European model of welfare (Ferrera 1996). Ferrera found the following to be characteristic of the "Southern model":

1. a highly fragmented and "corporatist" income maintenance system, displaying a marked internal polarization: peaks of generosity (e.g. as regards pensions) accompanied by macroscopic gaps in protection;
2. the departure from corporatist traditions in the field of health care and the establishment (at least partially) of national health services based on universalistic principles;
3. a low degree of state penetration of the welfare sphere and a highly collusive mix between public and non-public actors and institutions;
4. the persistence of clientelism and the formation in some cases of fairly elaborated "patronage machines" for the selective distribution of cash subsidies (1996: 17).

The southern welfare states do not only share similar characteristics and a similar genesis, but also are currently confronted by similar developmental challenges of both external and internal nature (Ferrera 1996: 31). It is possible to meet in the narrow sense of the social welfare state applications in all countries. On the other hand, the wide sense of the social

welfare state applications signify a system which is more comprehensive and extensive resources have been transferred to.

2.Globalization and Welfare States

Globalization is the process where the economies of various countries in the world become more and more connected to one another.

During the last 50 years, European welfare states have gone through very significant transformations. Usually, this time frame is analytically divided into two main distinct phases. In the first period, what has been labelled the golden age and that has last up to the mid 1970s, national welfare states have experienced significant expansion. The context of continuous and robust economic growth, full employment and ideological support has sustained this trend. The first oil crisis and its socio-economic consequences as well as the move from a Keynesian mode of economic policymaking to a monetarist one have created a new context for social policy, which has led to the second period. This phase has been often described as the age of retrenchment²⁹(Bertozzi,2004).

The hyperglobalization or neoliberal convergence thesis postulates that the pressures of economic competition will or should drive governments to adopt neoliberal best practices and thus reduce social expenditures along with government intervention in general (Ohmae ,1995). There are two cases of radical cuts of welfare state entitlements, which were ideologically driven and occurred in Britain under Thatcher and Major and in New Zealand under the National (conservative) government. In both of these cases one can speak of a real regime transformation, from welfare state regimes that provided basic income security to welfare state regimes that are truly liberal in the sense of being residualist, providing a large proportion of means-tested benefits. Both countries share a peculiar set of political institutions, where power is highly concentrated in the executive (unicameral or very weakly bicameral parliamentary governments in unitary political systems) and it is possible to rule without majority popular support (single member districts and plurality elections that favor the largest party). One could argue that the transition from a heavily protected to an open economy in New Zealand was the decisive factor, but the comparison to Australia where the same economic change occurred but the welfare state was adapted and the essential programs were protected underlines the importance of ideology in New Zealand. The third case of

²⁹ Taylor-Gooby (2002) suggests the term silver age to refer to this period. He avoids the term retrenchment since he argues that in this time frame we are mainly confronted to resilience of the welfare states, and not to retrenchment

ideologically driven cuts, the United States under Reagan, entailed cuts in benefits to the poor and did not change the regime that was already residualist (Huber and Stephens;2003:5-6).

Particularly, the effect of globalization on welfare states or policies has been the popular subjects since 1970s, the so-called “welfare crisis” had begun to be discussed. Among welfare policies, social security programs were discussed to be influenced by globalization. This era has witnessed a changing understanding of social welfare and a restructuring of state responsibilities. Modern welfare states developed primarily to meet the ‘old social risks’ that confront the mass of the population during a standard industrial life course – retirement pensions, health care services, sickness and disability provision. Most analysis of the current wave of reforms focusses on these areas, and tends to emphasise retrenchment, restructuring, and decommodification(Taylor-Gooby:2004).

The debt crisis of the 1980s gave strong leverage to IFIs, particularly the IMF and the World Bank, and those institutions pushed strongly in a neoliberal direction in both economic and social policies. These are pressures that advanced industrial countries simply did not have to deal with. Social policy underwent dramatic changes over the last two to three decades of the twentieth century as well. At the aggregate level, social expenditures dropped steeply in the 1980s, along with government expenditures in general, in the wake of the debt crisis, both as a percentage of GDP and even more so in absolute terms. In the 1990s, they recovered again and by 1999 reached a level slightly above that of 1980. At the same time, however, social policy reforms took place that reduced general social insurance schemes and increased the role of the private sector in the provision of pensions and health care and emphasized targeting of social policies on the poorest groups. In part, such targeting was effective in channeling scarce resources to the most needy, but in part it was abused for political purposes and served to hide an overall reduction of state commitments (Huber and Stephens;2003:5-6).

It concludes that welfare state regime and policy-making structure makes an important difference to the emergence and development of new social risk policies. Scandinavian social democratic regimes have the best developed policies, liberal regimes develop policies rapidly but are handicapped by reliance on market solutions; corporatist countries develop new social risk provision slowly, typically through compromise with a range of entrenched policy actors; and Mediterranean countries also move relatively slowly, in the context of an expanding welfare state and great reliance on family systems. Existing old social risk policies are also influential, both through the resources that they take up and the interest groups of political actors they create, who are likely to resist reform. New social risk policy-making is highly important at the EU level for two reasons: the relatively undeveloped national policies in this area mean that cross-national agencies can offer new policy directions; the policies are congruent with the open market ‘pragmatic monetarist’ approach of EU economic policy. The

politics of new social risks differs from that of old social risks. Employers' groups and modernising parties and unions play an important role and progress is often slow and dependent on compromise. By focussing on areas where reforms are urgent, to meet new needs, but also feasible, because they fit with the context of more globalized and competitive economies, the new social risks approach offers a new perspective on welfare state reform in Europe (Taylor-Gooby:2004) The most important current developments, however, are in the area of 'soft law' through the Open Method of Co-ordination and the National Action Plans in relation to employment, social exclusion, pensions, health and social care. The European Employment Strategy, with its stress on 'flexicurity', is the most advanced of these. It is at present unclear to what extent this process will achieve substantial changes in comparison with the importance of the economic pressures from the Single European Market (Larsen, Gooby:2004).

On the other hand, The EU's ability to excel under globalisation is challenged with the problem of an ageing population. The current social protection mechanism in the face of ageing populations needs to change. Pension age needs to be re-examined, over generous pensions need to be cut and assets need to be correctly allocated. In 1999, Sweden introduced NDC (national defined contribution). This kind of pension reform has been successfully applied in other countries such as Latvia and Poland and Italy as opposed to PAYG (pay as you go schemes). It has been proven as a common choice for reform. Furthermore the World Bank has endorsed this form of pension scheme. The drastic changes in demographics affect health care and pensions system in-turn has an effect on economic performance. The European commission carried out a project called DEMWEL (Demographic Uncertainty and the Sustainability of Social Welfare system), which sought to "focus on the sustainability of welfare systems in EU countries in the face of ageing and demographic uncertainty (Centre of European Policy Studies 2003) .

Trade integration and the consequent loss of export competitiveness in countries with generous welfare states are the reasons for cuts in welfare state entitlements. The increase in trade flows in advanced industrial countries over this period has been modest the most generous welfare states were built up in highly open economies and had proven their compatibility with export competitiveness. The export sectors of countries such as Germany and Sweden continued their very strong performance in the 1990s, a period when these governments introduced welfare state cuts (Huber and Stephens 1998; Pierson 2000). Globalization is often credited with the expansion of the welfare state and increased spending on social insurance programs. The two key drivers of increases in social spending period have been increased support for the (growing) retired population and health expenditure; population projections suggest further spending increases in these two areas in future (Adema and Ladaique, 2009). On average across OECD countries, public spending on old age increased from 5.1% of GDP in 1980 to 6.4% in 2007. Similarly, public expenditure on health increased from 4.5% of GDP in 1980 to 5.8% in 2007. On average across the OECD (and the

same holds for EU-21), spending on family benefits has increased by half a percentage point of GDP since 1990 (there was no significant change in the 1980s) (Adema and et al,2011).

A major subject of debate into the new century has been the impact of the globalisation of economic activities on the ability of the world's developed capitalist countries to sustain their welfare states. A prevalent position in these circles is that the deregulation of international capital flows and trade has considerably narrowed the scope of governments to pursue expansionist and redistributive policies, forcing all governments to cut social public expenditures and deregulate labour markets in order to make their countries more competitive. Accordingly, the political colour of governing parties loses its importance, since left- and right-wing parties, once in government, are compelled to follow the same or similar policies, moving towards a more diminished welfare state (Navarro and et al ,2004)

Since the early 1980s the welfare state has been restructured in an age of neoliberalism.

3.Welfare State and Restructuring the Social Security System in Turkey

Mustafa Kemal Atatürk, established the Republic of Turkey on 29 October 1923. In the 21st century, Turkey is a democratic secular, social and legal state, it is a republic with unconditional and unrestricted sovereignty.

The literature review focuses mainly on Esping-Andersen's welfare regime typology and its critics to categorize the current welfare regime of Turkey. Esping-Andersen didn't categorize the welfare regime of Turkey. The classification of the Turkish welfare regime shows that Turkey matches the characteristics of the so-called Southern European Model of welfare and falls within one group with Spain, Greece, Italy and Portugal. The cross-national comparison unveiled only a few deviations from the Southern European Model. Besides, the similarities are remarkable. its welfare regime, simply understood as the division of social responsibilities among the state, market and the family. In this regime family has got the most important role as main institution of welfare. The other hand one of the characteristics of the Southern European Model is a social state governed by the rule of law according constitution but there are problems into practice. Turkey is the social state governed by the rule of law according to 1961 and 1982 constitutions and there are problems about coverage, quantity, quantify. The three insurance institutions together cover around 81% of the population in 2008 (see table 3). Such states can be called as state of promises (Koray,2003).

On the other hand, in terms of assessment criteria such as level of protection, covered population, risks and condition of benefiting, the existing welfare system in Turkey is

"minimal and indirect" (Arm, 2003:72). The socio-economic inequalities we live can not be accounted only in the context of economy, of growth and even of welfare state that the necessity to analyze all these problems on the basis of democracy problem should not be forgotten (Koray,2005:27).

The Turkish social security system strongly protects an occupational core, the level of state penetration in the social realm is extremely low and a safety net in form of a social assistance scheme is absent [inadequate]. The most significant common trait of the welfare regimes in Turkey and the rest of Southern Europe is the importance of the family as a main institution of welfare. For a significant part of the Turkish population the family is the main and often the only safety net and provider of social services. Focusing on the impact of the recent social policy reforms it becomes obvious that Turkey on the one hand follows the path of Southern European Welfare (Grutjen,2008).

According to the level of social expenditures, we can consider three groups of countries in Europe: high (Iskandinav Countries), middle (Continental Europe), low (Mediterranean countries) (Koray,2005:27). In terms of assessment criteria such as level of social expenditure, Turkey is in low group so Mediterranean group.

Turkey's public social spending was 11.6 percent of the GDP in 2003. For 2004, the share of public social spending in GDP is 12.5 percent in Turkey. This figure is 27.6 for EU-15, 26 for Greece, 24.9 for Portugal and 20 for Spain. Turkey lags behind Europe when the categories "old age", and especially "health" and the category "other" are considered separately. In Turkey, the share in GDP of public spending on old age is 6.0 percent in 2004. The comparable figure is 10.9 for EU- 15, 11.9 for Greece, 9.3 for Portugal and 7.9 in Spain. Public health expenditures in Turkey, equal to 4.9 percent of the GDP in 2004, compare with 7.5 percent in EU-15, 6.7 percent in Greece, 7.1 percent in Portugal and 6.0 percent in Spain. As far as the category "other" is concerned, public spending in Turkey is very low in comparative terms, 1.3 percent compared with 7.2 percent for EU-15, 6.6 percent for Greece, 6.8 percent for Portugal and 5.6 for Spain in 2004. This category includes benefits for disability, survivors, unemployment, housing and social assistance. As such, it is not limited to but significantly includes means-tested social assistance and is an important aspect of combating poverty. EUROSTAT provides data that disaggregates non-means tested and means-tested expenditures for European countries. We compare this EUROSTAT data with our estimations on Turkey. This comparison clearly shows how insignificant the means-tested social expenditures are in Turkey. The share of such expenditures in GDP is 0.5 in Turkey while the comparable figure is 2.8 for EU- 15, 2 for Greece, 2.5 each for Portugal and Spain (Buğra,Adar, 2007:24).

In social policy literature, means-tested benefits are seen part of a “residualist” approach and often regarded as being incompatible with social citizenship rights that should be realized through benefits that are in line with “universalist” approaches. It is indeed true that universal old age and health benefits and non-means tested basic income schemes are more in line with equal citizenship rights than means-tested schemes. However, in socioeconomic contexts where poverty is a serious problem and resources are scarce, means-tested benefits could be the only way to prevent social exclusion due to the inability of certain segments of the population to have

access to basic minimum means of social integration. This is undoubtedly the case of Turkey where the incidence of poverty is higher than in any European country (Buğra, Adar, 2007:25).

In the historical process, since 1980 Turkey has taken important steps toward liberalizing and opening up her economy. On the other hand the social security system of Turkey has been restructured particularly since early 1990s in line with the neo-liberal paradigm. The IMF, the WB and the EU policies were (are) main guidance in this transformation process (Şahin and et al.:116). The EU accession period and Turkey’s efforts to comply with the EU regulations will also make positive contributions to the reform program (invest.gov.tr)

Before the reform, Turkey social security system was highly complicated and composed of different social security institutions. Three main institutions which provide social security services in Turkey ; The Social Insurance Institution (SSK), The Retirement Fund (ES), and The Social Security Institution of Craftsmen, Tradesmen and other Self-Employed (Bağ-Kur). The Social Insurance Institution was set up in 1946 for blue-collar workers employed in the public sector and all workers in the private sector. The Government Employees Retirement Fund was set up in 1950 and provides social benefits within a retirement system for government employees and military personnel. Social Security Organization of Craftsmen, Tradesmen and other Self-Employed was established in 1971 to cover the self-employed outside the coverage of the Social Insurance Law³⁰.

In “Social Security Reform: Problems and Proposals for Solutions”, which is called the “white book, to legitimize the reform, the Ministry of Labour and Social Security referred to the aging of population, the inadequacy of the current system in covering and taking all population under protection, hence, to inadequacy of protecting the population against poverty and finally to the financial deficits of the system.”. It is asserted that the current system is inefficient and the aim of the reform is to decrease the deficit of the system to the 1 percent of the GNP with ensuring the norm unity of the system. Turkey faces two simultaneous fiscal

30 such as craftsmen, artisans and small businessmen, technical and professional people who are registered to a chamber or professional association and shareholders of companies other than co-operatives and joint stock companies and some farmers

challenges maintaining fiscal discipline, while creating the fiscal space needed to meet pressing development challenges and sustain a fast pace of medium-term growth (World Bank, 2006). Pension reforms can be a very powerful method of adjustment; because they not only reduce spending directly, but can also be designed to extend the age of retirement and boost labour supply, hence contributing to raise growth and fiscal revenues. In order to establish a more sustainable system, fiscal targets have been set in line with IMF recommendations. Hence, Turkey is in the process of designing a comprehensive reform of its social security system (Verbeken, 2007:4).

Two major reforms (in 1999 and 2006) were proposed to solve these problems. The 1999 reform covered only the pension system and beside an increase in the retirement ages, an extension of the minimum contributory periods was intended. The aim of the reform is gradual increasing of the retirement age to 65 for both men and women by the year 2048.

Ministry of Labour and Social Security has anticipated a new model including to introduce a rooted change in the system with the aim of finding proper solutions for actual problems of social security system. This new model which is named as “the model of single roof” aims to establish a single social security institution by removing all different institutions of social security system exist today (Guzel, 2005:62). After the 2006 reform, all three were collected under one institution: Social Security Institution (SSI).

Parallel to this reform the General Health Insurance (GHI) system was established. The main objective is to integrate all health insurance benefits and cover all citizens. This scheme is financed by obligatory premiums, which will be paid by all citizens. The health insurance of the poor will be provided by the state.

Turkey has reformed her social security system as well and introduced a privately managed individual pension scheme, namely the Individual Pension System (IPS) in 2003³¹. The social security system of Turkey has been restructured particularly since early 1990s in line with the neo-liberal paradigm. Turkey, adopted a two pillar system, where the private pension scheme, namely the Individual Pension System, has been introduced as the second pillar that is complementary to the traditional pay-as-you-go (PAYG) system.

The public pension in Turkey is PAYG defined benefit scheme which consists of a minimum pension (a flat rate basic pension plus a means tested special supplement) and a non-

³¹ The Turkish private pension law was drafted in 1999 and approved by parliament in October 2001. However the legal and institutional framework of the Turkish Private Pension System was completed in 2002.

actuarial earnings-based supplementary pension all integrated in the state budget. The old age pension scheme has its historical roots in traditional for redistributive minimum protection in old age (Verbeken, 2007:4).

The Individual Pension Savings and Investment, which opened the Turkish market to private providers of pension funds. On the other hand, The most significant resemblance is the importance of the family as a main institution of welfare (Grutjen, 2012:119). Since its rise to power, the AKP government has systematically promoted non-state actors, the private sector and voluntary initiatives, especially charity mobilized through nongovernmental organizations and municipalities, as leading actors for poverty alleviation and the provision of social services. For the provision of social care, the AKP has turned to "the family" as the best agent to alleviate "social burdens" on the state (Yazici, 2012). Moreover, it is an informal security regime, in which informal networks play an important role in provision and redistribution of welfare. In addition to the state, other institutional mechanisms have been playing an important role in contributing to the well-being of individuals, families, communities and societies. They are informal sector because half of the population in rural and urban informal sector are excluded³². In Turkey, the presence of large informal sectors is one of the most important problem. According to TUIK (2007), in 1990, % 56 of total nonagricultural employment is not registered in the institution of a social security, this rate in agriculture sector is % 25. In 2006 these rates are respectively % 49 and % 33.

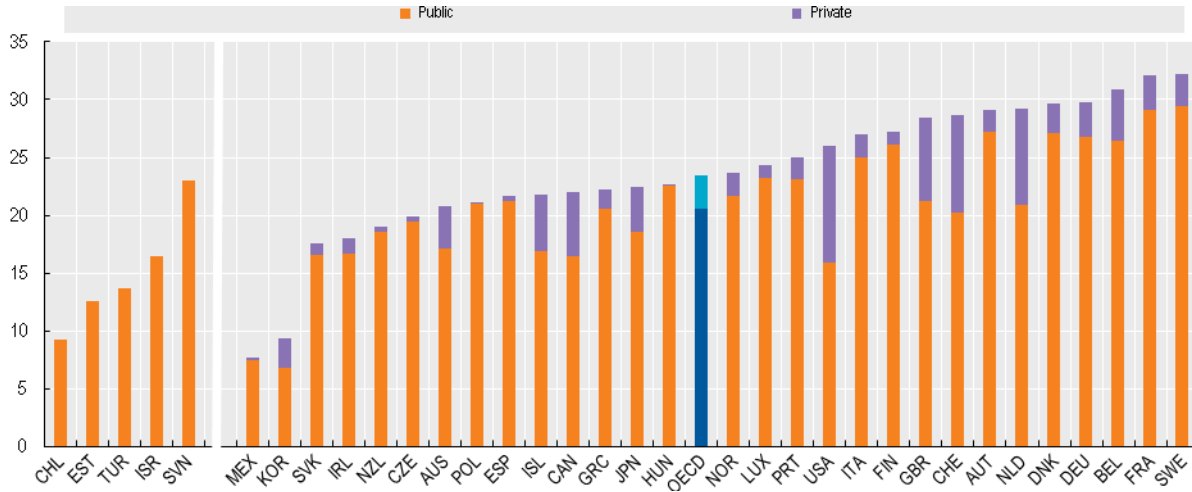
Social expenditures as a percentage of GDP are a measure of the extent to which governments assume responsibility for supporting the standard of living of disadvantaged or vulnerable groups. Public social expenditure comprises cash benefits, direct "in-kind" provision of goods and services, and tax breaks with social purposes. To be considered "social", benefits have to address one or more social goals. Benefits may be targeted at low-income households, but they may also be for the elderly, disabled, sick, unemployed, or young persons. Programmes regulating the provision of social benefits have to involve: a) redistribution of resources across households, or b) compulsory participation. Social benefits are regarded as public when general government (that is central, state, and local governments, including social security funds) controls relevant financial flows (OECD, 2007).

In 2003, on average, public social expenditure amounted to 21% of GDP and 20% in 2005 although there are significant cross-country variations. In Sweden, public social spending is about 29% while it is 6-7 % in Mexico and Korea and its 13,7 % in Turkey in 2005.

³² Restating the welfare regime framework we thus conceptually distinguish three broad groups of welfare regimes: welfare state regimes, informal security regimes, insecurity regimes (Gough, Wood, 2004:9,33)

Table 2. Public and private social expenditure

As a percentage of GDP, 2005



Source: OECD, 2010:201

According to the latest developments the number of participants of the private pension system has 2 million 694 thousand and private pension fund has reached 15,6 billion TL in Turkey (Milliyet,2012). Private pension and health insurance schemes still play a negligible role.

On the other hand, While the AKP government tries to back out of the pension system and delegates more responsibilities to the market, the Mediterranean EU-member states have shown a remarkable performance in increasing their social expenditures towards European average. Without a doubt, some of the recent changes in Turkey, i.e. the fact that the state pays for the health contributions of all citizens under the age of 18 years, are of fundamental importance. Nevertheless, if a contribution based health system has the capacity to protect the Turkish citizens from health risks appears questionable. In a modern society, welfare cannot be left to the realm of the family and private actors only, but has to be based on citizenship and guaranteed by social right(Grutjen, 2008).

Tablo 3.Labour Force, Social Security in Turkey, 2008-2010 (Thousand TL)

	2008	2009	2010
Total population	69.724	70.542	71.343
-Urban population	48.349	48.747	49.170

-Rural population	21.375	21.795	22.172
Labour force	23.805	24.748	25.641
Employed	21.194	21.177	22.594
Labour force participation rate (%)	46,9	47,9	48,8
-male	70,1	70,5	70,8
-female	24,5	26,0	27,6
Employment	21.194	21.277	22.594
Employment status (%)	-	-	100,0
-Paid workers	-	-	60,9
-Self Employed and Employers	-	-	25,4
-Unpaid family workers	-	-	13,6
Unemployment rate (%)	11,0	14,0	11,9
Nonagricultural employment	16.177	16.037	16.911
Nonagricultural informal employment (%)	29,8	30,1	29,1
Nonagricultural informal employment	4.814	4.825	4.915
Informel employment (%)	43,5	43,8	43,3
Social security (1)			
Active insureds	15.259	-	-
Social Insurances Institution	9.534	-	-
Public Servants Pension Fund	2.464	-	-
Social security Ins.for the Self Employment	3.261	-	-
Private funds(2)	95	-	-
Active insured in agricultural sector	1.330	-	-
Voluntary active insureds	483	-	-
Active insured/ employment(%)	72,0	-	-
Pensioners (3)	8.046	-	-
Dependents	33.198	-	-
Active insured/ pensioners	1,90	-	-
Dependency Rate	2,70	-	-
Total insured population	57.203	-	-
Insured population/total population(%)			

Deficit of Social Security Institution(4)	81,0	-	-
	-25.901.978	-28.702.655	-26.724.118

Notes: (1)TISK,2009, (2).2008 estimates, (3).Number of folders (4).TUIK,2011:157

Source: Bicerli,2011,TUIK,2011,TISK;2009

In 2008, Insurance Institution covers more than 9 million workers, The Pension Fund covers more than 2 million white-collar workers and Finally, the Social Security Institution for the Self-Employed provides compulsory insurance for 3 million self-employed and artisans. The three insurance funds, namely SSK, Emekli Sandığı and Bag-Kur, were merged under a sole body called the Social Security Institution (SSI) in 2007. The three insurance funds together cover around 81% of the population as of 2008. The system started to be fully operational at the beginning of 2008(see table 3). Since 2003, workers insured with the Social Insurance Institution are also covered by an unemployment insurance organized by the Turkish Labor Agency (Is-Kur). Furthermore, a number of services are offered outside the social insurance system. However; although the main aim of social security reforms in Turkey is a more sustainable system, deficit of social security Institution is still high.

4.CONCLUSION

The welfare regimes has been facilitated by the ongoing discussions of globalization and Europeanization. So Turkey welfare regime politics is challenged by globalization and EU. In the last years the Turkish Government has established some lines of changes to harmonize Turkish law with the European Union Legislation. In line with the neo-liberal paradigm, many countries have “restructured” their social security systems toward a more market-oriented structure. Before the reform, Turkey social security system was highly complicated and composed of different social security institutions. Populist politics such as early-retirement strategy of the 1980s-1990s overburdened the system. The current system is inefficient and the aim of the reform is to decrease the deficit of the system. Two major reforms in 1999 and 2006 were proposed to solve these problems. After the 2006 reform, all three were collected under one institution: Social Security Institution(SSI). Turkey, adopted a two pillar system, where the private pension scheme, namely the Individual Pension System, has been introduced as the second pillar that is complementary to the traditional pay-as-you-go (PAYG) system. Parallel to this reform the General Health Insurance (GHI) system was established. The implementation of the GHI legislation also constitutes one of the important aspects of the adoption of the legislation in the field of EU Social Policy. The 1999 reform covered only the pension system and beside an increase in the retirement ages. the Ministry of Labour and Social Security referred to the aging of population, the inadequacy of the current system in covering and taking all population under protection, hence, to inadequacy of protecting the population against poverty and finally to the financial deficits of the system. While the AKP government tries to back out of the pension system and delegates more responsibilities to the market and, the AKP has turned, to "the family" as the best agent to

alleviate "social burdens" on the state for the provision of social care, the Mediterranean EU-member states have shown a remarkable performance in increasing their social expenditures towards. Private pension and health insurance schemes still play a negligible role.

Turkey is included in the Southern European model which has common features in welfare regime. For example, the Turkish social security system strongly protects an occupational core. The family has assumed the function of social welfare because the public social welfare system does not cover everyone as a whole or offers inadequate service and because of the lack of economic power taken market. In Turkey, is still dominated by patriarchal family structure, although in urban areas is a bit dissatisfied. According to Emre Kongar, in contrast to patriarchal structure in the cities it is developed the family extending of mother's descendants, because of inadequate nursery service, child care and the cost of these services if you buy. The family has to solve that own problem itself; especially if woman works and woman calls own mother for child care and hence they start to live together until to growing child, because of the inadequacy of the current system. According to Esping Andersen-Myles, welfare states provide resources to citizens that affect their earnings potential. These derive primarily from services, such as education, health care, training programmes or support to working mothers. Moreover, the presence of large informal sectors is one of the most important problem in Turkey. Turkey is a social law state in the Constitution but there are problems in practice. Also the existing welfare system in Turkey can be called such as minimal and indirect, state of promises, informal security regime or Southern European Model or low group (Mediterranean group) according to social expending. The perception that the state is the main responsible for the social security should be differentiated.

In line with reforms, The Ministry of Labour and Social Security has referred to the aging of population, inadequacy of the current system in covering and taking all population under protection, hence, to inadequacy of protecting the population against poverty and finally to the financial deficits of the system. Leaving aside the inadequacies of the system, the main aim of social security reforms in Turkey is a more sustainable system like another countries and reforms has focused on pension and health. We think that the main problem in the 21th century in line with globalization is sustainable and will be.

REFERENCES

Abrahamson, Peter (1999), *Social Policy & Administration*, Vol. 33, No. 4, December 1999, pp. 394-415

Adema, Willem: Pauline Fron, Maxime Ladaiqu(2011), *Is the European Welfare State Really More Expensive?*, OECD SOCIAL, EMPLOYMENT AND MIGRATION WORKING PAPERS OECD Printing, DELSA/ELSA/WD/SEM

Bicerli, Kemal M.(2011),Çalışma Ekonimisi,Beta Yay.

ARIN, Tülay. (2002), The Poverty of Social Security: The Welfare Regime in Turkey. In *The Ravages of Neo-Liberalism: Economy, Society and Gender in Turkey*, edited by N. Balkan and S. Savran, 73-91. Nova Science Publishers, Inc. New York.

Bertozzi,Fabio(2004), ‘Reforming labour market policies in Europe: towards increasingly similar national policy models’, *European Social Policy: Meeting the Needs of a New Europe*, September 9-11, 2004, University of Oxford.

Briggs,Asa (2006), “The Welfare State in Historical Perspective”,*The Welfare State reader*, C.Pierson and F.G castles editors, 2006 by Polity press.s/29

Bugra Ayse,Sinem Adar(2007), “ An Analysis Of Social Protection Expenditures In Turkey In A Comparativeperspective”,*Social Policy Forum*,April, 2007,ss.1-55.

Bussemaker,Jet-Kees van Kersbergen(1999), “Contempromy social capitalist Welfare States and Gender Inequality”, *Gender and Welfare State Regimes*, edited by Diane Sainsbury,Oxford univ.press’1999,pp.15-45

Centre of European Policy Studies (2003), *Demographic Uncertainty and the Sustainability of Social Welfare Systems (DEMWEL)*. Available at: <http://www.ceps.eu/project/demographic-uncertainty-and-sustainability-social-welfare-systems-demwel> (Accessed: 2012)

clasen ,jochen and wim van oorschot(2002), “Changing Principles in European Social Security”, *European Journal ofSocial Security*, Volume 4/2,89-115,2002.s.’94 89-115

Esping-Andersen, G. (1989), “The Three Political Economies of the Welfare State”,*Canad. Rev. Soc. & Anth. I Rev. mad. Soc. & Anth.* 26(1),pp.10-36

Esping-Andersen, G. (1990). *The Three Worlds of Welfare Capitalism*. Cambridge, Polity Press.

Esping-Andersen, Gosta (ed.) (1996), *Welfare States in Transition. National Adaptations in Global Economies*, Princeton University Press, London: Sage

Esping-Andersen, Gösta (1999). *The Social Foundations of Post Industrial Economies*. Oxford: Oxford University Press

Esping-Andersen G, John Myles, "The Welfare State and Redistribution"
http://dcpis.upf.edu/~gosta-esping-andersen/materials/welfare_state.pdf(01.03.2012)

Ferrera, M. (1996). "The "Southern Model" of Welfare in Social Europe." *Journal of European Social Policy* 6(1), pp: 17-37.

Gough Ian, Geoffrey D. Wood (2004), *Insecurity and Welfare Regimes in Asian, Africa and Latin America: Social Policy in Development Context*, Cambridge Press, First Published

Grütjen, Daniel (2008) "The Turkish Welfare Regime: an Example of the Southern European Model? The Role of the State, Market and Family in Welfare Provision", *Turkish Policy Quarterly*, vol.7, no.1, pp.111-129.

Guzel ,Ali, "Turk Sosyal Guvenlik Sisteminde Ongorulen Reform Mevcut Sorunlara Cozum mu", *Çalışma ve Toplum*, 2005/4, ss:6-

Huber ,Evelyne and John D. Stephens(2003) , 'Globalization and Social Policy', Paper prepared for the Conference on Globalization, the State and Society; School of Law, Washington University in St. Louis; November 13-14,

Kolberg and Esping Anderson, "Welfare State and Employment Regimes" , *The Study of Welfare State Regimes*, Edited Jon Eivind Kolberg, 1992 by M.E.Sharp Inc., pp.3-35

Larsen, Trine P., Peter Taylor-Gooby (2004), "New Risks at the EU Level; A Spillover from Open Market Policies?", *New Risks New Welfare*, edit. Peter Taylor-Gooby, Oxford published

Koray, Meryem(2003), "Avrupa Refah Devleti: Anlamı, Boyutları ve Geleceği", *Görüş Dergisi*,

TÜSİAD Yay., Sayı: 57, Aralık 2003

Koray, Meryem (2005), "Görölmek İstenmeyen Gerçek: Sosyal Refah Politikaları ve Demokrasi İlişkisi", *Çalışma ve Toplum*, 2, ss.27-59.

Milliyet, “Bireysel Emeklilik Cosacak”, 16.mart.2012,
[http://ekonomi.milliyet.com.tr/bireysel-emeklilik-cosacak/ekonomi/ekonomidetay/16.03.2012/1515977/default.htm\(20.03.12\)](http://ekonomi.milliyet.com.tr/bireysel-emeklilik-cosacak/ekonomi/ekonomidetay/16.03.2012/1515977/default.htm(20.03.12)).

Navorra, Vicente.John Smith and Javier Austidillo(2004), “Is Globalization Undermining the Welfare State”, Cambridge Journal of economies,vol 28,pp.131-152

OECD(2007), FACTBOOK 2007
<http://www.oecdilibrary.org/docserver/download/fulltext/3010061ec075.pdf?expires=1335382390&id=id&accname=freeContent&checksum=3BCF2893AF5681396889DA56384DF88E>

OECD(2010). Factbook 2010, Economic, Environmental and Social Statistics, pp.200-202
<http://www.oecd-ilibrary.org/sites/factbook2010en/10/02/01/index.html?contentType=&itemId=/content/chapter/factbook-2010-75-en&containerItemId=/content/serial/18147364&accessItemIds=&mimeType=text/html>

Ohmae, Kenichi(1995), The End of the Nation-State: the Rise of Regional Economies. New York: Simon and Schuster Inc.

pierson,paul(2000), “three worlds of welfare state research”,comparative political studies, Vol. 33 No. 6/7, August/September 2000,pp.791-821

Raffaele,Ivan -Silvio Pacifico,Welfare in the Mediterranean Countries Republic of Turkey, C.A.I.MED.Centre for Administrative Innovation in the Euro-Mediterranean Region

Şahin, Şule. Helga Rittersberger-Tılıç, Adem Yavuz Elveren, “The Pension System in Turkey:A Gendered Perspective”, Ekonomik Yaklaşım, Cilt.21, Sayı.77,pp.115-142

Taylor-Gooby ,Peter (2004), “New Risks and Social Change”,New Risks New Welfare,edit. Peter Taylor-Gooby, Oxford published

Verbeken,Dirk (2008), “The Pension Reform Challenge In Turkey”,ECFIN Country Focus, Vol.4

World Bank(2006), Turkey Public Expenditure Review, Report No. 36764-TR

3rd International Symposium on Sustainable Development, May 31 - June 01 2012, Sarajevo

World Bank Pension Reform Primer (n.d.), Notional Accounts: Notional Defined Contribution Plans as a Pension Reform Strategy.
<http://siteresources.worldbank.org/INTPENSIONS/Resources/395443-1121194657824/PRPNoteNotionalAccts.pdf> (11.12.2011)

www.invest.gov.tr, “Turkish Social Security System” (01.02.12)

Yazici,Berna, “The Return to the Family: Welfare, State, and Politics of the Family in Turkey”,<http://readperiodicals.com/201201/2592689941.html#ixzz1swIsiFRF><http://readperiodicals.com/201201/2592689941.html#ixzz1svtHJz7Y> (01.02.2012)

TISK,Turkey in Figures,July 2009

TUIK,Turkiye Istatistik Yıllığı,2011