

WORLD BANK'S CHANGING APPROACH TO POVERTY  
FROM A NEOLIBERAL TO A THIRD WAY APPROACH:  
THE CASE OF TURKEY

A THESIS SUBMITTED TO  
THE GRADUATE SCHOOL OF SOCIAL SCIENCES  
OF  
MIDDLE EAST TECHNICAL UNIVERSITY

BY

EMİNE BADEMCİ

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS  
FOR  
THE DEGREE OF MASTER OF SCIENCE  
IN  
THE DEPARTMENT OF SOCIOLOGY

DECEMBER 2007

Approval of the Graduate School of Social Sciences

---

Prof. Dr. Sencer Ayata  
Director

I certify that this thesis satisfies all the requirements as a thesis for the degree of Master of Science.

---

Prof. Dr. Kayhan Mutlu  
Head of Department

This is to certify that we have read this thesis and that in our opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of Science.

---

Assoc. Prof. Dr. Sibel Kalaycıoğlu  
Supervisor

**Examining Committee Members**

Assoc. Prof. Dr. Sibel Kalaycıoğlu (METU, SOC) \_\_\_\_\_

Assoc. Prof. Dr. Helga Rittersberger-Tılıç (METU, SOC) \_\_\_\_\_

Assoc. Prof. Dr. Filiz Zabcı (AÜ, ADM) \_\_\_\_\_

**I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.**

Name, Last name : Bademci, Emine

Signature :

## **ABSTRACT**

### **WORLD BANK’S CHANGING APPROACH TO POVERTY FROM A NEOLIBERAL TO A THIRD WAY APPROACH: THE CASE OF TURKEY**

Bademci, Emine

M.Sc., Department of Sociology

Supervisor: Assoc. Prof. Dr. Sibel Kalaycıoğlu

December 2007, 150 pages

This study aims to understand and explain World Bank’s changing approach to poverty since 1990. Established as a development institution and as one of the leading members of development community, the World Bank has nearly turned out to be a poverty alleviation institution especially from late 1990s on. This change is a reflection of a process in which the Bank shapes its approach to poverty not only in accordance with its own goals but also in the framework of what happens in wider social, economic and political spheres of which the Bank is a part as a subject that both shapes and is shaped by them to a certain extent. Consequently, a remarkable change is observed in the Bank’s approach, and this process of change is investigated in this study in two sub-periods that are characterized by ruptures in continuity. The first period more or less between 1990 and 1997 is characterized by the Bank’s neoliberal approach to poverty, which mainly assumes poverty as a complementary element of structural adjustment programs in countries they are implemented. The second period from 1997 up to present is characterized, on the other hand, by a “third way” approach to poverty which mainly assumes poverty-as-social-exclusion as an indispensable central element of a renewed hegemonic project. In this study, the traces of these ruptures and the continuity in the Bank’s approach are followed through their reflections on Turkey by making a close reading of the Bank’s documents about poverty in Turkey.

Keywords: Approaches to Poverty, Neoliberalism, Third Way, Turkey, World Bank Reports.

## ÖZ

### DÜNYA BANKASININ DEĞİŞEN YOKSULLUK YAKLAŞIMI NEOLİBERAL YAKLAŞIMDAN ÜÇÜNCÜ YOL YAKLAŞIMINA: TÜRKİYE ÖRNEĞİ

Bademci, Emine

Yüksek Lisans/Master, Sosyoloji Bölümü

Tez Yöneticisi: Doç. Dr. Sibel Kalaycıoğlu

Aralık 2007, 150 sayfa

Bu çalışmanın amacı Dünya Bankası'nın yoksulluk yaklaşımının 1990 yılından bu yana geçirdiği değişimi anlamak ve açıklamaktır. Bir kalkınma kuruluşu olarak kurulan ve kalkınma topluluğunun başlıca mensuplarından olan Dünya Bankası, özellikle 1990'ların ikinci yarısından beri neredeyse bir yoksulluğu azaltma kuruluşuna dönüşmektedir. Bu değişim, Banka'nın yoksulluk yaklaşımını kendi amaçları doğrultusunda ve daha geniş sosyal, ekonomik ve siyasal alanlarda olup bitenler çerçevesinde şekillendirdiği bir sürecin yansımasıdır. Belli bir dereceye kadar şekillendiren ve şekillendirilen bir özne olarak Banka da bu daha geniş alanların bir parçasıdır. Sonuç olarak, Bankanın yaklaşımında dikkate değer bir değişim gözlenmektedir ve bu değişim süreci, bu çalışmada süreklilik içinde kopuş olarak nitelenebilecek iki alt-periyoda ayrılarak incelenmektedir. Aşağı yukarı 1990 ve 1997 arasındaki ilk periyot Banka'nın yoksulluğu esasen uygulandıkları ülkelerdeki yapısal uyum programlarının tamamlayıcı bir unsuru olarak gören neoliberal yoksulluk yaklaşımıyla tanımlanmaktadır. Öte yandan, 1997'den bu yana devam eden ikinci periyot, sosyal dışlanma olarak tanımladığı yoksulluğu yenilenen hegemonya projesinin vazgeçilmez, merkezi bir unsuru olarak gören Üçüncü Yol yaklaşımıyla tanımlanmaktadır. Bu çalışmada, Banka'nın yaklaşımındaki bu süreklilik içindeki kopuşların izi Türkiye'ye yansımaları üzerinden sürülmektedir;

bu da Banka'nın Türkiye'de yoksulluk hakkındaki belgelerinin yakın bir okuması vasıtasıyla yapılmaktadır.

Anahtar Kelimeler: Yoksulluk Yaklaşımları, Neoliberalizm, Üçüncü Yol, Türkiye, Dünya Bankası Raporları.

## ACKNOWLEDGEMENTS

I would like to thank to my supervisor, Assoc. Prof. Dr. Sibel Kalaycıoğlu, for her guidance, tolerance and patience she maintained even when everything went from bad to worse. I would also like to thank to the members of the examining committee, Assoc. Prof. Dr. Helga Rittersberger-Tılıç and Assoc. Prof. Dr. Filiz Zabcı, for their valuable comments, criticisms and advices. I am deeply thankful to my family, Bobolina, Erhan, Fundacık, Münevver, Sero, and Şentürk, and to my friends, Bahar, Başak, Cevo, Duygu, Esra, Garip, Gökhan, Hilal, Latif, Onurcan, Şermin, and Zeynoli for their emotional, intellectual and technical support. Lastly, I am grateful to Ozan Gürlek.



## TABLE OF CONTENTS

PLAGIARISM.....	iii
ABSTRACT.....	iv
ÖZ.....	vi
ACKNOWLEDGEMENTS.....	viii
TABLE OF CONTENTS.....	ix
LIST OF ABBREVIATIONS.....	xi
LIST OF FIGURES.....	xiii
CHAPTER	
1. INTRODUCTION.....	1
1.1 Overview of the Study.....	1
1.2 Introducing the Institution: The World Bank.....	10
2. METHODOLOGY AND RESEARCH.....	20
2.1 Research Process.....	21
2.2 Selection of Documents.....	23
2.3 Review of Documents.....	26
3. THEORETICAL FRAME.....	30
3.1 Polanyi's Relevance and the Concept of Market Society.....	30
3.2 Paradigms of Poverty.....	39
3.3 Neoliberal Paradigm of Poverty.....	52
3.4 Third Way Paradigm of Poverty.....	58
3.5 Approaches to Definition and Measurement of Poverty.....	63
4. POVERTY IN TURKEY.....	73

4.1 Welfare Regime of Turkey.....	74
4.2 The Extent and Nature of Poverty in Turkey.....	84
5. POVERTY AS A COMPLEMENTARY ELEMENT OF STRUCTURAL ADJUSTMENT PROGRAMS.....	89
5.1 The Bank’s Relevance to Poverty Until 1997.....	89
5.2 The Bank’s Neoliberal Approach to Poverty: Poverty as an Unmentioned Outcome of Privatization .....	91
6. POVERTY AS A CONSTITUTIVE ELEMENT OF THE RENEWED HEGEMONY PROJECT.....	104
6.1 Poverty Reduction as the “Overarching Goal” of the World Bank Since 1997.....	104
6.2 The Bank’s Third Way Approach to Poverty.....	113
6.2.1 Poverty-as-Social-Exclusion as a Multi-dimensional Phenomenon.....	118
6.2.2 Community as an opportunity for the Poor.....	121
6.2.3 Social Capital to Get out of Poverty.....	123
6.2.4 From Welfare to Workfare.....	126
7. CONCLUSION.....	130
REFERENCES.....	136
APPENDICES	
A. Documents Reviewed in the Study.....	149
B. Sample WB Table Introducing Documents.....	150

## LIST OF ABBREVIATIONS

<b>Bağ-Kur</b>	Social Security Institutions for Trades and Artisans and Other who work Independently ( Esnaf ve Sanaatkarlar ve Diğer Bağımsız Çalışanlar Sosyal Sigortalar Kurumu)
<b>CA</b>	Capability Approach
<b>CAS</b>	Country Assistance Strategy
<b>CDF</b>	Comprehensive Development Framework
<b>DİE</b>	State Institute of Statistics (Devlet İstatistik Enstitüsü)
<b>DPT</b>	State Planning Organization (Devlet Planlama Teşkilatı)
<b>EU</b>	European Union
<b>HDR</b>	Human Development Report
<b>HDI</b>	Human Development Index
<b>HPI</b>	Human Poverty Index
<b>IBRD</b>	International Bank for Reconstruction and Development
<b>IDA</b>	International Development Association
<b>IMF</b>	International Monetary Fund
<b>MDGs</b>	Millennium Development Goals
<b>OECD</b>	Organization for Economic Cooperation and Development
<b>PPA</b>	Participatory Poverty Assessments
<b>PRA</b>	Participatory Rural Appraisal
<b>PRSP</b>	Poverty Reduction Strategy Paper
<b>SAP</b>	Structural Adjustment Program
<b>SE</b>	Social Exclusion

<b>SOE</b>	State Owned Enterprise
<b>SSK</b>	Social Insurance Institution (Sosyal Sigortalar Kurumu)
<b>TESEV</b>	Turkish Economic and Social Studies Foundation (Türkiye Ekonomik ve Sosyal Etüdler Vakfı)
<b>TÜİK</b>	Turkish Statistical Institute (Türkiye İstatistik Kurumu)
<b>TÜSİAD</b>	Turkish Industrialist's and Businessmen's Association (Türkiye Sanayici ve İşadamları Derneği)
<b>UIL</b>	Unemployment Insurance Law
<b>UN</b>	United Nations
<b>UNDP</b>	United Nations Development Program
<b>WB</b>	World Bank
<b>WDR</b>	World Development Report

## **LIST OF FIGURES**

Figure 1. Typology of Poverty Paradigms.....	41
Figure 2. General types of explanations of poverty.....	42
Figure 3. The Poorest Segments According to Various Criteria 2002-2004.....	86

## CHAPTER 1

### INTRODUCTION

This study attempts to evaluate World Bank's changing approach to poverty starting from 1990. It also aims to show the place where the Bank's approach is situated in the *whole picture* and the circumstances under which the Bank's approach transforms. The Bank's approach is examined in a framework of poverty paradigms through the reflections of the Bank's approach on the Bank-prepared documents about poverty in Turkey. In this respect, poverty paradigms which provide the basis for modern poverty theories serve as a roadmap to trace the transformation process of the approach in question. In addition, the Bank's official documents about poverty in Turkey are the site on which the approach is observed as far as it is reflected. Turkey can be a reliable site of observation to find clues about the Bank's approach to poverty because -among other reasons- the Bank influences the way poverty is handled in Turkey for years, and the latter is one of the oldest and largest clients of the former. In consequence, the analysis by means of both the paradigms and the documents revealed, as it is argued in this study, that the Bank has approached the problem of poverty from a neoliberal viewpoint in early and mid-1990s and from a Third Way viewpoint since late 1990s. It is also argued that this whole transformation process can be understood with reference to Polanyi's concept of "market society."

#### 1.1 Overview of the Study

Poverty as a crucial social problem has always been a concern and field of study for sociologists, apart from the fluctuations in quality and quantity of the interest devoted to it. Although until recently poverty as such had not been an independent field of study within sociology, it has increasingly become one which is usually referred to as *poverty studies*. As to the analysis of poverty, it can be said that there

are two main strands in sociology: the ravages of social change approach which assume poverty as the by-product of social systems, and the class exploitation approach which assume poverty as the inherent feature of social systems (Wright 1994). Although the researcher of this study understands and explains poverty as a class-based problem within the second strand, this study is not an analysis of poverty in itself, yet it investigates the Bank's changing approach, within which poverty as such is accepted as a category in itself.

World Bank as a development institution, particularly its function in the international political economy and its policy prescriptions for the underdeveloped world and their consequences on people's lives have also been of sociologists' strong concern since its establishment, along with social scientists from various disciplines, especially development economics. Development is a wide-ranging concept and in the most general sense it is generally used to refer to the process of increasing the wealth of a country or a region and particularly to the efforts by underdeveloped or developing countries to foster their economies and expand their citizens' well-being and also to their relations with developed countries and with global institutions such as the World Bank. Sociologists take development more broadly than economists and analyse its impacts on poverty, inequality, class relations, certain groups such as peasantry and the urban poor, social institutions, and culture (Portes 1976 and 1997). All these are investigated mainly within what is generally termed as sociology of development.

Although at the present day the sociology of development is not a widely- and well-known field of study and "does not enjoy the institutional recognition as a sub-field of the discipline of sociology, sociologists engage extensively in questions linked to the causes and consequences of development" (Rao and Walton, 2004). Historically, development is both an old –about two-hundred-year old –"recapitulation of major processes of change which occurred in Europe beginning in the 16th century" (Portes 1976, 55)- and a new -about sixty-year-old engagement with development simultaneously with the emergence of development discourse and politics, and development economics in the post-war era- field of study in

sociology. Taking the history of sociology and the works of the founders of it –that of Marx, Weber and Durkheim– that “all centred around the puzzle of how to describe and explain the transformation from agrarian to complex, industrialized societies in Western Europe between the 17th and the 19th century” into account, Rao and Walton maintain that sociology “emerged out of the interest in understanding economic, social, and political processes today labelled as *development*” (ibid.).

The newer engagement with development is more of a comparison of the “developed” and the “underdeveloped” countries to uncover the reasons behind underdevelopment, to prescribe policies to catch up with the Western advanced capitalist countries, or to show the futility of attempts for national development in global capitalist world-system prescribe.<sup>1</sup> However, considering the subject matter in question in both old and new engagement with development, the former could be labelled as sociology of development/transition to capitalism, the latter sociology of underdevelopment/late transition to capitalism.

Portes argued in 1997 that sociology of development “lost much of its *raison d’être*” towards the end of the twentieth century with rise of neoliberalism under which national development was reduced to success in the free market (Portes 1997, 229). This can also be linked to what Fine describes as the process in which neoclassical economics has colonized other social sciences (Fine 2002, quoted in Özügürü 2003). However, it can be said to be regaining its ground in a new form from the late 1990s on and in 2000s along with the increasing concern for poverty, social capital, and communities and with the calming down of the post-modern or “the post-development debate” (Cushing, Roberts, and Wood 1995, xi) around the world under Post-Washington Consensus. For Özdek (2002), the new name for *development* is *poverty reduction*, and this can be the newest form of engagement of sociology with development. In this recent era, development regains its social

---

<sup>1</sup> For accounts of different paradigms within the sociology of development, that is modernization, dependency, world systems theories and others, see Cushing, Roberts, and Wood (1995).



aspects as a result of the modification of neoliberalism which has been criticised for neglecting the social aspects of economic development. However, the social aspects taken into account are different from that of development era before 1980s and the social is reconstructed through reformulation of “non-economic” spheres in economic and market terms as in the crystal example of social capital as will be discussed below. In this context, the investigation of World Bank’s approach to poverty as a leading development institution can be noteworthy.

The reconstruction of the “social” through the reformulation of “non-economic” spheres in economic and specifically market economy terms is of critical importance to deal with the change in the Bank’s approach to poverty and can be thought of as a move towards a market society, and this process can be better understood by employing the conceptualization of *market society* of Karl Polanyi, who was “an anthropologist and an early pioneer of the sociology of (under)development” (Munck 2005). To him, “a market economy can exist only in a market society” in which society is somehow subordinated to the requirements of the market (Polanyi 1957, 71). As will be discussed in the following chapters, in this study, transformation of World Bank’s approach to poverty is discussed/is tried to be understood within the framework drawn by Polanyi specifically using the concept of market society.

Studying the process of change in World Bank’s approach to poverty can be significant at a time when the magnitude of poverty and the Bank’s weight on poverty in various respects are more obvious than ever. This kind of an examination can be particularly important as it is conducted in a context which is the intersection point of *poverty* which is a global problem; of *the World Bank* which is a global actor claiming to work for poverty alleviation, and of *Turkey* that has a serious problem of poverty for the last several decades, has close engagement with the Bank since 1950s and has been implementing the policies advised by the Bank, and lastly has worked in noticeable cooperation with the Bank to deal with its poverty problem especially in 2000s.

Moreover, poverty as a global problem occupies the first place among the six clusters of threats to international security, which were designated in 2004 by the United Nations and described as the threats with which the world must be concerned now and in the decades ahead.<sup>2</sup> In addition, poverty is placed in the first place among the Millennium Development Goals (MDGs), which were formally adopted in 2000 by the international development community, and the first goal to be achieved by the year 2015 is to eradicate extreme poverty and hunger. World Bank both recognises the threats to international security and has declared to work to achieve the MDGs. Millennium development goals were set for the underdeveloped countries where the vast majority of the world's poor live, and where the Bank operates most. These instances not only shed further light on the significance of the Bank's approach to poverty in that it has potential to affect the future of the world's poor likewise it has done in the past and been doing at present, but also point out to the importance of transformation process in which the Bank's approach to poverty is constructed. As will be shown in the course of the study, the World Bank is already aware of a need for change, and accordingly its approach has been undergoing crucial transformation for a decade.

In this study, the concept of *approach* to poverty refers most generally to the conceptual framework in which poverty is constructed socially and historically. More distinctively, approaches to poverty stand for social scientific and political paradigms within which the various interpretations and applications of poverty "are embedded" (Silver 1994, 536 as cited in Lister 2004, 76). It also refers to the framework within which causation, definition, measurement and solutions are developed and consequences and functions –if any– are dealt with. To concretise, as an institution that endeavours to expand market liberalism in scope and depth the Bank conceptualises poverty essentially as a market-based phenomenon. Due to

---

<sup>2</sup> United Nations, 2004, *A More Secure World: Our Shared Responsibility* (Report of the High-level Panel of Threats, Challenges and Change), p. 2. The six clusters of threats are: Economic and social threats, including poverty, infectious disease and environmental degradation; Inter-State conflict; Internal conflict, including civil war, genocide and other large-scale atrocities; Nuclear, radiological, chemical and biological weapons; Terrorism; Transnational organized crime.

contextual, processual and dynamic nature of both poverty and an approach to poverty, the World Bank's approach to poverty could change in time under certain circumstances. It is claimed in this study that the Bank's approach to poverty has gone through a transformation throughout 1990s, as a consequence, it has transformed from a neoliberal into a Third Way approach around 1997, and the latter still prevails today.

Throughout the study, the process of change in the Bank's approach is attempted to uncover by analysing the Bank-prepared documents mainly about poverty in Turkey. However, some other documents that are not directly about poverty in Turkey but have significance on poverty were also put under scrutiny as well as some of the Bank's international documents such as World Development Reports (WDRs) that give crucial insights about the Bank's approach. The latter documents were also fundamental in that they supported the endeavour to keep constantly an eye on the *whole picture*. The research is conducted through the official documents prepared by the Bank because they are meaningful, representative and credible sources that can reflect the Bank's approach as a formal organization. Moreover, they are the sources that can function as recorded proofs of the approach in question. A qualitative thematic review of these documents is conducted in order to disclose the Bank's approach to poverty. As to the documents, it could also be noted that not all of the Bank's documents are open to public access. It can be claimed that this is counter to what the Bank advises to underdeveloped countries about transparency and accountability of institutions. This is one reason behind one of the criticisms directed against the Bank that there is an inconsistency and wide gap between what it advises to underdeveloped countries and what it does.

As a development institution, the Bank operates mainly in underdeveloped countries. In the period before 1997, the Bank had only played its substantial role as a non-private lender and as a provider of "advice" to the underdeveloped countries (Ranis 1997, 73) and the Bank's approval or triggering of its loans serves as a *visa* into international markets. The Bank is influential on the economic policies of the countries in question, which directly or indirectly affect the living standards of the

people living there, because the countries are both in need of the loans and demand the *visa* to be permanent. Therefore, it is important to investigate and understand the Bank's approach to poverty within which the Bank's recipes for the underdeveloped countries about how to deal with poverty are structured. Furthermore, an investigation of the Bank's present as well as past approach can generate ideas about future practices policies and discourses about poverty and give clues about the fate of the world's poor.

Because of its "dominant" (ibid.) position over policy design and implementation in many countries, many commentators already see the Bank as one of the chief architects of current economic paradigm that has become increasingly dominant over time, giving rise to the impoverishment of many people. Since late 1970s, the Bank-proposed neoliberal policy changes have been implemented to varying degrees within Structural Adjustment Programs (SAPs) that were designed by the Bank and the International Monetary Fund. The Structural Adjustment Programs are imposed on underdeveloped countries through strict lending conditionalities. Subsequent to the 1973 Oil Crisis, underdeveloped countries crushed by harsh economic crises and had to try to recover by means of these SAPs of the Bank and the Fund.

Turkey was one of these countries and it received one of the Bank's first Structural Adjustment Loans in 1981 (WB 2006, 7). Turkey abandoned import-substitution industrialization strategies and adopted export-oriented strategies under SAPs. The export led growth strategy of the early 1980s was quite successful. The average annual growth rate of GNP was 5.7 percent between 1981 and 1987 and economy did not experience any recession, making the country an exemplary one in annual reports of the Fund and the Bank (Selçuk, 2002). In this period, Turkey was viewed by the Bank as a "success story" and was *the darling of the Bank* –in the words of one WB staff member of that period (WB 2006, 7). But in the following years economy began to stagnate and in the subsequent years economy has recorded important economic crises. These policies had serious impacts on poverty, and

welfare regime of Turkey started to dismantle under pressure of the new economic policies.

For a number of reasons, it is claimed in this study that 1990 marks more or less the beginning of the Bank's neoliberal approach to poverty which prevails between 1990 and 1997. 1980s had witnessed the "neoliberal counterrevolution and 1990s saw the fall of several long-lived development dogmas, the one-size-fits-all, silver-bullet policy packages regularly prescribed for all countries" (Wolfensohn and Bourguignon 2004, 4). The fall of these "development dogmas" brought about a renewed focus on development and poverty as well as new understandings of and approaches to poverty. In the *World Development Report 1990* titled *Poverty*, WB described the decade of 1980s, which had been devoted to neoliberal restructuring as the lost decade of the poor, and admitted that in this decade no progress had been made in the fight against poverty.

In this first period characterized by neoliberal approach to poverty, poverty alleviation was a complementary element of neoliberal agenda, and a two-part strategy to alleviate poverty were proposed by the Bank. They were well-matched to neoliberal agenda: labour-intensive growth based on free market and provision of basic services to the poor. The strategy must be complemented by well-targeted transfers to help those who are not able to benefit from these policies, and by safety nets, to protect those who are exposed to shocks (WDR 1990). In this period, safety nets were proposed by the Bank to Turkey to mitigate the negative impacts of privatization of state-owned enterprises (SOEs).

This study also suggests that the first period that is characterized by the Bank's approach to poverty as a complementary element of structural adjustment has come to an end roughly in 1997. In the first period, the Bank's approach to poverty can be understood within the framework of the so-called Washington Consensus over neoliberal policies. However, in late 1990s, this consensus over neoliberal policies had to be modified seriously. Of the causes which had brought about this sound modification, the most important one is Mexican crisis in 1994 and East Asian crisis

in 1997, which caused a deep loss of prestige and credibility for the World Bank – and for its twin institution the International Monetary Fund– and neoliberalism in general because the crises in the 1990s once more broke faith and trust in neoliberal policies the Bank advised or imposed.

The main feature of the modified consensus is that it refers to non-market social structures such as state institution, political decision making process, social norms, values within a particular framework (Jayasuriya 2005) and this particular framework is what is claimed to be a new hegemony project in this study. The concept of hegemony is used here in a Gramscian sense as the capacity of a class to present its interest as the general interest. Hegemony, according to Gramsci (1971, 40), “is characterised by the combination of force and consent, which balance each other reciprocally, without force predominating excessively over consent.” The hegemony project is also used in this study with reference to Jessop’s definition as a “process through which collective practices, forms of knowledge and discourses become codified and are mobilized to advance particular sociopolitical interests as well as externalise groups with the potential to upset policy-making systems (Jessop 1989, cited in MacLeavy 2007, 1721).

This renewed consensus, the Post-Washington Consensus, has three components that are of critical importance: state should be restructured; new mechanisms of administration and a new institutional structure should be developed; and it should be remembered that “social dimension” which is neglected so far, is vital for economic development. Furthermore, this new hegemony project centred on the motto of “achieving an inclusive society.” In Wolfensohn’s words, *the Challenge of Inclusion* is the key development challenge of our time [...] and without inclusion, too many of us will be condemned to live separate, armed, and frightened lives (Wolfensohn 1997). The central and constitutive role of poverty in this second period, as it is argued in this study, is concretized in the framework of “the inclusive society” and it gives crucial insights about how poverty will be dealt with in this new period.

What is more, the political framework of this new hegemony project is the Third Way, and it is argued in this study that the Bank's approach to poverty in this second period since 1997 can be understood within the framework of the Third Way thinking, as will be discussed in detail in Chapter 6. The Third Way is characterized by a radical transformation of state-society relations particularly in the context of social policy, and the state is reformulated as a social investment state and the society as an inclusive one (Giddens 1998). In this context, reformulation of social policy is organized around some key themes such as "poverty as social exclusion," "from welfare to workfare," "employment to employability," "from inequality to social exclusion," "social capital," and "positive welfare." As one of the most significant problems dealt with by social policy, poverty becomes a constitutive element of the hegemony project which reshapes social policy, and this is in parallelism with the Bank's approach to poverty in its second period, as will be elaborated below. In what follows, firstly, an introduction to the World Bank whose approach to poverty is the main object of analysis is presented. Then, the order of presentation of the study is put forward.

## **1.2 Introducing the Institution: The World Bank**

It is also a must to introduce the institution that will be discussed throughout this study, and yet, when an institution in dispute is to be discussed, this task of introducing gets harder. Regarding the essentials like the mission, duties, position and significance of WB, in general, there exist various interpretations in dispute. Since striving to reconcile or evaluate those diverse standpoints goes beyond the scope of this study, in this section the Bank is introduced mainly in the light of its formal presentation of itself, for instance, how it defines its goals, where it locates itself in the international context, and how it establishes its relevance to poverty.

To begin with, the first thing to note about World Bank is that it is a bank, an international non-private lender. It is an international development institution –a member of the "development community" in its own words. The World Bank is a part of the World Bank Group which is constituted of five institutions, of which two

constitute The World Bank: International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA).<sup>3</sup> The IBRD focuses on middle income and creditworthy poor countries, while IDA focuses on the poorest countries in the world.<sup>4</sup> The Bank (IBRD) currently has 185 member countries, and under the Articles of Agreement of IBRD, to become a member of the Bank a country must first join the International Monetary Fund (IMF). Membership in IDA, IFC and MIGA are conditional on membership in IBRD.<sup>5</sup>

The World Bank, indeed IBRD –because IDA would be established in 1960- was established formally in 1945 upon the decisions made in the Bretton Woods Conference (1-22 July 1944), however, its activities began in 1946. The aim of the Conference was to designate the financial regulations to be enforced after the anticipated defeat of Germany and Japan, and the IBRD was assigned the task of providing long-term loan to the countries that has just recovered from the war and needs emergency aid.

To understand and follow the transformation of the Bank since then, it is useful to have a look at the purposes of establishment of the Bank which was essentially to contribute the reconstruction and development of Europe after the Second World War, and to provide development aid to the progress of international trade. As stated in the IBRD Articles of Agreement, the purposes of the Bank are:

- (i) To assist in the reconstruction and development of territories of members by facilitating the investment of capital for productive purposes, including the restoration of economies destroyed or disrupted by war, the reconversion of productive facilities to peacetime needs and the encouragement of the

---

<sup>3</sup> The remaining three are the International Finance Corporation (IFC), the Multilateral Investment Guarantee Agency (MIGA), and the International Centre for the Settlement of Investment Disputes (ICSID).

<sup>4</sup> About Us, [www.worldbank.org](http://www.worldbank.org) accessed on August 22 2007.

<sup>5</sup> Member Countries, [www.worldbank.org](http://www.worldbank.org) accessed on August 22 2007.



development of productive facilities and resources in less developed countries.

(ii) To promote private foreign investment by means of guarantees or participations in loans and other investments made by private investors; and when private capital is not available on reasonable terms, to supplement private investment by providing, on suitable conditions, finance for productive purposes out of its own capital, funds raised by it and its other resources.

(iii) To promote the long-range balanced growth of international trade and the maintenance of

equilibrium in balances of payments by encouraging international investment for the development of the productive resources of members, thereby assisting in raising productivity, the standard of living and conditions of labor in their territories.

(iv) To arrange the loans made or guaranteed by it in relation to international loans through other channels so that the more useful and urgent projects, large and small alike, will be dealt with first.

(v) To conduct its operations with due regard to the effect of international investment on business conditions in the territories of members and, in the immediate postwar years, to assist in bringing about a smooth transition from a wartime to a peacetime economy.<sup>6</sup>

At this point, it is worth quoting three viewpoints classified by Peker (Peker, 1996, 8) regarding what needs WB was established with the aim of fulfilling. In the period after World War II, the ones closely involved in decision making mechanisms drew three different conclusions out of the experiences of the interwar period. The first viewpoint was that the return to an international open economy as before the I. World War was nothing but a fiction. According to the second viewpoint, the failure of US policies in the field of international economy had accrued bluntly. Despite this failure in the past, the ones, criticizing US isolationism, were in the opinion that US could still stabilize the international order pursuing a highly open economy policy. As for the third viewpoint, it was in the direction that the role Great Britain played in the period before the I. World War was no longer possible to be played by any single state. Accordingly, it was necessary that the role played by Great Britain was to be institutionalized based on the international institutions. This latter viewpoint engendered various proposals regarding the necessity that an international mechanism was to be formed with the aim to stabilize the world

---

<sup>6</sup> IBRD Articles of Agreement, Article 1, [www.worldbank.org](http://www.worldbank.org) accessed on August 22 2007.

economy. Breton Woods Conference was held under the circumstances that did bear these proposals and “the institutions formed as the result of the conference reflected an eclectic mixture of the proposals based on these three different viewpoints as mentioned above (ibid).

In parallelism with the above purposes the Bank declares, in 1946 the Bank relieved its first credit which amounted 250 million dollars to France and this was to become the largest amount of credit for a long time. From 1950s on, when Europe had started to become as stronger as it was in the interwar period, the Bank brought the question of development in the foreground, and began to focus on supporting the development programs of the developing countries with aid and credit mechanisms.

In addition to Europe’s lessening need for reconstruction aid and credit, the situation in the underdeveloped world was another driving force behind the shift in Bank’s focus. After World War II –by the help of decolonization process– newly independent and already independent underdeveloped states began to think of finding proper strategies for economic prosperity. The development strategies of these countries were also crucial for the developed countries due to their fear of communist expansion around the world at a time of Cold War, and some developed countries also began to take some steps to industrialize less developed countries, and the Bank became more interested in the underdeveloped countries under these circumstances.

Throughout the 1960s, in general, it argued for the priority of industrialization and investment in physical capital and infrastructure in the process of development, and in the 1970s, it argued that rural development should be given priority. By the end of the 1970s, many of the developing countries experienced economic crises successively due to decreasing foreign exchange input and increasing debt, and throughout the 1980s, the Bank together with International Monetary Fund (IMF) devoted all his efforts and resources to implement Structural Adjustment Programs in these countries. Structural adjustment policies were designed to make a country to adjust to crises and longer-term imbalances (Stiglitz 2002, 14). The initial goal of

the programs was macroeconomic balance, which means making political and economic regulations to stabilize the balance of payments, and thereby guaranteeing repayments of the credits lent from the Bank and the IMF. Structural adjustment policies aimed at a structural transformation which was based on –following a stabilization program- the predominance of market economy mechanisms in the economy, a rapid ending of public sector production of goods and services, and narrowing of state’s regulatory intervention possibilities (İnsel 2001, 62). These policies were not implemented voluntarily in almost any of the countries, but as a condition for the Bank and IMF lending, which the countries needed under crisis circumstances. In other words, within the framework of these programs, the Bank and the IMF have tried to effectuate free market policies by means of the conditionalities of lending.

**The Banks relevance to poverty** starting from its establishment can be understood within four discourses of or approaches to development which prevail in different periods: Growth (1950s and 1960s), Redistribution with Growth (1970s under the presidency of McNamara), Growth with Adjustment (1980s), and Good Governance (from 1990s on) (Peker 1996, 7).<sup>7</sup> The Banks relevance to poverty as such started to be established at the end of 1980s. Until 1980s, the Bank maintained that elimination of poverty in the developing countries would come almost as a natural outcome of development in the long run, if not in the short run. The Bank neglected the problem of poverty in the “lost decade”<sup>8</sup> of the world’s poor between 1980 and 1990, and finally in the second half of the 1990s adopted the watchword

---

<sup>7</sup> Peker explains that the Bank announced its good governance discourse in 1992, however, at that time good governance was much more limited than its present conceptualization, and what the Bank understood from the term was basically regulation of the relation and interaction between state and economy in a certain manner. Like the “growth with adjustment” discourse/approach, it was shaped around market-friendly minimal state taking into account the criticisms directed against structural adjustment. For this reason, the GWA approach can be claimed to continue in the 1990s particularly until 1997 as will be shown below. Towards the end of 1990s, after the modification of the Washington Consensus and the announcement of Comprehensive Development Framework, governance has become a much more comprehensive, all-embracing framework of the Bank discourse and practices.

<sup>8</sup> ‘For many of the world’s poor, the 1980s was a “lost decade” –a disaster indeed’ (WB 1990, p. 7).

of “working for a world free of poverty.” The Bank itself acknowledges this transformation and expresses as the following:

Since inception in 1944, the World Bank has expanded from a single institution to a closely associated group of five development institutions. Our mission evolved from the International Bank for Reconstruction and Development (IBRD) as facilitator of post-war reconstruction and development to the present day mandate of worldwide poverty alleviation in conjunction with our affiliate, the International Development Association.

Reconstruction remains an important focus of our work, given the natural disasters and post conflict rehabilitation needs that affect developing and transition economies. We have, however, broadened our portfolio's focus to include social sector lending projects, poverty alleviation, debt relief and good governance. *At today's World Bank, we have sharpened our focus on poverty reduction as the overarching goal of all our work.*<sup>9</sup>

At this point, in order to understand how come poverty reduction has become ‘*the overarching goal of all [the Bank’s] work,*’ it is necessary to focus on when and how and under what circumstances the Bank thematized and problematized poverty in itself. WB’s concern for poverty has undergone transformations in time, and it took relatively long to come to the present point. The Bank’s relations with the developing world had intensified in the 1950s and its understanding of poverty in the developing countries in 1960s and 1970s can be evaluated within “redistribution with growth” approach. This approach is an indirect approach to poverty in that rather than directly focusing on poverty and what to do about the needs of the poor, it focuses on economic growth out of which poverty will decrease indirectly (Şenses 2002, 221). According to this, poverty is an outcome of economic underdevelopment, and it can be alleviated through growth which accompanies industrialization, increased investments in infrastructure and physical capital, and rural development. Economic growth has the effects of decreasing incomes and increasing inequalities in income distribution in the short run; however, in the long run, the value of labour which is the most important –and mostly the only- income-generating asset of the poor increases and consequently incomes of the poor increases, either, giving rise to a decline in poverty (ibid). The Bank emphasized

---

<sup>9</sup> World Bank History, [www.worldbank.org](http://www.worldbank.org), accessed on August 22 2007.

this view in the first *World Development Report* published in 1978 and entitled *Prospects for Growth and the Alleviation of Poverty*:

In general, experience suggests that the distribution of income is likely to worsen in the course of economic growth. However, even if income disparities increase, the incomes of the poor can rise. Particularly where people are at the margin of survival, it is their income levels, rather than their relative position in the distribution of income, that require the most urgent attention. (WB 1980, 8)

At that period, there were objective basis to this approach; the connection between investment and employment was not that detached. The quality of labor was not emphasized either, since, in general, fordist production model based on the unqualified labor was being implemented. The crisis of Fordism had not been felt and deindustrialization had not started yet (Harvey, [1990] 2006, 147-196). The Bank acted upon the motivation of accelerating growth, and proposed policies in this direction, however, the Bank was not alone in this path, and this approach was dominant all through development community as Riddell points out:

...the initial focus of development professionals and the international community more generally was not primarily on poverty as such. While from the late 1940s and into the 1950s and 1960s, it was recognised that there was a serious problem of poverty across the globe, there were few attempts to define it, or measure it or to raise the possibility that it might be addressed in different ways. Rather, the core aim was to focus on different ways to try to accelerate the process of economic growth in the belief that higher levels of growth would lead to a faster reduction in poverty: growth was seen not merely as necessary but (to the extent that the issues was addressed) also as sufficient. ( Riddell 2004, para. 7)

The Bank had devoted the World Development Report 1980 entitled *Poverty and Human Development* to the problem of poverty and articulated the understanding that large investments in physical capital and infrastructure was not enough, and argued that improvements in health and education were important not only in their own right but also to promote growth in the incomes of the poor (WB 2001a, 6). However, this awareness was on discursive level and remained so in the 1980s when little or no good was done in favour of the poor. Still, it is important in the

sense that it gives clues about the future gravity of human capital development in the Bank's approach to poverty. It is claimed in the report that it combines strategies against poverty such as increasing employment, meeting basic needs, reducing inequalities in income and wealth, and raising the productivity of the poor, 'but it combines them with a strong concern for growth. And it integrates them with a related strand of thinking –human resource development, here called human development to emphasize that it is an end as well as a means of economic progress' (WB 1980, 32). Once more to stress, this concern for human development or human resource development remained on the discursive level all through the 1980s.

Throughout 1980s, the Bank was engaged in the implementation of structural adjustment programs whose impoverishing outcomes have been hotly disputed since then. The Bank acted upon the motivation that adjustment would bring growth, and growth would alleviate poverty, "growth with adjustment" approach to development. By the end of the 1980s, it was observed that poverty has considerably increased in the countries where the SAPs were one way or the other implemented. It was obvious that special measures should be taken against poverty, and "growth with adjustment" does not work at all against poverty. This decade was described as the lost decade of the poor in *World Development Report 1990* entitled *Poverty*, and the Bank conveyed that there had been inactivity in terms of fighting against poverty in the underdeveloped countries in this decade which had been devoted to restructuring.

From 1990s on, poverty has become one of the most important items –perhaps the most important– in the agenda of national and international actors, including the governments of either developed or underdeveloped countries, non-governmental organizations, and social movements. The process of change in the Bank's approach to poverty is investigated in this study starting from 1990, hence what is put forward and emphasized in *WDR 1990* is crucial not only in itself but also to understand what has changed and been changing since 1990.

For a number of reasons, in this study World Bank's changing approach to poverty is investigated taking 1990 as the starting point. In the 1980s, WB had spent all its energy and resources to have "structural adjustment programs" be implemented and to have macroeconomic balance be stabilized in developing countries. Through the end of the 1970s, the economies of the developing countries were had become upside-down, balance of payments were broken down, and the WB together with IMF worked in these countries to implement economic and political regulations which would improve the balance of payments and would secure the repayment of the credits taken from these two financial institutions. However, these economic and political policies such as fiscal discipline, tax reform, privatization of state enterprises, competitive exchange rates, interest rates that are market determined, trade liberalization and openness to foreign direct investment did not bring prosperity and welfare to the poor. WB described this decade which had been devoted to neoliberal restructuring as the lost decade of the poor, conveying that no notable progress had been made in the fight against poverty in this decade: "For many of the world's poor, the 1980s was a 'lost decade' –a disaster indeed" (WB 1990, 7).

In this period poverty increased becoming deeper, and more and more people fell into the ranks of the impoverished. The negative effects of the restructuring policies pursued in the underdeveloped world from the late 1970s on come to be visible in the 1990s. In other words, negative outcomes of the structural adjustment programs had become more visible and tangible than ever in the late 1980s, the idea that something should be done against poverty gained a wide acceptance on the part of development community, "civil society" organizations, and governments of many countries, local initiatives, and grassroots organizations. This all-embracing idea also gave rise to the burgeoning research and evidence-data collection about poverty. The United Nations also started to publish the Human Development Reports in 1990.

Until the end of 1980s, poverty was problematized by the World Bank as a side effect of economic backwardness or as a reflection of being an underdeveloped

country. However, by the end of the 1980s, it has found acceptance that poverty could not be handled only within the framework of its relation to economic growth and that growth would not always reduce poverty and that it was necessary to focus on poverty as a problem on its own. This conception got concretized with WB devoting WDR 1990 to the issue of poverty ten years after WDR-1980, which was on again poverty. In accordance with the strategies for fighting poverty in the Report, in 1990s the Bank adopted an approach within which poverty was dealt hand in hand with structural adjustment, and it tried to add structural adjustment a “social dimension” in order to eliminate the drawbacks of the programs in question, all of these issues will be dealt with in Chapter 5 in detail.

The rest of the study is arranged as follows: Chapter 2 explains the methodology of the study. In this sense, it will explain research process, selection of documents, and the process of review of the documents. Chapter 3 provides the theoretical framework to understand World Bank’s changing approach to poverty and mainly explains poverty paradigms. Chapter 4 is devoted to poverty in Turkey with the aim of giving a general idea about dynamics of poverty in the country. Chapter 5 will cover World Bank’s approach to poverty between 1990 and 1997 within the framework of neoliberal paradigm. The period will be explained based on the examples derived from the review of World Bank documents on poverty in Turkey. In Chapter 6, the second period of the process of change in the Bank’s approach to poverty will be described again in the light of the results of the review of documents. Lastly, Chapter 7 will conclude the study referring to the relationship between the neoliberal and Third Way approaches of the Bank in the subsequent sub-periods. It also mentions the parallelisms between the Bank’s approach and the policies of the current governing party in Turkey.



## CHAPTER 2

### METHODOLOGY AND RESEARCH

In this chapter, the research process and the method used in this study are explained. This study is based on qualitative methodology that offers adequate tools for the aim of the study, which is to analyse the historical process of World Bank's changing approach to poverty. This analysis is attempted to be done through a documentary research which particularly involves the chronological thematic review of official documents of the Bank on poverty in Turkey.

In order to understand better the architecture of the study, a note on the epistemology of the study could be of use in that it attracts attention to how the knowledge is acquired in the course of the study. To reiterate, this study investigates the process of change in World Bank's approach to poverty and aims to understand and explain this particular approach to poverty. This has been attempted through giving adequate weight to wider historical and sociological context –*the whole picture*– in which the approach in question is shaped, and the institution in question acts as a subject. Keeping constantly an eye on the whole picture is parallel to the effort to explore and explain WB's approach to poverty in *relational* terms, rather than as a desolate phenomenon, and that is why the study focuses on the *process* of change.

Despite the act of 'approaching' it derives from, the concept of *approach* has a static connotation specifically when the approach of a certain institution to a certain phenomenon is in question, and however, it is a dynamic process of constructing and reconstructing the manner of seeing a certain phenomenon –poverty in the case of this study. Therefore, the processual character of approaches and specifically World Bank's approach to poverty here requires this study to trace the process of

change like a film rather than a photo.<sup>10</sup> Films are constituted of photos but they provide us the possibility to trace the transitions between single photos. In the light of this analogy, it can be said that in this study the flow and transformation of the Bank's approach to poverty will be described.

In addition, even though the approach in question is World Bank's approach, this does not imply that the Bank is the only actor shaping, modifying, transforming the approach if and when necessary. This is rather an *interactive* process which takes place in the domain of social conflicts, consensuses, alliances, losses and gains; which involves various actors other than the Bank, such as the "poor" themselves, the "rich," other international institutions, states and governments, and social movements; and which flows in its own historical context and should be evaluated within it. In brief, this study strives to avoid either a structuralism which disregards history and actors or a *historicism* which disregards structures.

In the following parts, the initial interest in the subject matter, clarification of the aims of the study and the research questions, the process of literature review, the processes of selection and review of documents, and lastly the limitations of the study will be elaborated.

## **2.1 Research Process**

As well as the earlier personal concern of the researcher for the issue of poverty, the initial interest in the subject matter of this study was mainly stimulated by the increasing amount of poverty research in Turkey conducted by both scholars and various institutions. There have arisen the questions of what kind of dynamics there are behind this proliferation in poverty studies; what kind of research is carried out by numerous institutions governmental or nongovernmental, national or international; and what motivations are behind their interest in and endeavour for

---

<sup>10</sup> This photo-film analogy is borrowed from Güveloğlu's (2004) thorough work on the impacts of transformation of democracy in the neoliberal era on political parties.

poverty. In effort to find some answers first of all some studies published by scholars and institutions such as UNDP and the World Bank, and State Planning Organization (DPT), Turkish Economic and Social Studies Foundation (TESEV), Turkish Industrialist's and Businessmen's Association (TÜSİAD) were reviewed.

Out of this preliminary reading emerged the significance of World Bank with respect to poverty. It was also observed that the Bank is the most disputed and controversial institution as well as being one of the most influential one among other institutions. Moreover, there are many different views about its mission, existence, and position in the international politics and economy, and about what it has done so far or has not done yet. Some argue in favour of the Bank praising what it does in underdeveloped countries, others strongly disagree and claim that what the Bank seems to be doing is only eyewash to hide the unequal exploitative power relations in the world economy, which increasingly worsens the status of people in the developing world. Some others argue that what it does under the mask of poverty alleviation aims to soften and eventually wipe out the anticapitalist tendencies of the poor. Some also argue in between defending that such an institution can be used effectively to increase the well-being of the people around the world, and therefore, serious modifications should be made in the *modus operandi* of the Bank making it a de-central, transparent pool of all poverty alleviation efforts around the world. Whatever the stance, one thing was explicit that all actors or groups take the Bank seriously when poverty is in question, and today one can rarely find a text about poverty which does not refer to the Bank one way or the other.

It was also observed that the Bank is dominant in the handling of poverty in Turkey, for instance, Social Risk Mitigation Project has been partially credited by the Bank and ends in December 2007. It had been launched right after the economic crises in November 2000 and February 2001 aiming to mitigate the negative outcomes and the risks generated by the crises on the poorest 6% of Turkey's population (WB 2001b). The Bank is also influential on poverty research in Turkey and its definitions and measurement are widely deployed, for instance, the poverty line of

one-dollar-a-day which is one of the lines used by Bank is frequently used in academia and state institutions. On the other hand, as far as it can be observed throughout the literature view carried out simultaneously, there is a great deal of literature in Turkish about the Bank and the Bank-oriented poverty alleviation programs and projects (Güler 2005; Kaya 2002; Yalman et al. 2004; Şenses 2002; Taştan 2005; Uzun 2003; Zabcı 2002).

After all, it proved clear that how the Bank approaches to poverty is crucially important in all aspects of poverty, and studying the Bank's approach could be beneficial to understand what is going on about poverty around the world and for future prospects. As already mentioned above, the Bank is very influential in the ways in which poverty is dealt with in Turkey, therefore, the extent to which the Bank's approach is reflected on Turkey could be explanatory to understand and describe the Bank's approach. This is attempted to be realized by conducting a review of official documents of the Bank about poverty in Turkey as the formal, open-published primary sources from the World Bank website, the analysis of which provide a representative, first-hand, reliable and meaningful information to explore the process of change in WB's approach to poverty in time. This exploratory and explanatory endeavour is carried out through documentary research method and thematic chronological review of these documents.

## **2.2. Selection of Documents**

Upon the decision to trace the Bank's approach to poverty through its reflections on Bank-prepared poverty reports and other kinds of documents, the first thing to do was to visit the Bank's web site. It was surprising to find more than five hundred documents on Turkey in March 2007. The task was to determine the ones about poverty or closely linked to poverty and living standards in Turkey. Of the documents, only 63 of them had been released before 1990. Many of them were loan, project or guarantee agreements, and it was easy to eliminate them right after reading the title. Some of those which seem relevant in a way from the title were eliminated upon reading the abstract or scanning the content on the web (see

Appendix B for an example of how the Bank presents documents on the website). Finally, 84 of them were diagnosed as very relevant and downloaded. After some lengthy readings, 17 were chosen as strongly relevant and necessary to understand the Bank's approach to poverty. The study mainly relies on these primary sources downloaded from the web site of the Bank. Information extracted from these 17 documents which were selected finally after a triad selection process-first the elimination of totally irrelevant documents, elimination through reading the abstract and scanning the content and lastly the elimination through lengthy readings. The types of documents were predominantly living standards-poverty assessments, sector works, Country Assistance Strategy documents (CASs), country assistance evaluations, country economic memoranda, project appraisal documents, project information documents, policy notes, and studies.

However, it is not easy to grasp the meanings and functions of the categories such as sectors, major sectors, topics, sub-topics, which classify the documents. The Bank's documents are prepared within various sectors (see Appendix B) and the Bank defines *sectors* as *high-level grouping of economic activities* based on the types of goods or services produced and used to indicate which part of the economy is supported by the Bank intervention.<sup>11</sup> The Bank's documents are also prepared under *topics* which are defined by the Bank as the *goals/objectives of Bank activities* that are consistent with the Bank's corporate advocacy and global public goods priorities. The 17 documents analysed in the study are mainly within the following Major Sectors: Social Protection, Other Social Services, Economic policy, Labour Market and Employment, Central Government Administration, Agriculture Fishing Forestry, Multi-Sector, Health, General Financial Sector, Transportation, Education, Public Administration Law and Justice. The 17 documents were prepared under the following topics: Poverty Reduction, Health Nutrition Population, Education, Rural Development, Finance and Financial Sector Development, Gender, Environment, Public Sector Development. In addition, they are prepared by various units of the Bank. It had better be noted that it is very

---

<sup>11</sup> World Bank Sector Codes, [www.worldbank.org](http://www.worldbank.org), accessed on July 3, 2007.

difficult to understand how these topics, sectors and units are related to each other and how they are coordinated.

Besides obtaining documents via the Bank's web site, World Bank Ankara Office was visited expecting to be able to access some other documents. However, the Bank staff responded that all the documents are on the web site and gave hard copies of some documents accessible on the web. The researcher also subscribed to newsletter list of the Ankara Office to follow the Bank events in Turkey. One thing to note is that only the documents which are open to public were accessible via the web site. This was a difficulty encountered during document collection and resulted in some difficulties in the analysis of the information gathered from Bank documents, because two Country Assistance Strategy documents (CASs) which have replaced the Structural Adjustment Programs in the 1990s and offer strategies to Government of Turkey in various fields including social policy and poverty reduction that are crucial for the study were not open to public. These were the first two CASs prepared for Turkey in 1993 and 1997, but the last two CASs prepared in 2000 and 2003 are open to public. Furthermore, the Bank staff gave no explanations for this inaccessibility problem and replied that the documents in question may be opened to public in the future. However, there were public references to and quotes from these two CASs in other documents of the Bank, for example, the CAS prepared in 2000 gives a summary of the previous CAS prepared in 1997, and these were used when necessary during the study.

In addition to these primary sources which are prepared by the Bank about poverty and related issues in Turkey, secondary sources which are mostly the international publications of the Bank were also used to in the analysis of the Bank's approach to poverty. The secondary sources are for the most part World Development Reports (WDRs) published annually by the Bank. As to the WDRs, they have been published from 1978 on, and they focus on the important components of development issue in line with the Bank's agenda. They reveal the Bank's prospects for upcoming policies, present priorities and goals and objectives, they are also means of self-criticism and means of evaluation of the drawbacks of the policies

implemented upon the advices of the Bank to underdeveloped countries. Six WDRs out of twenty-nine published so far focus on poverty, the ones published in 1978, 1980, 1990 and 2000. WDRs are important media of the Bank to communicate knowledge and information about the subjects it gives considerable weight. Therefore, WDRs provide an invaluable source to better and easily trace the entire change in the Bank's approach to poverty provided that country-specific documents are read and evaluated right along with them.

The thematic review of primary sources is supported with a review literature on poverty, approaches to poverty, poverty in Turkey, the World Bank and its relation to poverty, all of which helps the researcher to discuss the background to and interpret the content of the primary sources.

### **2.3. Review of Documents**

Following the selection of the material for analysis, two readings of the primary sources were made to analyze the documents. In line with a framework developed from the research questions of this study, the first one can be said to be an introduction to the Bank's approach to poverty, and the second one made possible locating the Bank's approach within paradigms of poverty and identifying main features and components of the approach.

The first reading gave an insight on the Bank's approach to poverty, how the Bank conceptualizes poverty, whom it defines as poor and nonpoor, what kind of solutions the Bank offers to the problem of poverty, what the Bank focuses on most when poverty is at issue, and what aspects are not given importance or are not mentioned at all by the Bank. At this point, the significance of the Bank's silences could be noted. In order to understand the approach of the Bank it is necessary to pay attention not only to what the Bank states about poverty but also to what it does not state, keeps silent or expresses quietly, that is to say, this study focused on the aspects regarding the issue of poverty that remained hidden, unspoken in the entire view. To exemplify, the Bank does not problematise the phenomenon of working

poor and does not mention the concept of new poverty at all; the silence about the working poor may result from the fact that main strategy the Bank offers to reduce poverty is to include the *re-skilled* poor into the labour market as far as possible. This aspect of the Bank's approach is considered in the study, and the silences of the Bank are referred when necessary.

Moreover, this first reading made possible dividing the process of change in the Bank's approach to poverty into two sub-periods. Efforts to determine time-spans for social phenomena involve a certain degree of reductionism or overgeneralization; however, they are necessary to ease understanding and analysis. With respect to World Bank's approach poverty, two sub-periods are identified to trace the change in time, facilitating better understanding and investigation. The first period begins in 1990 and continues throughout 1990s, and 1997 marks the end of the first period. The second period, from 1997 on, is claimed to still continue in 2007 and the reasons behind this claim and further periodization will be explained below in detail. In addition, at the beginning, the first period was identified to be between 1990 and 1999, the second from 1999 up to present. However, the second reading made in the light of poverty paradigms would reveal that the first period actually comes to an end in 1997 and the periodization was corrected accordingly.

In-between first and second reading, a literature review on approaches to poverty and social policy, and poverty paradigms was conducted always keeping in mind what is learned from the first reading of the Bank documents, and the conclusions of this review of paradigms will be dealt with in Chapter 3. This review resulted in the idea that the Bank's approach which prevails in the first period can be understood within neoliberal paradigm and the one which prevails in the second period can be understood within Third Way paradigm. Then, it was obvious that another literature review on these two paradigms is necessary and it was conducted. The two-year deviation of periodization was corrected as a result of this literature review.



Finally, the second reading of the primary sources was made to identify neoliberal and Third Way character of the Bank with concrete information and they will be elaborated in Chapter 5 and 6. The findings of the research process will be presented in detail in due chapters. In the following chapter, the aforementioned paradigms of poverty will be investigated.

Before proceeding with the presentation of the results of the research, there are a few words to be made regarding the documentary analysis undertaken in and the limitations of this study. Firstly, it is important to note that the study analyzes and makes use of the documents with a great consideration to the context(s) and process(es) they were constructed in so that the analysis are provided in a reflexive and critical manner and tried to be kept exempt from biases.

Besides, it is necessary to mention of the limitations of the research, the first of which is its being restricted to the (publicly) open and published -either electronically or as hard-copy- documents prepared by World Bank on poverty. Some of the documents crucial to this study like CASs prepared in 1993 and in 1997, were not publicly available and could not be included in the analysis though tried to be attained from the representatives of WB and included in the study to the extent they are covered by the other texts analyzed.

Second limitation is that this study tries to understand the process of change in the the Bank's approach to poverty based on the analysis of the Bank's own documents, its formal representation of itself and of its approach to poverty. Alternatively, this way of studying this process of change in question would be enlarged with the analysis on how other actors involved in the interactive shaping, transformation of WB's approach to poverty in time perceive, interpret, experience, react and represent this process of change through various data collection methods. The framework of this study rather consciously was kept limited with the analysis of WB's own documents on poverty, which provided first-hand, representative information to get an understanding over the process of change in the Bank's

approach to poverty, due to time and resource constraints in the conduct of this study.

## **CHAPTER 3**

### **THEORETICAL FRAME**

This chapter aims to provide a theoretical framework to understand World Bank's changing approach to poverty. Firstly, Polanyi's relevance to the study and his conceptualization of market society, which will shed light on the Bank's approach to poverty as it is argued throughout the study is explained. Secondly, the paradigms within which the Bank's approach to poverty is shaped since 1990 are described: neoliberalism and the Third Way and their approaches. The explanation of paradigms is significant in that they serve as roadmaps to trace the transformation process of World Bank's approach to poverty. Subsequently, other paradigms of poverty are reviewed briefly in an effort to complete the picture of paradigms of poverty and to understand better the Bank's approach to poverty in a comparative manner. Lastly, approaches to definition and measurement of poverty which can be accepted as materializations of the paradigms are explicated to give an insight to how the Bank defines and measures poverty.

#### **3.1 Polanyi's Relevance and the Concept of Market Society**

In the light of the research conducted it is claimed in this study that World Bank's approach to poverty can be understood within the framework of neoliberal paradigm between 1990 and 1997, and of Third Way paradigm since 1997 thus far. As will be explained below, throughout the 1980s and in the early 1990s, neoliberalism can be said to be hegemonic in many developed and underdeveloped countries. The consensus over neoliberal policies would be formulated later as the Washington Consensus by Williamson (1993).

As will be detailed below in Chapter 6, neoliberalism has undergone a hegemony crisis in the second half of the 1990s, and it had become obvious for the carriers of

the neoliberal ideology that the Consensus over the policies they had been proposing, advising and applying since the end of the 1970s had better be modified. Out of the need and thereby attempts to overcome the crisis through modification and “augmentation” (Rodrik 2004) of the Washington Consensus brought in the Post-Washington Consensus. It can be argued that, into this crisis -along with other dynamics- context came up the Third Way of 1990s (of Clinton, Blair and Schröder) as a renewal of or as the renewed hegemonic project. While the propellants and proponents of the renewed hegemony project has the claim and attempt to fill the “social” blanks which was left void under the Washington Consensus, it is argued that it is characterized by the reformulation of the “social” and the penetration of the market logic of capitalism into “all aspects of existence” (Cammack 2004, 152).

Karl Polanyi’s (1886-1964) conceptualization of “market society” in his magnum opus, *The Great Transformation: The Political and Economic Origins of our Time* (1944) can be an explanatory theoretical tool to understand this whole process of change in the Bank’s approach to poverty and neoliberalism and Third Way politics that frame the approach. However, limitations of Polanyi’s theory and criticisms it receives are also considered and kept in mind when using his conceptualization as a theoretical tool in the study.

There are a number of reasons behind the relevance of Polanyi’s theory to this study. Polanyi can be said to be discovered in the second half of the 1980s when neoliberal policies were implemented vigorously and debated hotly -or sometimes protested enthusiastically. Polanyi’s theory which is summarized in his concise statement that “a market economy can exist only in a market society” (Polanyi 1957, 71) has become an important tool to explain the retreat of state’s redistribution mechanisms and welfare programs in the 1980s, which Polanyi describes as the countermovement against the expansion of the market economy into non-market spheres of society.

Moreover, the propellant and proponents of the policies through which the market, in Polanyian terms, expands in a way in which society is also marketized took Polanyi's theory and foresight into consideration in the second half of the 1990s, and it might have played a significant role in the modification of the Washington Consensus, leading to a post-Washington Consensus. It is noteworthy that Joseph Stiglitz -former Chief Economist at the World Bank who resigned in November 1999 criticising IMF and the Bank within his critical view of globalization- has written the foreword to the second edition of *The Great Transformation* in 2001. Munck explains as follows the willingness of the architects of the Post-Washington Consensus to incorporate Polanyi into their discourse and practices "before it is too late" with reference to Stiglitz:

Stiglitz found support in Polanyi for his own critique of market fundamentalism: 'Polanyi explores the myth of the free market: there never was a truly free, self-regulating market system' (Stiglitz, 2001, p. xiii). The market economy could not be seen as an end in itself, it was part of society and should serve human ends. Polanyi was seen to offer good advice and a return to 'basic values' for enlightened managers of capitalism such as Stiglitz, who wanted to save globalization from itself as it were, 'before it is too late' (Stiglitz, 2001, p. xvii). The contemporary relevance of Polanyi for those who seek to construct a post-Washington Consensus (Broad, 2004) is thus clear enough.<sup>12</sup> (Munck 2006, 176)

Polanyi is also important for the Turkish context and finds acceptance among social scientists that both work on Polanyi's theory and employ it in their works (Aktürk 2006; Buğra 1997;). *The Great Transformation* was translated into Turkish in 1986 when the first International Karl Polanyi Conference was held in Budapest (Buğra 2005, 12) by Ayşe Buğra who is among the leading representatives of the Polanyian school in Turkey. However, Polanyi's theory is used widely from the late 1990s on

---

<sup>12</sup> As to a more recent relevance of Polanyi, Munck argues that "Polanyi's counter-movement thesis will be attractive to those challenging globalization 'from below,' and quotes from Silver and Arrighi (2002, p. 1) that "Polanyi can be read as providing a basis for optimism about the early twenty-first century, by his emphasis on the strength and inevitability of the self-protective tendencies of 'society'" (ibid.).

especially in an effort to understand and explain the destructive effects of an expanding market economy in Turkey.

“In *The Great Transformation* Polanyi provides a compelling account of the origin and development of the ‘self-regulating’ market in the West” (Menocal 2004, 769). According to Polanyi, “the market economy was a momentous 19th century invention that led to a radical restructuring of the relationship between society and the market” (ibid.). Until the 19th century that hosted the peak of the Industrial Revolution, “the economic system was submerged in general social relations, [and] markets were merely an accessory feature of an institutional setting controlled and regulated more than ever by social authority” (Polanyi 1957, 67). The transition from a market that is embedded in social relations to one that is self-regulating has significant consequences, because “a market economy can exist only in a market society” as Polanyi (1957, 71) argues. To concretize,

this entailed a two-fold process. First, the previous moral order that held society together had to be dismantled: turning people into workers required breaking down traditional social ties of mutual help and de-legitimising paternalistic ties with the state. As these social safety nets were eroded, hunger came to play a key role in creating an incentive to work and in making self-interest the driving force of the whole system. Second, the market economy required the commodification of the means of production, namely land, labour and money, to make them available for purchase. (Menocal 2004, 770)

The second characteristic of the process Menocal indicates above, commodification of labour, land, and money are crucial for Polanyi’s conceptualization of market society as it is the very feature of the disembeddedness of economy in the society. To him:

A market economy must comprise all elements of industry, including labor, land, and money. (In market economy the last also is an essential element of industrial life and its inclusion in the market mechanism has [...] far-reaching institutional consequences.) But labor and land are no other than

the human beings themselves of which every society consists and the natural surroundings in which it exists. (Polanyi *ibid.*, 71)

Polanyi defines commodity empirically as “objects produced for sale on the market,” and he defines markets again empirically as “actual contacts between buyers and sellers” (*ibid.*, 72). Departing from the empirical definition of a commodity Polanyi argues that labor, land and money are not commodities.

Labor is only another name for a human activity which goes with life itself, which in its turn is not produced for sale but for entirely different reasons, nor can that activity be detached from the rest of life, be stored or mobilized; land is only another name for nature, which is not produced by man; actual money, finally, is merely a token of purchasing power which as a rule, is not produced at all, but comes into being through the mechanism of banking or state finance. None of them is produced for sale. The commodity description of labor, land, and money is entirely fictitious. Nevertheless, it is with the help of this fiction that the actual markets for labor, land, and money are organized (*ibid.*, 72)

“This commodity fiction is the main factor which determine the incompatibility of market society with human life” (Buğra 2005, 21). “To include them [labor, land, and money] in the market mechanism means to subordinate the substance of society itself to the laws of the market” and “to allow the market mechanism to be sole director of the fate of human beings and their natural environment, indeed, even of the amount and use of purchasing power, would result in the demolition of society” (Polanyi 1957, 71, 73). It gives rise to the subordination of society to the economy, and thereby marketization of society, which may in the end lead to the collapse of society. However, it also immediately brings in the reaction of the society to protect itself, and Polanyi describes this process as a “double movement” (*ibid.*, 132).

To him, “the dynamics of modern society was governed by double movement: the market expanded continuously but this movement was met by a countermovement checking the expansion in definite directions” (*ibid.*, 130). “The ‘double movement’ consisted of economic liberalism driving the extension of the self-regulating market on the one hand and the principle of ‘social protection’ on the other hand defending social interests from the deleterious action of the market” (Munck 2006, 180).

Buğra describes “double movement” as “a phenomenon which is related both to the attempts to institutionalize an unnatural state, and to the mechanisms society develops to protect itself against this unnatural state” (Buğra *ibid.*, 21). According to Polanyi, nineteenth century market society confronted this danger, and society’s self-protection as a “countermovement” stepped in. The efforts to expand market society through the commodifications of land, labor, and money was one side of the movement. On the other side, the task to protect the human and the society was undertaken by the redistribution mechanism, and thus the actor of the countermovement was the state (*ibid.*, 28).

In addition, self-protecting movements on the part of society may not always be rational and humane, and a society that is on the verge of demolishing due to the expansion of the market, in Polanyi’s terms, may have irrational and cruel tendencies, as in the case of fascism in the first half of the twentieth century in Europe (Polanyi *ibid.*, 257-258). This kind of a negative countermovement never implies that market economy is the only option, only way to protect freedom, rather it indicates that freedom can only be protected through re-embedding the economy into society (Buğra *ibid.*, 23).

As in the example of fascism, the countermovement can take many forms. The Keynesian Western welfare states and the developmentalist states in the underdeveloped countries in the second half of the twentieth century also restricted the expansion of market into social relations, in other words limited the constitution of market society. However, as long as the market economy continues to be the organizing principle, each movement confronts its countermovement. Munck describes neoliberalism as a “counter-countermovement” and explains the decline of Keynesian and developmentalist states in Polanyi’s terms:

The development state of the 1950s and 1960s was a conscious bid to temper the free market to create national development based on state-led industrialization behind protectionist barriers. While not to the same extent as the ‘developed’ Western state with its strong social protection mechanisms, the development state also introduced a degree of social



security, the concept of a minimum wage and respect for trade union rights. Since the neo-liberal offensive (or counter-countermovement in Polanyi's terms) of the 1980s and 1990s both the above elements have been severely curtailed or reversed. The development state has been forced to 'open up' the developing economy to powerful transnational capitalist interests. And even the advanced industrial societies that can of course afford it see their welfare states and welfare rights cut back on the basis that marketized individuals should provide for their own future. (Munck 2006, 181)

Polanyi also argues against the very notion of natural free market which regulates itself if left unfettered. Self-regulating market is also fictitious. For instance, he argues vigorously for the very notion that "there was nothing natural about *laissez-faire*" and continues:

free markets could never have come into being merely by allowing things to take their course. Just as cotton manufacturers -the leading free trade industry- were created by the help of protective tariffs, export bounties, and indirect wage subsidies, *laissez-faire* was enforced by the state. (Polanyi 1957, 139)

Furthermore, the countermovement which limits the expansion of the market is "incompatible with the self-regulation of the market, and thus with the market system itself" (ibid., 130). The actor of the countermovement is the state, too, because the state launches the redistribution mechanisms and welfare provisions. The countermovement can result from the pressure from the society or from state's urge to stabilize the social order and maintain its hegemony. This kind of a "dual role" (Searcy 1993, 218) on the part of state points out to some aspect of Polanyi's theory which receives much criticism about the role of class relations and of state, which will be mentioned below.

The relevance of Polanyi's theory in general and his conceptualization of market society in particular to this study are closely linked to "the great transformation in our time" (Buğra 2005, 25-32). Lessons and observations drawn from the failure of transition economies in the ex-socialist countries and of neoliberal consensus over unfettered market liberalism played an important role for *The Great Transformation* to be up-to-date. Developmentalist or welfare state era between 1945-1975 can be

identified as the reign of countermovement against the market economy. In this era, regulations which were mainly centered on the organization of labour in the society such as minimum wage, security, pensions were enforced and some measures were taken against the dominance of the market over society and capitalism's commodifying tendencies were to some extent restricted. With the rise of neoliberalism – neoliberal counter-countermovement in Munck's words quoted above– particularly in the 1980s, regulations protecting the labour force were faced with a noticeable decline, and in addition, even education and health sectors that have the status of public service became subject of market activity. Polanyi and his conceptualization of market of society came up on the agenda with this *neoliberal great transformation* because the concept is indeed explanatory for the neoliberal period. However, Polanyi's conceptualization of market society is still a useful theoretical tool at the present day, although neoliberalism has been rectified from late 1990s on as against the hegemony and legitimacy crises it has been facing. However, this rectification under Post-Washington Consensus with a strong emphasis on institutions, governance, state-private sector-civil society cooperation, efficient state instead of minimal, complementary relation between state-market and social dimension of economic advancement has not stopped the marketization process which had gained momentum in the neoliberal period, as will be discussed below.

Furthermore, with the emergence and rise of Third Way politics which frames the World Bank's approach since roughly 1997, as it is put forward in Chapter 6, it can be observed that previously non-market social entities like family, community, other social relations are redefined in the market logic and ceases to be the refuge sites for the individuals and groups who fail in the market. Rather they become proactive, supportive, encouraging mechanisms for the functioning of the market. At this point, it can be claimed that there has not yet been a countermovement against the demolishing impacts of market expansion, or if the marketization of social relations is the countermovement, the countermovement also expands the scope of the market. In this way, market society subjects non-market spheres to its

logic and expands more than ever. This can be called fetishistic market society, getting inspiration from the Marxian concept of commodity fetishism.

As a last point, Polanyi's theory aroused a great deal of literature. As to the limitations and criticism, first of all, the idea that "none of the basic human impulses are economic" underlies Polanyi's theory, and he believes that it is the most important finding of modern anthropology (Buğra 2005, 18). Taking his departure from this idea, Polanyi approaches to "human" –and thereby to "society"– with an essentialist view, which can be described as ahistorical. He maintains as explained above that human society reacts to the processes which would demolish its humane character. However, the countermovement of the society might be in the direction of expanding market society as it can be argued to explain the expansion of market society today. It can be argued that today in addition to the three fictitious commodities of land, labour, and money, knowledge as the fourth one (Buğra 2007, 23) has also been commodified. Moreover, the tendency of social relations in the form of social capital toward commodifying could be added as a further category of fictitious commodities.

Polanyi receives also criticisms in that the role of state is also not clear in his account (Searcy 1993; Aktürk 2006). It helps the expansion of the market when necessary as exemplified above by Polanyi in the case of cotton manufacturers or becomes the agent of the countermovement against market expansion by regulating the redistribution mechanisms or the labour market. If the state is simultaneously the agents of the both sides of the double movement, then the exit from the system is closed; and the market gains from the countermovement, too (Munzam 2006).

The question of "change" brings another criticism of Polanyi's theory: "why and how societies move from an embedded to a disembedded economy and vice versa. The mechanism through which the market is socially embedded, disembedded and re-embedded is neither clearly described in Polanyi's narrative" (Aktürk *ibid.*, 102-103). Aktürk also maintains that benign and malign forms of the countermovement as discriminated by Polanyi in the examples of New Deal representing the former

and Nazism representing the latter are explicitly normative commitments and prescriptions (ibid.).

As to the class relations, Polanyi assumes that “not only the subaltern classes but also powerful capitalist interests would be threatened by the anarchy of the market and would thus react” (Munck 2006, 181). But it is not clear how the reactions of both subordinate and dominant classes are canalized into the same direction; and how and why the classes renounce their own class interests in favour of the “society;” and what kind of a society is in question, one the powerful classes long for or the subaltern classes long for.

So far in this section, Polanyi’s relevance and particularly his concept of market society that give clear insights to understand the process of change as to World Bank’s approach to poverty have been outlined. In what follows, paradigms of poverty within the framework of which the Bank’s approach is described and classified into neoliberal and Third Way categories will be explored.

### **3.2 Paradigms of Poverty**

This chapter aims to provide a theoretical framework for understanding World Bank’s changing approach to poverty which centers more and more on the issue of poverty since late 1990s, and for this purpose, in this part paradigms and approaches which are deployed in dealing with poverty will be examined. The title and scope of this part is inspired from and built on the work of David Harvey and Michael Reed (1992), namely their article entitled “Paradigms of Poverty: A Critical Assessment of Contemporary Perspectives” because the typology of poverty paradigms they present in the article is very useful to the aim of this study.

In a broad sense, a paradigm is a philosophical or theoretical framework of any kind. It is a set of assumptions, concepts, values, and practices that constitutes a way of viewing reality for the community that shares them, especially in an

intellectual discipline.<sup>13</sup> In the article, Harvey and Reed depart from the need for a critical examination of poverty theory in a period of resurgence of interest among social scientists (ibid., 270). Besides the general up-to-dateness of this need – because interest in poverty increased since then and is much more higher today for many groups and actors along with social scientists– and particular relevance of this need to this study, the typology they have made up, it can be argued, is still valid and explanatory for the paradigms it classifies. However, it needs extending and there are new perspectives to be added which either spring from the paradigms they have already formulated or are relatively new, and this is attempted to be done below. As well as the need for extending, some paradigms which are not so relevant as the others are not referred to in this study.

The typology is based on the economic and subcultural parameters of poverty, in other words, paradigms are constructed according to the answers they give to two questions: a) Is poverty an economic-based phenomenon? b) Is there a culture of poverty? As a result, there appear nine paradigms in the typology (see Figure 1 below). To put it in another way, the categories are determined according to the domains in which the paradigm in question locates the roots of poverty: the ones which assume poverty as a market-based, production-based, and non-economic phenomenon (Harvey *et al.* 1992, 271).

---

<sup>13</sup> paradigm. Dictionary.com. *Dictionary.com Unabridged (v 1.1)*. Random House, Inc. <http://dictionary.reference.com/browse/paradigm> (accessed: October 19, 2007).

	<b>THERE IS A NEGATIVE SUBCULTURE OF POVERTY</b>	<b>THERE IS NO SUBCULTURE OF POVERTY</b>	<b>THERE IS A POSITIVE SUBCULTURE OF POVERTY</b>
<b>POVERTY IS A PRODUCTIN- BASED PHENOMENO N</b>	<b>A.</b> MALTHOSIAN POLITICAL ECONOMY: THE PARADIGM OF PREVENTIVE CHECKS ON POPULATION	<b>B.</b> CLASSICAL MARXISM: INDUSTRIAL RESERVE ARMY PARADIGM OF THE CAPITALIST MODE PRODUCTION	<b>C.</b> CRITICAL MARXIST PAADIGM: POVERTY & ITS CULTURES AS INTEGRAL ELEMENTS OF CAPITAL'S REPRODUCTIVE APPARATUS
<b>POVERTY IS A MARKET- BASED PHENOMENO N</b>	<b>D.</b> NEO-CLASSICAL ECONOMICS: MARGINAL PRODUCTIVITYOF UNSKILLED LABOR PARADIGM	<b>E.</b> SECULAR MALTHUSIAN PARADIGM: HISTORICIST PARADIGM OF MARGINAL PRODUCTIVITY OF LAND. LABOR AND CAPITAL	<b>F.</b> SOCIAL DEMOCRATIC PARADIGM: DISTRIBUTION OF LABOR'S TOTAL PRODUCT AS SOURCE OF POVERTY
<b>POVERTY IS A NON- ECONOMIC PHENOMENO N</b>	<b>G.</b> SOCIAL DARWINIST PARADIGM: CULTURAL ETHOS & BEHAVIORAL MODIFICATIONS PARADIGMS OF POVERTY	<b>H.</b> REDUCTIONIST PARADIGMS OF POVERTY: BIOLOGICAL, GEOGRAPHICAL OR PURELY DEMOGRAPHIC MODALS	<b>I.</b> PROGRAMMATIC OR VOLUNTARISTIC POVERTY PARADIGM

Source: Harvey and Reed 1992, 274

Figure 1. Typology of poverty paradigms

In addition to the above-mentioned typology which is extended when necessary, Erik Olin Wright's (1994) classification of four general approaches to explaining poverty is also appropriate to the purpose of this chapter (see Figure 2 below). As to the classification of Wright, there are

four general ways of explaining poverty in both the scholarly literature and popular consciousness. These four approaches differ along two dimensions: first, whether they see individual or society as the central unit of analysis for the most salient causes of poverty, and second, whether they see poverty as

an unfortunate by-product of certain causes or as an inherent feature of the system in question. (Wright 1994, 32)

This can be said to be a classification of approaches to causes of poverty, according to which the solutions of poverty are classified at the same time, as how the causes are approached determines the way solutions are approached. Four explanations of poverty are (see Figure 2 below); a) Poverty as the result of inherent individual attributes, b) Poverty as the by-product of contingent individual characteristics, c) Poverty as a by-product of social causes, d) Poverty as a result of the inherent properties of the social system.

		Nature of the Explanation	
		<i>Unfortunate By-product</i>	<i>Inherent feature</i>
Site of the Explanation	<i>Individual Attributes</i>	Culture of Poverty	Genetic/Racial Inferiority
	<i>Social Systems</i>	Ravages of social change (liberal- reformist)	Class exploitation (Marxist class analysis)

Source: Wright 1994, 33

Figure 2. General types of explanations of poverty

In what follows, firstly, main paradigms of poverty are explained briefly to give a wider idea of the ways in which poverty is dealt with theoretically and practically. They can shed light on how the approach of the World Bank is constructed and provide the possibility to compare and contrast the Bank’s approach. Then, the neoliberal and Third Way approaches within which the Bank’s approach since 1990 is framed respectively, as it is argued throughout this study, will be explained in detail.

First of all, two Marxian paradigms which see poverty as a production-based phenomenon is briefed: the Classical Marxist and the Critical Marxist paradigms.

According to these paradigms, poverty is based in the contradictions of social production (Harvey and Reed 1992).

**The Classical Marxist Paradigm** According to classical Marxists, poverty is inherent in capitalist relations of production, and it can be understood on the basis of the antagonistic relation between labour and capital. Since the methodology of this paradigm is historical materialism, it investigates phenomena in their historical context. Therefore, it prefers to employ the term “modern poverty” as the poverty at issue is the result of capitalism which is the mode of production of modernity. Modern poverty which is the product of a historically specific mode of production - capitalist mode of production- ‘is created by capital’s tendency to continuously revolutionize the productivity of labour. Its logic of production not only manufactures ever greater masses of commodity wealth, but *of necessity* creates an ever-renewed pool of superfluous workers – an industrial reserve army’ (ibid. 276). There are two components of this reserve army: absolute surplus populations and relative surplus populations. The first can be said to be the absolute poor in underdeveloped countries and the second can be said to be the relative poor of the advanced capitalist societies. Absolute surplus populations ‘appear when traditional modes of production are displaced by more efficient, machine-based technologies and economies.’ The second group, relative surplus population, ‘is usually produced in mature capitalist formations, as machines increasingly replicate the activity and, eventually, the cooperative organization of labor itself’ (ibid. 276-277). At this point, it is important to emphasize the dichotomy formulated by Wright: poverty as an unfortunate *by-product* of certain causes vs. poverty as an *inherent feature* of the system in question. In line with this formulation, poverty in contemporary capitalism,

‘is not an accident; it is not a by-product. It is an inherent, and crucial, feature of a society whose economic structure is grounded in class and exploitation. [...] there are powerful and privileged actors who have an active interest in maintaining poverty. It is not just that poverty is an unfortunate consequence of their pursuit of material interests; it is an essential *condition* for the *realization* of their interests.’ (Wright 1994, 37-38)



As the structural sources of modern poverty are rooted in the contradictions of the capitalist mode of production, the problem of poverty –which is not described as poverty in Marxian terminology but described in terms of classes, productive relations and class exploitation– cannot be solved as long as capitalism continues to be the mode of production.

**The Critical Marxist Paradigm** Generally known as the culture of poverty theory and identified with the works of Oscar Lewis, this critical variant of Marxist thought might be to the surprise of those who had read or heard of the concept of culture of poverty from conservative circles that have found the concept very attractive and made popular in explaining the poverty of certain groups. As a result of this conservative appeal for the concept, that Lewis is a Marxist anthropologist and that his theory is based on Marxist thought have been largely forgotten. To remember these again, turning once more to Harvey and Reed is necessary;

Taking Marxist political economy as its base line, this critical variant of Marxist thought concentrates on the way in which the poor construct their own culture of poverty. Sensitive to the dialectical nature of such constructions, this paradigm emphasizes the survival enhancing immediacies which the culture of poverty has for everyday life, while, at the same time, acknowledging the role which such a culture plays in reproducing the overall structure of capitalist social relations. [...] This *reproductive paradigm of poverty* emphasizes the process of poverty's social reproduction and distinguishes between the objective, economic origins of *poverty*, and the role which the poor play in culturally reproducing poverty's everyday contours. (ibid. 277-278)

What Harvey and Reed calls reproductive paradigm was given its classic formulation by Oscar Lewis as culture of poverty especially in his works between 1959 and 1969.<sup>14</sup> Due to deliberate or unintended misinterpretations or misunderstandings of Lewis's concept, the culture of poverty, was denoted as a

---

<sup>14</sup> *Five Families; Mexican Case Studies In The Culture Of Poverty*, 1959; *Tepoztlán, Village In Mexico*, 1960; *The Children Of Sánchez, Autobiography Of A Mexican Family*, 1961; *La Vida; A Puerto Rican Family In The Culture Of Poverty--San Juan And New York*, 1966; *A Death In The Sánchez Family*, 1969.

cause of poverty, and moreover it has been presented as a non-economic cause of poverty. However, it is a response to poverty rather than a cause and as Harvey and Reed emphasize ‘it is historically specific to the capitalist mode of production and usually occurs wherever capitalism has destroyed a traditional community, or used imperialist mechanisms to make inroads into the self sufficiency of traditional cultures.’ In addition to this first one, Lewis attributed to the subculture of poverty the following five traits (ibid. 278) and they are worth quoting at length if the deliberate or unintended misinterpretations or misunderstandings of the concept are considered:

1. It is not the immediate cause of poverty, but a response to poverty. The culture of poverty’s various traits are the result of a creative coping on the part of the poor as they manufacture their survival in hostile circumstances.
2. It reproduces itself in each generation as families pass on their accumulated class-specific wisdom to their children.
3. It is not synonymous with economic impoverishment. One can be poor without living in a culture of poverty. Thus culturally intact, preliterate societies, though “materially disadvantaged,” would not necessarily have a culture of poverty, nor would ethnically or religiously marginal peoples who, though poverty stricken, sustain a coherent cultural orientation.
4. It often gains a relatively autonomy from the economic processes which call it into existence. For this reason, economic reforms may not immediately eliminate certain cultural commitment which caretakers and reformers find so objectionable.
5. Finally, because of its relative autonomy, the culture of poverty can be modified without having the objective basis of poverty removed. In societies taken over by revolutionary or nationalistic movements, for example, many of the key traits of the culture of poverty can be altered ideologically, if not eliminated altogether.

Harvey and Reed also emphasize that Lewis’ culture of poverty cannot be classed with approaches that blame the victim. Instead, the reproductive paradigm firmly fixes poverty’s origins in a flawed productive mode, one which is an inveterate destroyer of communities (ibid. 279).

With regard to the paradigms which assume poverty as a market-based phenomenon, poverty is based in market-based distributional mechanisms. It can be

argued that there are four main paradigms under this category: the Social Democratic, Conservative, Neoliberal, and Third Way paradigms. None but the Social Democratic paradigm appears in Harvey and Reed's typology. The Social Democratic and Conservative paradigms will be outlined below. Neoliberal and Third Way paradigms will be elaborated later in the chapter with reference to neoliberalism and the Third Way politics, as they are the paradigms that frame the Bank's approach since 1990.

**The Social Democratic Paradigm** This paradigm sees poverty as a market-based phenomenon; however, it maintains that there is a positive subculture of poverty, unlike the Conservative and Neoliberal paradigms. Like the Marxist paradigms, 'it assumes that poverty originates in class struggle, but places the locus of that struggle in the domain of circulation, rather than production' (ibid., 282). The extent of poverty is determined in the process of distribution; therefore, constructing a political apparatus which will guarantee the distributional justice is adequate for the elimination of poverty. In other words, 'poverty can be eliminated politically, without actually abandoning capitalist production' (ibid., 283). Poverty can be eliminated inside of capitalism because although capitalists benefit from the existence of poverty, it is also a threat to the survival of the capitalist system. Therefore, as the capitalist class prefers to eliminate this threat as far as possible, and to prevent the poor from revolting against the capitalist system, significant success against poverty is possible under capitalism. Thus, in order to achieve this significant success,

intervention in the labor market to reduce unemployment and to improve pay and conditions through minimum wages and support for child care, and the provision of comprehensive benefits through social security for those outside the labor market and for additional costs related to child care or disability (Alcock 1997, 46)

should be provided as measures against poverty. Social democrats see social policy and thereby poverty alleviation measures generally as a rights-based phenomenon and 'believe in providing benefits on a universal basis to all those who satisfy

certain conditions, without imposing a test to determine whether they are poor' (ibid, 46). However, they may also provide positive or negative incentives to encourage those who are eligible for employment to take employment.

**The Conservative Perspective** Conservative paradigm of poverty does not appear in the typology Harvey and Reed formed. This may be partly because conservative view of poverty overlaps to a great extent with the neo-classical approach to poverty –as identified by Harvey and Reed in their typology, or neoliberal approach as identified in this study. Conservative perspective also assumes poverty as a market-based phenomenon and assumes a negative subculture of poverty which is particularly explicit in the theories of “underclass” and welfare dependency. Like the neoliberal paradigm, conservative paradigm explains poverty as the by-product of social causes and this is sometimes called a *casualty approach* to poverty (Townsend 1984, as cited in Alcock 1984, 45). “The poor are the casualties of the market and their symptoms of suffering must be relieved by the state” (Alcock ibid.). This ‘relieving’ function of state is, too, compatible with the neoliberal view of minimal state intervention into elimination of poverty, which evolve from the ideal of ‘no state intervention’. The most important aspect of this ‘poverty relief’ – not preventing or eliminating– is selectivism: the poor who ‘deserves’ state support should be selected and targeted properly. The ‘deserving’ poor referred here are ‘those individuals and communities that are positively identified as poor’ (Alcock ibid.) not the ones who have a negative culture of poverty. At this point, neo-classical and conservative view of poverty once more overlaps in terms of whom the state should support: the ‘deserving poor’ view of conservatives and the neoliberal view that ‘the poorest of the poor or the neediest’ deserve help are in clear parallelism.

Wright, as well, underlines the parallelism between the two paradigms and once more gives a concrete example of one of his classification of approaches to poverty –this time by the conservatives– and points out:

While social by-product views of poverty tend to be associated with liberal reformists, there are conservatives who adopt a version of this approach. Charles Murray, for example, see the problem of ‘underclass’ in the USA as an unfortunate by-product of well-meaning welfare policies instituted in the 1960s and expanded in the 1970s. (1994, 36)

Murray argues further that these policies “have the effects of creating incentives for people to act irresponsibly and to engage in strategies which perpetuate their poverty. He does not believe that this creates deep-seated personality flaws, but simply that poor people are acting rationally when they exploit the generosity of the welfare system” (ibid., 37) According to Murray, the solution is to eliminate virtually all welfare programs and thereby making the poor “begin to work hard and act responsibly and thus ‘raise themselves out of poverty’” (ibid.).

What is said so far about conservatism is almost entirely concerns conservatism in last quarter of the twentieth century, around which hot debates are carried on including the debates of “new right,” “new conservatism,” “neo-conservatism,” and disputes between traditionalist or neoliberal wings in the conservative parties. However, apart from all these debates and the above parallelisms with neoliberal and neo-classical approaches to poverty, what makes conservatism a distinct perspective, which is worth examining with respect to paradigms of poverty, is its ‘commitment to an organic model of society and a respect for responsibilities, rights and liberties grounded not in abstract notions of natural rights or contract, but in the traditions and moralities embedded in established institutions’ (Pinker 2004, 79). These established social institutions are the family, community, class, religion, private property and government, and conservatism envisages a harmony between these institutions. The importance given to poverty and its relief comes from the appeal to maintain and preserve this harmony. If poverty is not relieved within solidarity and charity networks in the society, in which church or other religious institution play a crucial role, the poor may incline to ideas and actions which might damage the harmony in the society.

There are also some perspectives of poverty that cannot be classified as market-based or production-based. Reductionist paradigms, for example, assume poverty as a non-economic paradigm. Feminist and Postmodernist perspectives and the concept of “risk society” which do not appear in the typology of Harvey and Reed, and which are also difficult to classify into market- or production-based views of poverty are outlined below as they are thought to play noteworthy roles in the theoretical and practical handling of poverty in general and in the construction of World Bank’s approach to poverty in particular.

**Reductionist Paradigms** Reductionist paradigms ‘locate poverty either in a non-social stratum of human behavior or emphasize a voluntaristic<sup>15</sup> form of poverty’ (Harvey and Reed 1992, 287) and thus are the least sociological ones. They deny economic basis of poverty and attribute the origin of poverty to racial, geographical, meteorological, or biogenetic aspects of the human condition. In Wright’s terms, this paradigm explains poverty as the result of inherent individual attributes and “blames the victim”: the poor are poor because they individually [or as a community] suffer from some inherent flaw, generally linked to genetic inferiority affecting their intelligence (Wright 1994, 33). Although such explanations of poverty are not employed currently in the academy, such racist and sexist theories are plenty in the history of human sciences (Harvey and Reed *ibid*, 287). However, they have much popularity among the public at large.

**Feminist Perspective** Rather than being separate way of looking at poverty, feminist perspective contributes to approaches to, research about, and efforts to eliminate and alleviate poverty by inserting a gender dimension. This perspective recently highlights the phenomenon of “feminization of poverty,” which point out to the fact women constitute the majority among the poor around the world, and they are also much more vulnerable to poverty in the sense that women’s

---

<sup>15</sup> Harvey and Reed also refers this voluntary poverty as programmatic poverty in their typology: ‘It refers to the poverty which bourgeois Bohemians of the last century actively assumed in order to purge themselves of the materialist ambitions which clouded their aesthetic sensibilities and intellectual visions’ (1992, 288)

probability to fall in poverty is higher than that of men's. In other words, the burden of making ends meet is mainly on women's shoulder all around the world. Women are in the majority among the working poor, either. In accordance with all these, women are also in the forefront of the measures and programs against poverty especially in the form of "empowerment" of the poor women, which usually encourage women to become small entrepreneurs through firstly becoming clients of "microcredits." These measures are also disputed in feminist and other circles that are interested. There are also feminists who argue against the central role of "feminization of poverty" in feminist perspective raising the questions that "what if the women would not be so poor as they are now, then would not anything be done for the emancipation of women?" Criticising the central role of feminization of poverty, they argue that gender has fallen into poverty trap (Jackson, 1998). In this context, they look for the ways and bring suggestions to rescue gender from the poverty trap.

**Postmodernist Perspective** Although it cannot be taken as a separate paradigm of poverty as in the case of feminist perspective, the influence of postmodernism on the ways poverty is perceived and treated should be touched upon as this influence is observed in the field of social policy from 1980s on and in the changing discourse of the World Bank. As in every other perspective, there are various veins in postmodernist perspective; however, there are 'basic tenets of postmodernism. Postmodernists: reject universalism, believe truth to be contextual, reject foundationalism and essentialism, avoid binary distinctions, support identity politics, and celebrate irony and difference' (Fitzpatrick 2004, 128). Welcoming relativism, contextualism and anti-essentialism, postmodernists seem to undermine notion of social progress and so undermine efforts to create greater freedom and equality (ibid 129), and consequently undermine the notion of social policy and efforts against poverty. For example, efforts to alleviate or eradicate poverty are based on the principle that there are basic needs inherent in human nature and that those needs must be met. 'But if human nature is a humanist fiction, as postmodernists claim, and if needs are constructed through language rather than

being natural,' (ibid 129) then policies against poverty may not be of so much importance and necessity as it is claimed by many.

In addition to this in a sense caricaturized example, another intersection of postmodernism and social policy can be said to be "identity politics." Postmodernists claim that our identities are constructed in terms of gender, ethnicity, sexuality, religion, disability, nationality, and age, all of which are as important as class relations. Therefore, social policy must take account of these additional categories (ibid 130). Fraser suggests that social justice requires both redistribution and recognition, so not only material questions of distributions but also cultural questions of status and respect for different groups (cited in Fitzpatrick 2004, 130). The influence of identity politics can be best be observed in the process defined as "particularization of social policy" which can, in brief, be described as the production of concrete social service packages for particular cases and highlighting particularity instead of universalism (Gibbins 1998, 45), and which will be elaborated in detail below. This tendency towards particularization strengthens selectivism one way or the other in the debate about universalism versus selectivism in social policy. As to the delivery of social services, selectivism argues for means-testing, and universalism resists it arguing for a universal delivery of services on the basis of rights and citizenship. In this debate a postmodern tendency 'suggests the provision should be universal but that, within this framework, there must be greater sensitivity to the particular needs and demands of certain groups' (Fitzpatrick 2004, 130).

**Risk society** is another very crucial concept which can be mentioned in this section, although Ulrich Beck who has coined the concept may not be classified as postmodernist as he believes that modernity has changed but the modern period is not over (Fitzpatrick 2004, 131). Beck argues that we live in a *second* modernity which 'is a risk society characterized by the attempt to limit, manage and negotiate a way through a series of 'bads' and hazards' (ibid 132). One implication of Beck's thesis, as Fitzpatrick argues, is that welfare state has become a principal source of risk, because it tries to limit and manage one of the critical 'bads' of the society,



namely poverty and the poor. Giddens agrees with much of Beck's thesis and insists that welfare reform must be based upon a notion of 'positive welfare' in which people are equipped with the skills needed to find their way through the new social environments of risks and insecurity (ibid 132).

After giving brief explanations of main paradigms of poverty, in the following section, neoliberalism and the neoliberal paradigm of poverty which is argued to have had dominated the World Bank's approach to poverty until 1997 will be explored in detail.

### **3.3 Neoliberal Paradigm of Poverty**

The neoliberal paradigm of poverty is of crucial importance to the theoretical framework of this study; therefore it is described in more detail than it has been done for the previous paradigms mentioned so far in this chapter. It is discussed in this part with reference to the ideology and political economic standpoint behind it. Harvey and Reed do not use the term *neoliberal* and prefer to employ that of *neo-classical* to define what is described here in broader terms as the neoliberal paradigm. It can be argued, however, if they were to write their article later, they might call it neoliberal paradigm because the term 'neoliberalism' has started to be used widely especially in the second half of the 1990s. Moreover, preferring to employ the term "neoliberal" broadens the scope of the paradigm because neoliberalism is more than economics, "it is a social and moral philosophy" (Treanor 2005).

Explanatory power of the concept of neoliberalism has been distrusted for a certain period when it was first used, however, in time, it was agreed upon that what was being experienced was indeed a new phase of capitalism, and the appropriateness of neoliberalism as a concept describing this phase began to be accepted. Giving credit for the use of the prefix "neo-" several authors and researchers began using the term extensively. What is meant by "extensively" is not that the term is used by each and every scholar in the social sciences field but rather it is adopted by the circles

embracing critical approaches (Jessop 2003; Dumenil and Levy 2004; Harvey 2007).

Harvey describes neoliberalism as:

a theory of political economic practices proposing that human well-being can best be advanced by the maximization of entrepreneurial freedoms within an institutional framework characterized by private property rights, individual liberty, unencumbered markets, and free trade. (2007, 1)

Neoliberalism, it can be argued, is the weakening and disturbance of the relative balance and reconciliation between capital and labor in the Keynesian or developmentalist period in favour of capital after the global crises in the 1970s. Harvey explains this process describing the history of neoliberalism as the “restoration of class power” but in favour of capital:

We can, therefore, examine the history of neoliberalism either as a utopian project providing a theoretical template for the reorganization of international capitalism or as a political scheme aimed at reestablishing the conditions for capital accumulation and the restoration of class power. [...] I shall argue that the last of these objectives has dominated. Neoliberalism has not proven effective at revitalizing global capital accumulation, but it has succeeded in restoring class power. As a consequence, the theoretical utopianism of the neoliberal argument has worked more as a system of justification and legitimization. The principles of neoliberalism are quickly abandoned whenever they conflict with this class project. (Harvey 2007, 28-29)

At this point, following from Harvey who emphasizes neoliberalism’s role in restoring class power, it must be noted that this process of neoliberalism is a contradictory, conflicting process that is shaped by the political contentions between the actors involved in the process such various social classes, social movements, international organizations such as the World Bank, the International Monetary Fund, and the states. However, it is almost consensual that the policy agenda that the organizations like the Bank, the Fund, and Organization for Economic Cooperation and Development have maintained from the late 1970s to the mid-1990s was composed of the measures that are known as the neoliberal

policies (Türk 2005, 70). Therefore, although no organization or group calls itself “neoliberal,” it is more or less consensual that the governments or the organizations mentioned above which endeavour to implement and extend neoliberal policies are meant with the term. As to the organizations, it is noteworthy to mention that in the functioning of these organizations the countries role such as France, Germany, Japan, the United Kingdom and the United States that are represented with a comparatively higher voting power because of their comparatively huge subscriptions to the budgets play a decisive.<sup>16</sup>

Besides, it is also necessary to note that this process is a dynamic one that is reconstructed in accordance with the conditions of each historical context. For instance, the collapse of the Soviet Union must be noted as the historical event which contributed to the legitimization of the neoliberal agenda and thereby of the idea that poverty would be resolved once left to the natural functioning of the market. The collapse of the Soviet Union not only helped the trust in the neoliberal agenda to increase but also deepened the ideological legitimization of neoliberalism as the only alternative. Since the trust in free market increased and the idea that the social systems which are not conceded to the natural functioning of free market cannot stand was accepted to the widest extent that had never taken place at least till that period of time. However, the quick failures in the transitions economies of the former Soviet countries would also be one of the factors behind the undermining of the Washington Consensus.

In this regard, neoliberalism has transformed throughout the process in accordance with the altering conditions. This process of transformation can be divided into two sub-periods:

Neoliberalism can be divided into two subsequent periods as the Washington Consensus and the Post-Washington Consensus. Then the

---

<sup>16</sup> For instance, as to the World Bank, as of November 1, 2007, the USA has 16.38 percent of total votes in exchange for its 16.84 percent of total subscriptions (\$26,496.9 millions), and Turkey has 0.53 percent of total votes in exchange for its 0.53 percent of total subscriptions (\$832.8 millions). (IBRD Votes and Subscriptions, [www.worldbank.org](http://www.worldbank.org) accessed on November 17, 2007.

former should be identified with the recipe of 'less state and more market' (in terms of an obviously dichotomous conception of the state and the market as mutually exclusive phenomena). The latter, however, should be identified with 'governance' (in terms of a seemingly associative conception of the state and the market as integral parts of a whole). (Özçelik 2006, 80)

As to the policies within the so-called Washington Consensus, Williamson, who has coined the name for the consensus, lists ten headings and reminds that while he had compiled the list with reference to Latin America, it seems to him to be generally applicable (Williamson 1993, 1332-1333): fiscal discipline; redirection of public expenditures toward primary health and education, and infrastructure; tax reform (broadening the tax base and cutting marginal tax rates); financial liberalization (market-determined interest rates); competitive exchange rates; trade liberalization; openness to foreign direct investment; privatization of state enterprises; deregulation; legal security for property rights without excessive costs, and available to the informal sector. The consensus over these neoliberal policies has been advocated for being the most effective way to achieve rapid economic development (Türk 2005, 70).

The phase of Washington Consensus which can also be identified as 'exclusionary liberalism' with reference to Thatcher's one-nation and two-nation society distinction is identified with the shrinkage of the state from its social roles, and Thatcher, Reagan, Kohl administrations in the UK, USA and Germany respectively and Özal government in Turkey (Sallan-Gül 2004). Neoliberal agenda came to order in developing countries such as Turkey, with the structural adjustment programs (SAPs) that were recommended by the Fund and the Bank to eliminate the economic crisis conditions experienced in the late 1970s.

To be more precise about neoliberalism and its concretized policies under SAPs, Saad-Filho's account of neoliberal policies can be very explanatory. To him, neoliberal policies are based on three premises: first, the contrast between the state and the market. Neoliberalism assumes that states and markets are unconnected and mutually exclusive institutions, and accordingly, the expansion of one realizes in

exchange for the regression of the other. Second, it is claimed that while markets are efficient, states are extravagant and economically inefficient. Third, neoliberalism advocates that state intervention creates systematic economic problems; especially improper allocation of resources leads rentierism and technological backwardness. Based on these premises, certain economic policies are recommended to underdeveloped countries under SAPs. The leading ones are privatization, liberalizing economic activities and pushing state out of economic sphere, fiscal discipline policies to limit the scope of state intervention such as tax reforms and austerity measures, and controlling inflation. Among others, labour market should be made flexible to increase employment. (Saad-Filho 2007, 19-20)

As to poverty more specifically in the light of the above account of neoliberalism, poverty is understood as a market-based phenomenon, and market is described as a space of opportunities and possibilities within this paradigm. The poor are individual actors who cannot utilize the opportunities offered by the market. Therefore, in a radical break with classical economics, the neoliberal paradigm defines economic activity in terms of *individuals* and their subjective utilities, rather than classes and their interaction (Harvey and Reed 1992, 279). To put it differently, methodological individualism of liberalism continues to be dominant in the neoliberal paradigm. In methodological individualism, the source of problems an individual encounters is the very actions of the individual himself/herself. Accordingly, the cause of poverty is deficiencies of the individual, and the basic deficiency of individuals is the lack of human capital. The lack of human capital results in low productivity of the individual, and low productivity results in poverty. For that reason those without education or skills are more likely to fail in the competitive job search and, hence, more likely to descend into the ranks of the impoverished (ibid, 280). Hence, in order to escape from poverty, 'human capital' which will enable the individual to participate in the market successfully with renewed skills must grow and develop in compatibility with the needs of the dynamic market.

Unlike Marxist paradigms that maintain that the capitalists intentionally benefit from poverty, neoliberal paradigm argue that poverty is only an unintended and temporary problem in the functioning of market mechanisms: “no one intended this calamity and no one really benefits from it; however, an example of a changing economy whose uneven impact is leaving inner cities with extraordinarily high levels of unemployment might have the consequence of deepening the problem of poverty” (Wright 1994, 36). In such cases, the state can provide skill formation and education to the disadvantaged children and create job programs by expanding public works to employ people with marginal skills (ibid., 36). Other than these cases, neoliberals argue for minimizing state intervention in the solution of the problem of poverty:

In general the view of neoliberals is that state activity in the economy should be kept to a minimum in order to avoid interfering with the operation of the market and in particular that the state should not meddle in social affairs but rather should leave individuals and families to provide for themselves as and how they wish. Further than this their belief is that rather than helping to solve the problem of poverty, state intervention has only made it worse, in particular by encouraging dependency and undermining self-sufficiency. (Alcock 1997, 44)

Minimal state intervention into poverty should be targeted to the poorest segments of society, and the problems of those other than the poorest segments are solved within the functioning of the market through demand-supply mechanism.

With respect to culture, neoliberals argue that there is a negative subculture of the poor and in addition to lack of skills and education, the culture of the poor also hampers their efforts to guarantee economic security and social autonomy. Consequently, the poor must not only be re-skilled for human capital development, they must also be re-socialized in terms of the way they think, value and act. (Harvey and Reed ibid., 280)

To conclude, neoliberals proposes solutions for the problem of poverty on individual level, in contrast to Marxists who propose systemic solutions to poverty.

Marxist view of poverty maintains that the problem of poverty cannot be solved within capitalist system in which capitalist class continuously benefits from the existence of poverty and the poor. However, within neoliberal view of poverty, it is argued that “if poverty is to be eliminated, it is the poor, not the economic system as such, that must undergo radical change” (ibid.).

As already mentioned above and will be discussed below in Chapter 5 and 6, neoliberalism went into hegemony and legitimacy crisis particularly from mid-1990s on, and efforts to find an exit out of the crisis dominated the neoliberal agenda since then. Furthermore, as is argued in this study, these efforts have their share on the construction of the Third Way paradigm which will be discussed in the following section.

### **3.4 Third Way Paradigm of Poverty**

Although to date “there have been a number of previous third or middle ways associated with [...] diverse individuals [...] and movements as different as Swedish social democracy and Italian fascism” (Powel 2004, 100) and there is still much debate about the definition of what is known as “third way” at the present day and about whether certain governments are “third way” or not, “the recent use of the term is generally associated with the writings of Anthony Giddens and the policies of the Democrat Administrations of Bill Clinton in the USA and of the New Labour Governments of Tony Blair [and of Gordon Brown since June 2007] in the UK” (ibid.). Since the Third Way had neither been announced as a political view nor come to power in one of these countries when Harvey and Reed wrote their article about paradigms of poverty in 1992, Third Way’s approach to poverty does not appear in their typology.<sup>17</sup> To put it differently, the Third Way has the shortest history among the paradigms outlined so far in this chapter.

---

<sup>17</sup> Clinton’s Democrat Administration firstly came to power in January 1993; Giddens’ *Beyond Left and Right* was published in 1994; and Blair’s New Labour Government firstly came to power in 1997.

During the course of the 1990s, center-left and center-right parties around the world have attempted to revise their strategies to be able to cope effectively with the new environment and conditions of globalization (Keyman&Öniş 2004, 211). In this very context, Third Way of 1990s came into the picture to provide an alternative to the old social democracy of the welfare state era and is based on the claim to go “beyond left and right” (Giddens, 1994). British Labor Party had sought ways to adjust social democracy to the new phase of capitalism, to global capitalism, during the period that the party was in opposition as against the Conservative Party. As of the mid-1990s, there increased the consensus upon the fact that not only social democracy but also neoliberalism was in crisis. Third Way came into the scene with the claim and goal to overcome the crisis of both social democracy and neoliberalism. As indicated above, attempts to overcome the hegemony crisis of neoliberalism led to Post-Washington Consensus. It is argued that Post-Washington Consensus that is currently dominating the agendas of the institutions like EU, World Bank and IMF and their reform proposals is a clear manifestation of Third Way thinking (Keyman and Öniş 2004, 1). In other words, Third Way of 1990s brought in a political manifestation and willpower to this new reconciliation that was concretized in the policy recommendation packages and country reports of these institutions (Türk, 2007).

While, with the collapse of the Soviet Union, the glory of the market economy had been announced and affirmed together with the crisis of the welfare state, the need to revise social democracy was accrued. The dimensions of both “old-style social democracy” (Giddens 2000, *vii*) and neoliberalism that are not sustainable anymore should be rectified while the sustainable aspects together with the aspects that must be sustained should be strengthened. As obvious, Third Way claims to be the middle course between these two political lines. However, in contrast to “old” social democracy, Giddens argues that there is no known alternative to the market economy any longer, market competition generates gains that no other system can match (*ibid.*, 164).



In this frame, as to the rectification of neoliberalism and social democracy in essence, the “non-inclusive” neoliberalism of Thatcher and Reagan administrations must be turned into an inclusive one, and social democrat policies that created welfare dependency and hindered entrepreneurship, creativity, individualism and autonomy must be readjusted to the requirements of the globalization era as well as to what this era has brought about. According to Third Way thinking, together with globalization, there increased individuals’ reflexivity and capability to make and implement decisions to an extent thus far not seen; as a result, reflexivity necessitated the restructuring of state-society relations (Türk 2004, 68). State, from then on, must become a more interactive entity and share its authority with the civil society and localities and support autonomy. The institutions should become transparent and accountable and open to the access to and supervision of the individuals. It was all the way necessary that the opposition of state and market should leave the stage to complementarities of state and market. In other words, the minimal state of the neoliberalism should give its seat to the effective state as maintained in the context of Post-Washington Consensus. State should be restructured and organized in accordance with the markets, and it should expand the realm of the market in contrast to Keynesian state and should even become a social investment state itself (Giddens 1998, 99).

In the era of risk society that accrued with the globalization, the risks that used to be shared between market-state-family in the traditional welfare regimes should now be endorsed over to the individuals and communities “in a world ‘beyond tradition’ [...] where risk and responsibility have a mix” (ibid., 68). Individuals are to be included into the society through the market and communities. The state is only responsible for the welfare of the individuals, whom cannot participate in the market and communities, that is to say, whom cannot work and do not have enough social capital to participate in the communities (Türk 2004, 72). State should pave the ways for the individuals to develop their human and social capitals and protect the ones who are deprived from them (Giddens 1998, 99). In view of this, the poor are depicted as the ones who are deprived of the capacity and possibilities, which would help them to be included in the market and communities but not as the ones,

whom are aggrieved from existing inequalities. In Rose's words, the problem of poverty is tackled in Third Way paradigm as follows:

The problem of poverty is no longer understood as a lack of material resources, as in ideas about primary poverty, or even a lack of culturally normal resources, as in notions of secondary poverty. As exclusion, poverty is reframed in terms of a lack of belongingness, and hence a lack of the responsibilities and duties to others which such belongingness generates through connection to the responsabilizing circuits of moral community. It is the absence of stabilization of conduct and self-control provided by the stakes of work, family, housing and so forth. (Rose 1999, 487)

As Rose convincingly argues, in the Third Way paradigm, the reason behind exclusion is not the unequal distribution of the material resources, which has been the main concern for social democrats and leftist politics as of the 19th century, rather exclusion stems from the lack of belongingness. The way to prevent exclusion, which sources from the lack of belongingness and is described as the state of having the lack of responsibilities and duties to others, passes from the integration of the individuals to family, community and workplaces through their responsibilities and duties. At this point, the motto of "no rights without responsibilities" (Giddens 1998, 65) is the motto not only of state-individual relations but also of individuals' relations to their families and works. Thereby, an inclusive society would be formed based on the mutual responsibilities and duties. That is to say, in the Third way paradigm, equality has been transformed into inclusion so has welfare state into social investment state (ibid., 118-128).

In the light of the abovementioned general account of the Third Way thinking, more specifically with regard to the Third Way paradigm of poverty, poverty is seen as a market-based phenomenon as in the neoliberal paradigm. It is also assumed as the by-product of social change, particularly as that of the process of globalization: In this era of globalization, along with the speed and spread of information technologies, demand for unqualified labour has declined, which has given rise to the decline of wages and to rising unemployment, and thereby poverty increased among these unqualified workers. In this paradigm, rather than poverty, the concept

of social exclusion, as stated above, is preferred in harmony with the idea that the poor are those who are excluded from the labour market and thereby from the society they live in. Following from this logic, the solution to the problem of poverty is to provide the poor with opportunities which enable them be included in the market and at the same time in the society. These opportunities are for the most part built through “human capital” of the poor. Accordingly the motto of “‘wherever possible invest in human capital’ strongly suggests an enabling approach to social policy –building upon the action strategies of the poor” (Giddens 2000, 109).

As to the culture of the poor, the Third Way, unlike the neoliberal paradigm, assumes a positive subculture of poverty –in addition to its discourse and frequently referred “values” (Rose 1999, 470) this attitude towards culture can be said to be among what Third Way adopted from its antecedent “old” social democracy. As a tribute to the “entrepreneurship culture” of the poor who reside in inner cities Giddens refers to Porter: “Most inner-city residents want to work, and are industrious. It is a myth that the only entrepreneurs in inner cities are drug-dealers” (Porter 1998, cited in Giddens *ibid.*, 116).

As a last point with regard to the Third Way, it came to power promising to go ‘beyond left and right’ and it has adopted the *discourse* of “old” social democracy and the *political economy and agenda* of neoliberalism.

As poverty is “not a state of affairs but an unacceptable state of affairs, it always involves the moral imperative that something should be done against it” (Alcock 1997, 4). Therefore, describing poverty and the poor is not adequate and the number of the poor people and the extent of poverty should also be investigated. Furthermore, to explore the changing approach of a major poverty alleviation institution -the World Bank- to poverty, it is necessary to examine the main current approaches to definition and measurement of poverty, and they are examined in the following part.

### **3.5 Approaches to the Definition and Measurement of Poverty**

National and international actors that have relevant concerns to human well-being, strongly agree on the necessity of poverty reduction, to the contrary, there is not an agreement among them on the definition of poverty. Lack of this kind of an agreement remains a problem because the definition of poverty does matter for poverty eradication strategies which are formed according to different methods that have different implications for policy and for targeting to the extent that they point to different people as being poor (Ruggeri Laderchi et al. 2003, 1). In view of this, exploring the main current approaches to definition and measurement of poverty could be a beneficial endeavour in order to understand both this lack of agreement and the World Bank's approach to poverty.

Before passing to the approaches, Lister's (2004, 3-8) argument on the need to differentiate between concepts, definitions and measures can shed light on the context in which poverty can be understood. To Lister, concepts are the meanings of poverty which are socially and historically constructed. "They provide the framework within which definitions and measurements are developed" (ibid., 3-4). To Lister, "a study of concepts of poverty also embraces how people talk about and visualize poverty," namely 'discourses of poverty' "which are constructed [...] most notably in politics, academia and media each of which influences the ways in which poverty is understood by the wider society" (2004, 4). In its most general sense, definitions are tools to distinguish poverty from non-poverty. Following from Lister's argument, concepts can be said to be corresponding to paradigms as they are examined above in this chapter.

There is sometimes a degree of overlap between concepts and definitions, and broader definitions are like conceptualizations and narrower one are like descriptions. As an example of broader definitions, Lister gives the ones deployed by United Nations which incorporate notions such as a violation of basic rights and human dignity that are not unique to the state of being poor but associated with it. Listing a number of aspects such as lack of income and access to good quality

health, education and housing is an example for narrower definitions (2004, 5). Measures are tools to operationalize definitions in order to identify and count those defined as poor and estimate the depth of poverty. Official measures tend to use income levels while one-off surveys tend to deploy indicators of living standards and different forms of deprivation. In consequence, approaches can be said to be arising from incorporation of definitions and measurements which take their roots from within paradigms.

The relation between these three levels should be grasped in any case in order not to lose sight of the gravity of the problem of poverty and to avoid concentrating efforts on just one of the levels and neglecting others. As Else Øyen argues, some of the energy devoted to ‘measurement research’ could profitably be channelled to trying to achieve greater ‘poverty understanding’ in terms of what it means to be poor (1996, 10, as quoted in Lister 2004, 7) and greater understanding would facilitate both the discovery and practice of what is to be done about the problem of poverty.

There are common problems encountered in defining and measuring poverty to which many scholars point out in the relevant literature (Alcock 1997; Lister 2004; Şenses 2001; Townsend 1993). Furthermore, Ruggeri Laderchi and others (ibid., 3-6) discuss and sum up almost all of them compactly: Firstly, the question is about the issue of *space* in which deprivation or poverty is defined and how that space is captured by the indicators chosen. Should the definition of poverty be confined to material aspects of life, or include social, cultural and political aspects? Is poverty to be measured in the space of utility or resources or in terms of the freedom to live the life one values? The second is the question of *universality* of the definition of poverty. Should we expect definitions and measurement indicators applied in one type of society to be transferable to other societies, without serious modifications, or even at all? The third question is that of whether methods are “*objective*” or “*subjective*” –whether value judgments affect measurement? Fourthly, a very crucial question is how to discriminate the poor from the non-poor through the use of *poverty lines*. Fifthly, the question is about the *unit* over which poverty is defined –individual or household, and a geographical unit of analysis. Sixthly, there is the

crucial question of *multidimensionality*: individual well-being (and lack of it) manifests itself in multiple dimensions, should an aggregate index be developed, and how? Seventh question is about the *time* horizon over which poverty is identified, and it should also be defined. Finally, there is a very important question as to the cause(s) of poverty: to what extent a definition offers (or should offer) a *causal explanation* for poverty: is the approach within which poverty defined built on causal analysis or just gives a description. However, Ruggeri Laderchi and others (ibid., 6) argues that both tendencies certainly influence policy-making.

In the light of the above-mentioned aspects, four approaches to definition and measurement of poverty will be explained respectively: the monetary, the capability, social exclusion and participatory approaches. It is to emphasize once more that these are not claimed to be embracing all the approaches to identification and measurement of poverty –as it was attempted above in the case of paradigms– but rather embracing main current approaches that are widely adopted. Finally, each is a construction of reality, involving numerous judgments, which are often not transparent (Ruggeri Laderchi et al. ibid., 1).

**Monetary Approach** to poverty is the one which are most widely used in research, policy-making, and media. As their name suggests, monetary approaches to poverty attribute a monetary value to poverty and poverty lines are drawn up which calculate the income required to purchase a given set of required goods and services: those with incomes less than the required amount fall below the line and are deemed to be living in poverty (Riddell 2004, para. 13). Under this kind of approaches, poverty is held as an economic category and measured in the space of utilities, and thus they are criticised with respect to multidimensionality that they confine poverty into economic category. The unit of analysis is ideally the individual, but de facto the household (Ruggeri Laderchi et al. ibid., 28). As to universality, both national and international poverty lines are drawn up; however, their accuracy is disputed. With respect objectivity or subjectivity of measurement methods, specifically of poverty lines either income- or consumption-based, the extent to which they are arbitrary are disputed, as well. Monetary approach does not

essentially give importance to processes through which poverty is experienced as far as the time horizon is concerned, yet an increasing emphasis can be observed (Ruggeri Laderchi et al. *ibid*, 28). As Riddell (*ibid*, para. 15) underlines, defining poverty by means of a (very crudely drawn) line at a specific point in time fails to capture income fluctuations, especially across the year as a result of seasons factors, as well as failing to highlight that there are large numbers of people who, in different ways, are vulnerable to and risk becoming poor. Monetary approaches provide a description of poverty and the poor, rather than a causal analysis of it. Focusing on measuring individual deprivation can neglect, or even draw attention away from, fundamental causes of deprivation (Ruggeri Laderchi et al. *ibid*, 34).

Under the monetary approaches, required or minimum standard of living is identified by a reference to ‘external’ information that is defined outside the unit of analysis –in this case the individual– and the central element is food requirements. When it comes to data, monetary income data is the most frequently collected one via household surveys which are regularly collected, and thus it can be said that this approach has the least constraints in itself in terms of data. National income data are used, but they require assumptions about distribution. Major conceptual weakness of this monetary paradigm is that it takes utility as an adequate measure of well-being and it takes poverty as an economic category. In addition, a major weakness for measurement, it can be said, is to draw poverty lines arbitrarily, therefore, monetary poverty needs to be anchored to external elements. Monetary approach is interpreted by policy makers as requiring emphasis on economic growth and distribution of monetary income. (Ruggeri Laderchi et al. 2003)

**Capability Approach** (CA) is based on the work of Amartya Sen, and is one of the alternative understandings of poverty which has found acceptance in the development context in 1990s, and especially the concept of human poverty, and the indices of human development and human poverty of the United Nations (UN) originated from the capability approach. In contrast to monetary approaches in which is poverty measured in the space of utilities, capability approach ‘rejects monetary income as its measure of well-being’ (Ruggeri Laderchi *et al.*) focus on

human freedoms and choices that are required to live a *valued life*. According to Sen development should be seen as the expansion of human capabilities, not the maximisation of utility, or its proxy, money income (ibid.).

Within this paradigm, poverty is defined as the failure to achieve certain minimal or basic *capabilities*, where basic capabilities include the ability to satisfy certain crucially important *functionings* up to certain minimally adequate levels (Ruggeri Laderchi et al, 14).<sup>18</sup>

The unit of analysis of this approach is the individual. It is possible to say that this approach ‘represent external assessments’ (Riddell ibid, para. 24) because the ‘required or minimum standard of living –basic capabilities- is identified with a reference to “lists” of dimensions normally assumed to be objectively definable’ (Ruggeri Laderchi et al. ibid, 28). For example, the Human Poverty Index (HPI) of the UN makes a list of basic capabilities under three main indicators - *survival/longevity, knowledge and a decent standard of living*- which point to the most basic dimensions of deprivation such as a short life, lack of basic education and lack of access to public and private resources, the percentage of the population without access to safe water and the percentage of underweight children for their age.<sup>19</sup> Ruggeri Laderchi and others (ibid, 18) further assert that both choice of dimensions and cut-off standards are somewhat arbitrary and are likely to be revised according to the general standards attained in the world, the region, or the country. This arbitrariness is the major conceptual weakness of the approach, because it is difficult to define and measure basic capabilities, and therefore drawing a poverty line is difficult as well. In order to be measurable, these basic capabilities should be

---

<sup>18</sup> ‘Functionings’ refer to what a person actually manages to do or be; they range from elementary nourishment to more sophisticated levels such as participation in the life of the community and the achievement of self-respect. ‘Capabilities’ denote what a person *can* do or be, that is, the range of choices that are open to her. (Lister 2004, 16)

<sup>19</sup> In addition to the three indicators mentioned above, the HPI-2 which derived for a group of select high-income OECD countries also includes social exclusion, which is The fourth dimension of the HPI-2. It is represented by the rate of long term unemployment.  
See on <http://hdr.undp.org/en/statistics/indices/hpi/>



identified and operationalized as in the case of basic needs, and this is usually attempted be done by making *lists* of capabilities. Yet, there is not a consensus over what should these lists include, and in his works Sen “does not provide a list or a guideline for drawing up a universal list. Alkire (2002) has argued that the lack of specification was deliberate in order to allow room for choice across societies and ensure the relevance of the approach to different persons and cultures” (Ruggeri Laderchi et al. *ibid*, 28).

However, such lists *allowing room for choice across societies* “appears to be context-dependent and somewhat arbitrary” (Ruggeri Laderchi et al. *ibid*, 28).<sup>20</sup> In accordance with these measurement problems, data required for the CA are less regularly collected compared to data collected in monetary terms. Like the monetary approach, capability approach does not capture the fundamental causes or dynamics of poverty, and aim to describe the situation at a point in time. When policy makers take capability approach into consideration, they interpret that they should invest in extending basic capabilities and basic needs via monetary incomes and public services as they are instruments for people to live the life they value. (Ruggeri Laderchi et al. *ibid*, 28)

**Social Exclusion (SE)** approach is mainly built upon the work of Peter Townsend about relative deprivation, and relativity plays an important role as poverty is defined in terms relative to the society or other individuals or groups in the society. The concept of *poverty-as-social-exclusion* has until recently been identified with

---

<sup>20</sup> One of the most developed attempts to articulate what the capabilities approach means in practice has been carried out by Nussbaum (1993 and 2000), who lists the following as essential for a full human life: Life: normal length of life. Health: good health, adequate nutrition and shelter. Bodily integrity: movement; choice in reproduction. Senses: imagination and thought, informed by education. Emotions: attachments. Practical reason: critical reflection and planning life. Affiliation: social interaction; protection against discrimination. Other species: respect for and living with other species. Play. Control over ones environment, politically (choice) and materially (property). (Riddell *ibid*, para. 22)

However, Ruggeri Laderchi et al argue that Nussbaum’s list seems to represent a Western late twentieth century conception of the ‘good life’, raising doubts on its ability to reflect an “overlapping consensus”. Moreover, Nussbaum’s list defines characteristics of a full human life at a very general level, and does not specify cut-off points for defining deprivation. (*ibid*, 17)

Europe and the European Union's social policy, however, for some time it has been used in developing countries, as well. What mainly distinguishes it from the previous two approaches is that it has a dynamic view of poverty, and it assumes poverty as a process. The term 'exclusion' suggests a process of 'becoming,' rather than a state of 'being,' and it inherently assumes the existence and action of some kind of excluders and excludees. Accordingly, the required or minimum standard is identified with a reference to those prevailing in the society from which the individuals and groups may or may not be excluded. Aforesaid aspects of SE approach refer to three main characteristics of it identified by Atkinson: *relativity* (i.e. exclusion is relative to a particular society); *agency* (i.e. they are excluded as a result of the action of an agent or agents); and *dynamics* (meaning that future prospects are relevant as well as current circumstances [this is the time horizon over which poverty is defined]) (cited in Ruggeri Laderchi et al *ibid*, 21)

Riddell describes poverty-as-social exclusion as processes where individuals and groups of people do not participate in society and the shaping of that society and the benefits derived from it but would like to do so; indeed can be increasingly marginalised from them (*ibid*, para. 25). As the definition implies, in this approach poverty is social category, in contrast to being an economic one in the previous two individualist approaches. Moreover, the unit of analysis is individuals or groups (i.e. the aged, immigrants, the displaced, or ethnic groups). As in the case of CA, SE is also difficult to identify and measure:

Problems of definition are especially great in applying the concept to developing countries because "normality" is particularly difficult to define in multipolar societies, and because there can be a conflict between what is normal and what is desirable. The question of whether there exist relevant discontinuities also arises in a particularly difficult form, since the characteristics defining SE are society specific and therefore researchers in each country need to devise their own methods for identifying dimensions and appropriate breaks [poverty lines]. (Ruggeri Laderchi et al *ibid*, 23)

With respect to causal analysis of poverty, the analysis of exclusion within this approach involves the study of structural characteristics of society and the situation

of groups (e.g. ethnic minorities; or the landless) which can generate and characterise exclusion themselves (Riddell *ibid*, para 26). ‘SE also leads to a focus on distributional issues – the situation of those deprived relative to the norm generally cannot improve without some redistribution of opportunities and outcomes’ (*ibid*, para. 26) Policy proposals springing from poverty-as-social-exclusion also involves a dynamic process and agency, and they are summarized in an expression that contrasts social exclusion: social inclusion. Within the framework of social exclusion, processes of inclusion in markets and social process should be enhanced, with a special emphasis on the inclusion in formal labour markets.

**Participatory Approach** is the latest of the approaches to definition and measurement of poverty. It has emerged in 1990s as well as the other recent alternative understandings of poverty. This sort of approaches to poverty involve the participation of the poor, whom are described externally and “objectively” in the framework of other non-participatory approaches. It aims to enable the people who experience poverty –and rarely call themselves as poor- make subjective evaluations of poverty, and further aims to explore how these people perceive themselves and the circumstances under which they live either permanently or temporarily. The practice of participatory poverty assessments (PPA) was pioneered by Robert Chambers evolved from PRA (participatory rural appraisal) defined as ‘a growing family of approaches and methods to enable local people to share, enhance and analyse their knowledge of life and conditions, to plan and to act’ (Chambers 1994, p 57, as cited in Ruggeri Laderchi et al *ibid*, 23). As the definition implies, participatory poverty assessments were basically designed and intended for small communities and for small-scale projects conducted in and for small communities. However, the scale was expanded with the initiative of the World Bank through Voices of the Poor (2000) study conducted by Deba Narayan as a background study to the Bank’s most recent World Development Report (2000/01 *Attacking Poverty*) about poverty. Nonetheless, the Bank made use of this approach ‘not merely as a “stand-alone approach to poverty” but as part of other and wider approaches’ (Riddell *ibid*, para. 28)

The unit of analysis of PPA is groups and individuals within themselves, and thus, the required or minimum standard of living is identified by local people's own perceptions of well-being and ill-being. As to methods and tools of measurement, contextual methods of analysis are involved, i.e. data collection methods which 'attempt to understand poverty dimensions within the social, cultural, economic and political environment of a locality'. This approach is intrinsically multidimensional, and by means contextual data collection methods embraces many dimensions of poverty. As to time horizon over which poverty is defined, PPA does not focus on a certain point in one's life but the lives of the participants –not necessarily as whole- are at issue in the way they perceive and express it.

Riddell (ibid, para. 29) identifies three types of problems or weaknesses to this type of approach to poverty: The first – as the title of Chambers' book puts it [*Whose Reality Counts? Putting the First Last*]- concerns precisely whose reality counts or should count? While the power of participatory approaches lies in drawing out the views of "the poor" and juxtaposing them with the views and perspective of outsiders, it is not clear how the approach deals with the differing views of different people – men and women, traditionalists versus modernisers – within and across different poor communities. Secondly, and relatedly, anthropological research leads one to be wary of and cautions one to weigh carefully what people, including poor people, say to outsiders. Especially if groups feel threatened, there is no guarantee that what they say will necessarily and accurately reflect what they actually think and believe to be so (ibid.). A third problem is that even if people do accurately convey their own views and perspectives, their wants and a hierarchy of their needs, this does not constitute the whole picture. People's own assessments of their own condition can be partial and narrow because it risks not seeing, and being able to see, the "whole picture" (ibid.). In short, it can be objectively "biased" as a result of limited information and social conditioning. Finally, as a solution to the problem of poverty and as a policy proposal this approach offers the empowerment of the poor in all dimensions of deprivation.

The way the approaches explained above might sound too schematic and far from the real usage and embodiment of both researchers/scholars and policy-makers, and in fact, this impression has validity to a great extent, as the approaches are adopted usually in collaboration, giving weight to one or the other. However, this kind of an ideal-typification is essential for the sake of comparison and easier understanding.

## CHAPTER 4

### POVERTY IN TURKEY

This chapter is devoted to poverty in Turkey, and it aims to give a general idea of dynamics of poverty in the country. World Bank's approach to poverty is examined in this study using the documents prepared by the Bank about poverty in Turkey; therefore, it is necessary to go over the issue of poverty in the country. In this respect, this chapter examines the welfare regime, extent and nature of poverty, main tendencies of definition and measurement, and some significant poverty studies.

Although poverty has been a major social problem in Turkey, social scientists until 1990s and policy makers until 2000s have not paid much attention to poverty as such. The issue of poverty was generally included in slum -gecekondu<sup>21</sup>- area studies as a persisting problem of the slum dwellers; however, since the beginning of the 1990s, in line with increasing worldwide interest in poverty, poverty research has mushroomed in Turkey, too. Policy makers followed the academia, and the issue was brought into the national political agenda in 2000s, proving that “poverty research has had a positive impact on raising awareness and on the construction of new social policies” (Kalaycıoğlu 2006, 223). Fighting against and alleviating poverty was for the first time included in the 8<sup>th</sup> Five Year Development Plan for the years 2001-2005. State Institute of Statistics (DİE) –now Turkish Statistical Institute (TÜİK)- published a report devoted to the issue of poverty for the first time in 2004. “This was the first official report to define some major indicators of absolute and relative poverty and which accepted the concept of a ‘hunger line’”

---

<sup>21</sup> The Turkish *gecekondu* ('landed overnight' in literal translation) constitute a form of illegal, or at least irregular, type of low-income housing (Buğra 1998, 306). Hereinafter called *gecekondu* in its Turkish translation due to particular connotations of the word in Turkish, which are not conveyed through translation.

(ibid, 224). In spite of this delayed but growing interest - especially after economic crises in 2000 and 2001- on the part of policy makers, state welfare provisions and poverty alleviation programs is still limited in Turkey, and the reasons behind this reality will be tried to be examined below.

In the following section, traditional welfare regime of Turkey which has undergone significant transformations in 1980s when the structural adjustment policies proposed by the World Bank and the International Monetary Fund were implemented in Turkey.

#### **4.1. Welfare Regime of Turkey**

In developmentalist period that came to an end towards the end of 1970s with the rise of neoliberalism, main development strategy which was offered by development community including World Bank to underdeveloped countries and was adopted mostly by them was redistribution with growth. According to this strategy, poverty is an outcome of economic underdevelopment, and it diminishes as economic growth accelerates. By means of the increases in investment and employment triggered by growth poverty will be reduced. Turkey as well adopted this development strategy, in this period, public expenditures were kept on a minimum to allocate savings for investment (Ercan 2001). As a result, one important pillar of welfare regimes, that is formal state intervention, remained very limited in comparison to its level in the welfare regimes in the Western countries. Furthermore, this limited character of formal state intervention, among other factors, gave rise to predominance of other pillars of welfare regime which are not formal, especially family and kinship.

Welfare regime is a broader approach to the welfare of individuals than the approaches which put state in the centre of the analysis. A welfare regime can be defined as the combined, interdependent way in which welfare is produced and allocated between state, market and family (Esping-Andersen, 1999:34). The roles of relations of family, community and neighborhood which are of personal and

informal quality and the roles played by market relations in cases like unemployment, ill-health, old age is taken into account in welfare regime approach, along with regular and formal state interference (Esping-Andersen, 1999, cited in Buğra, 2001: 23). Turkey's welfare regime is out of Esping-Andersen's trichotomy of liberal, conservative and social democratic welfare regimes, and it is usually evaluated within Southern European welfare regime, which was formulated after Esping-Andersen's work upon the criticism that Southern European countries do not fit into the trichotomy and have their own distinct welfare regimes.

As cited in Buğra and Keyder (2003:13), major characteristics of Southern European welfare regime are as follows:

- A labour market structure in which employment provided by small employers, self-employment, and unpaid family workers is very important;
- The large incidence of undocumented economic activity and unrecorded employment;
- A social security system with corporatist tendencies, constituting a fragmented system in which social rights are unequally distributed and universal health insurance is absent;
- The limited role of the state within the formal social security system; in contrast to this, the state playing a large role in the income opportunities of the individual through particularist mechanisms in which patronage relations play a large role;
- Almost complete absence of social policies aimed at combating poverty and exclusion (other than those linked to unemployment), related to this,
- The importance of the family, local government, and religious or non-religious institutions in promoting the welfare of individual and helping individuals to deal with risk situations.

As these main features of the welfare regime in question suggest, the dominance of informality over formality characterizes this welfare regime in general and Turkey's welfare regime in particular. The dynamic behind this dominance of informality



over formality is limited capital accumulation and it is worth quoting at length from Ersoy:

In this period, the fundamental feature distinguishing developed countries in the core and underdeveloped countries in the periphery was the functions of the state undertaken in the framework of the welfare state. The state interventions related to social welfare have remained limited in the periphery countries while the welfare state has become widespread in the core countries following the Second World War. Doubtless, one of the most fundamental reasons behind this is the limited capital accumulations in the periphery countries. Developmentalist state strategies have aimed at rapid development through having their resources transferred into industrialization and minimizing social expenditures. On the other hand, overaccumulation in the core countries has made possible the allocation of resources for both development and welfare expenditures as well. (Ersoy 2001, 39)

However, the degree of capital accumulation does not automatically result in the dominance of formality or informality, but it is a dynamic process shaped in the framework of the power relations in a certain society (Yılmaz 2006, 12).<sup>22</sup>

As indicated above as a characteristic of Southern European welfare regime, the welfare regime in Turkey as well is structured for the most part around family. Family plays a significant role in Turkish society, and family and kinship constitute a large part of social networks of individuals; however, the binding effect of familial has been weakening as the ratio nuclear family increases with rapid urbanization along with other factors. Family was also a major mechanism against poverty in the traditional welfare regime of Turkey, and the poor were usually -and to some extent are still- identified as people who lack a family or other close familial ties (Erder 2004). Even the state identified poverty with the lack of family or close relatives. To exemplify, legislation about old-age assistance enacted in

---

<sup>22</sup> The power relations in question must be understood in the context of hegemony problematic. What is meant here by hegemony is the capacity of the dominant class to present its vested interest it as the general interest of people (Ercan 2004, 21). The capacity to present it as the general interest forces the dominant class to go beyond their narrow economic interests and to make concessions to lower classes. In the developed countries, the dominant class becomes hegemonic over the lower classes by increasing the share of public expenditures by means of the extent of the capital accumulation in the country, while the in the underdeveloped countries, due to limited capital accumulation the dominant class could become hegemonic only by ignoring the informal mechanisms developed by the lower classes. (Yılmaz 2006, 12)

1976 clearly shows state's attitude toward family as coping mechanism of the poor. According to this legislation,

the beneficiaries are explicitly defined as those not covered by another social security institution, who own no income-generating property, or any other sources of revenue, and *without close relatives to take care of them*. Thus, the presence of close relatives, unless they themselves qualify as destitute, disqualifies the disabled and the elderly as beneficiaries of the regime. (Buğra and Keyder 2006, 222)

The character of rural-to-urban migration that had gained considerable momentum in 1950s and continued in the following decades was predominantly determined by the role of family in Turkey. For individual families, the process of migration can be described as 'chain migration' (Kalaycıoğlu 2006, 228). Decision to migrate used to be made within the family. Firstly, usually a male member of the family migrated to city and stayed temporarily in the houses of his/her relatives or village-mates in the outskirts of the city, and the first demand of migrants were for shelter (ibid.). The need for shelter was met in the same areas where the relatives or village-mates reside and informal squatter houses -gecekondu- were built cooperatively by the migrants themselves, and this kind of housing became very common in the outskirts of especially metropolitan cities. Besides its prevalence in Turkey, the phenomenon of gecekondu is widespread in Asia, Africa and Latin America (Davis 2007). In Turkey, it has for some decades been a mechanism of sometimes avoiding or escaping from, sometimes coping with and sometimes getting out of urban poverty and sometimes climbing up the social ladder towards middle classes.

In underdeveloped countries, including Turkey, housing problem of the poor is usually tackled in informal ways. In these countries, state do not undertake public housing projects as a solution of housing problem of the poor as the western counterparts have done, but withdraws from this responsibility domain through ignoring or approving the construction of illegal housing settlements by poor people in informal ways (Buğra, 1998:108-110) There were two more reasons behind the process in which gecekondu has become widespread and prevalent: pattern of

urban land property of Turkey and the prevalence of patronage relations (Keyder, 2000).

Keyder explains the existence and prevalence of gecekondu in its historical context and argues that the pattern of urban land property in Turkey is a continuation of traditional property structure of the Ottoman Empire, namely state property. Although capitalism's pre-condition of commodification of land had come true, until 1980s the capital owners' demands for urban land was limited to a certain extent. The most significant indicator of this is that in the Republican era two thirds of geographical area was state property until 1980s. In addition to lack of demand on the part capital owners, the state did not make use of urban public land to provide housing to the poor. The situation in the developmentalist era was neither commodification of the urban land or decommodification of it in favor of solution of the housing problem of the poor. (Keyder 2000, 173-176)

The second factor which gave rise to prevalence of gecekondu is patronage relations which dominate the political atmosphere of Turkey. These patronage relations within which services are provided to the poor in exchange for votes gave rise to official affirmation of the phenomenon of gecekondu. The fact that political parties saw gecekondu as 'vote depots' and benefited from the continuation of gecekondu settlements gave rise to formalization of this 'informal' housing pattern through construction amnesties. These amnesties became almost a tradition between 1953 and 1990.<sup>23</sup> The argument about the role of gecekondu in the absence of radical popular movements in the urban areas is also noteworthy. According to Öncü, one of the factors behind the significance of radical popular movements in Egypt is the absence of socio-political mechanisms that have enabled the development and regularization of the gecekondu in Turkey (cited in Buğra 1998, 310).

---

<sup>23</sup> The first amnesty laws legalizing irregular residence was enacted in 1949. This was followed by others enacted in 1953, 1963, 1966, 1976, 1983, 1984, and 1990 (Buğra 1998, 310).

Fragmented and unequal structure of the social security system is an important aspect of the traditional welfare regime of Turkey is. The coexistence of institutions such as Emekli Sandığı (Retirement Fund for Civil Servants), SSK (Social Insurance Institution) covering the workers and Bağ-Kur (Social Security Institutions for Trades and Artisans and Other who work Independently) covering the people who work independently shows the fragmented character of the security system. This system, which combines the management of both retirement and health insurance, leads to extreme inequalities whereby both pensions and access to medical care reflect differences in job status (Buğra and Keyder 2003, 17). More importantly, the structuring of social security system on the basis of working in formal sector rather than on the basis of citizenship has left a very wide segment of the society who are unemployed or incapable of selling their labor and who are employed in the informal sector out of the social security system in Turkey where the informal economy plays an important role with its share of economy approximately 40 percent. An apparent indication of this situation is that as of 2001, 55 percent of the employed is not registered in any of these social security institutions (ibid.). Within this structure the social security system based on employment in the formal sector, the people who do not work in the formal sector have utilized the health care services by means of their informal relations. The population that is not registered in the social security institutions has utilized the health care services through any person in the family. As indicated above, family solidarity comes to the fore as one of the fundamental mechanisms in Turkey when the formal interventions are limited.

Another essential aspect of Turkey's welfare regime is that the proportion of people who are the self-employed or are unpaid family workers is higher than the proportion of people working on wages. The share of agriculture in the distribution of employment in Turkey exceeds 40 percent (Buğra 2006, 31). Thus, the dominancy of family labor and small peasantry has kept to a minimum the already-limited commodification of the labor in agriculture. The large looming of agriculture has prevented the complete break-aways of the rural-to-urban migrants, and working in the villages in summer and the in-kind income supports coming

from the villages have played important roles to overcome the poverty encountered in the cities. This situation can also be expressed as “having one foot in the village.” Having one foot in the village meant both material support usually in kind and a sort of psychological support in that the newcomers to the cities knew that if they could not survive in the city, they could return back to their village next to their relatives and cultivate their land again. The forced migrants who had been pushed to cities since 1984 and especially since early 1990s lack these as will be mentioned below.

So far in this part, the main components of traditional welfare regime of Turkey are outlined. However, the welfare regime has undergone significant transformations especially since 1980 when Turkey abandoned import oriented industrialization strategy and adopted export-oriented strategy under structural adjustment policies proposed by the World Bank and the International Monetary Fund. The impact of this new economic policy on poverty is important. Turkey’s main economic policy was based on the import substitution industrialization between roughly 1960 and 1980; and from 1980 onward it is export-oriented. Within policies pursued in import substitution period, the wages were factors of cost and at the same time they were factors of demand. The basic feature of this policy is to increase the domestic demand as an accumulation strategy oriented to domestic market, in other words, it was the policy to maintain the wages relatively high. Upon transition to export oriented strategy after 1980, the labor has been degraded to the factor of cost and there emerged a pressure on wages which has resulted in lower wages. This transition has lowered the share of the labor from the national income: the share of the wages and salaries in the national income was approximately 35% between 1976-1978 while on the contrary the rate was dropped to approximately 20% between 1983-1986 (Keyder 2004, 246). Poverty has increased together with the deterioration of the income distribution. Along with this, within structural adjustment program, social expenditures have been retrenched (Tonak and Schick 2003, 354). With the retrenchment of already very low social expenditures compared to industrialized countries, the basic social services have also dropped back and this situation has had a serious effect on the increase of poverty.

Especially with the degradation of quality of services in public schools, the possibilities and chances of the poor to get out of poverty or to go up into middle class through education decreased considerably. Besides, these restrictions on public services have expanded the scope and activities of non-governmental organizations and communities, and this situation to a considerable extent caused the poor to be confined to these networks to endure poverty. In addition, with the privatizations of State Owned Enterprises (SOEs) in compliance with structural adjustment policies, unemployment has increased, and furthermore, the poor were deprived of the indirect income supports from the SOEs which used to provide many basic consumer products on low prices (ibid. 380). In this way, the living standards of the employed have even decreased more. In consequence, these new economic policies have increased poverty giving rise to a erosion process for the traditional welfare regime of Turkey has began.

**New Poverty Debate** In the last years especially from the beginning of 2000s, some scholars argue convincingly that there is a new phenomenon of “new poverty” in Turkey which is distinct from the poverty experienced in the developmentalist period (Erder 2001, 2004; Işık and Pınarcıoğlu 2001; Kaygalak 2001; Şenses 2001a, 2003; Buğra and Keyder 2003, 2005, 2006; Yalman *et al.* 2004; Altay 2007). “New poverty” has resulted from a process of transformation in which certain mechanisms in the welfare regime and coping strategies of the poor both of which enable the poor to integrate into urban community by rendering poverty a temporary, short-term circumstance started to dismantle. As a consequence, poverty began to take a new, long-term, perhaps life-long, “non-transferable” (Işık and Pınarcıoğlu ibid.) character, which prevent the poor from integration into society. Buğra and Keyder argue strongly for the phenomenon and define new poverty as “a product of conditions that for the most part destroy the probability of being integrated into the urban society” (2003, 23) The conditions that for the most part made integration into the urban society possible were characterized by the functionings of some formal and informal mechanisms, which are claimed to be in decline for the last two decades.

Among these mechanisms, there can be counted the possibility to take a job in the formal sector especially at SOEs following the initial employment at informal sector; solidarity within the networks based on *gecekond*, family, fellow countrymen, religion and sect; the phenomenon of “having one foot in the village”, having access to relatively cheap consumption goods, thanks to the SOEs. That is to say, the claim is that poverty that would potentially come out in urban areas was being curbed through these mechanisms. As these mechanisms started to dissolve in time, new poverty emerged as a new urban phenomenon.

At this point, it is necessary to emphasize that new poverty must be handled within the framework of the transformation of capitalism and in the context of “globalization”. It can be asserted that new poverty is the outcome of the demise of the inclusive dimension of capitalism. This polarizing, exclusionary and new phase of capitalism is being experienced in Turkey in the context of underdevelopment. Exclusionary dimension has a meaning beyond the economic exclusion. Along with that this exclusion gains a permanent character, optimistic expectations of the poor regarding the future have started to drain away. This dimension of despair is another essential component that qualifies new poverty. In this manner, it would be revealing to take a look at the developmentalist period that Turkey experienced between the years 1945-1975. In accordance with the developmentalist logic, relatively positive correlation between growth and employment and formal, highly-paid and secure employment possibilities at SOEs, which included retirement and health services, enabled the poor to overcome poverty. Beyond this, it helped to keep alive the hopes of the poor for the future. These conditions suggest the presence of the inclusionary dimension of capitalism. Yet, as mentioned previously, after 1975, through the implementation of neoliberal policies, the inclusionary dimension disappeared.

The distinctive qualification of new poverty is its similarity to the poverty in 19th century that is known as the phase of fierce capitalism. Poverty used to have a temporary character during the years between 1945-1975, which is the Keynesian and developmentalist era in the developed and underdeveloped countries

respectively. In this era, the migrants to urban areas could be employed in the formal sector and the population, which was not absorbed by the formal sector, could be employed in the informal sector, though with low-wages. For the poor, who found employment in the informal sector, informal sector functioned as a springboard to switch to formal employment. This possibility to switch to formal employment kept alive the poor people's hopes to overcome poverty. At this point, poverty meant being unemployed or working at informal sector with low wages. However, together with the global crisis in the 1970s, decreasing real wages, the expansion of the informal sector and increasing unemployment altered the characteristics of poverty. Henceforth, as class mobilization (vertical mobility) became harder, poverty started to gain a permanent character. Both the migrants to urban areas and formal sector employees with relatively higher wages became impoverished as the conditions altered. Poverty, which used to be overcome via switching to formal sector, became permanent together with the shrinkage of the formal sector and with the informalization of even the formal sector. Besides, formal sector employees, who did not qualify as poor, fell into poverty as the real wages were cut back. "The poverty of the workers" which was not identified as a phenomenon during the period of 1945-1975, turned into the phenomenon of "working poor" which was dominant in the 19th century. In other words, this is the revitalization of the old poverty. This poverty parallels to the poverty of 19th century, when informalization was regnant; the working conditions were very poor; child and women's labor were used intensively and when putting-out system was very common.

The most crucial phenomenon that must be handled regarding the new poverty in Turkey is forced migration. As the result of the ongoing armed-conflict in the east and southeast regions of the country, several villages were evacuated and Kurds living in these areas had to migrate. This migration, however, is drastically different from the previous migration waves to urban areas. Forced migrants to cities as of 1990 could not have the possibilities that had been open to urban migrants of 1960s. The essential characteristic of this group is their deprivation not only from traditional solidarity relations but also from the support of the mechanisms such as



gecekondu, which enabled the survival in the cities. “Forced migrated ones constituted the poorest group living in gecekondu areas in Istanbul. They constitute the poorest group in these areas. These aggrieved people due to migration had to stand alone in terms of community relations and the burden of the daily life (survival) were put on the shoulders of the children working at streets or at ateliers” (Erder, 2007, 98).

Besides, regarding the number of the forced migrated ones, Erder pinpoints the differences in the numbers declared by the formal authorities and the ones by the civil society organizations. Concerning the numbers of the migrants coming to the cities because of the evacuations of villages and security reasons, the formal authorities and civil society organizations had different estimations, 360 thousand and 2-3 million people respectively. The most recent research carried out by Hacettepe University, which was on the migrants of the last twenty years, estimates the relevant number to be 1 million approximately between these two estimations at extreme ends. This forced migration has different characteristics than the earlier migration to cities as the poor, who would not afford to undertake rural-to-urban migration was also forced to migrate and the migration took place under the heavy conditions of the armed conflict in these regions. In one sense, this migration displaced the poor, who hardly survive in rural areas, as well as the elderly and the children and it carried the heavy conditions of the poverty in the region to the cities even deepening them. The new dimension of urban poverty –besides others- is the ethnic poverty stemming from this forced migration, the urban poor described as “stigmatized ethnic communities” in Wacquant’s terms (Wacquant 2007).

#### **4.2. The Extent and Nature of Poverty in Turkey**

In Turkey, even though poverty is a major problem, people living in food poverty do not constitute a large part of the poor. According to the latest poverty study by Turkish Statistical Institute (TÜİK 2007) 0,87 percent of the population in Turkey suffers from food poverty (below the hunger line and cannot afford to get basic food) in 2005. Furthermore, it is on decrease as observed in comparison with the

percentages of the previous three years: 1,35 in 2002; 1,29 in 2003; and 1,29 in 2004. It is worth noting that 2002 was the year after the economic crisis in 2001. Moreover, it is necessary to make it clear that even if those people who live in extreme poverty are not very important in number, extreme poverty exists and seriously harms those affected by it (Buğra and Keyder 2005, 20).

According to the same statistics by TÜİK, 20.50 percent of the population in Turkey lives in complete poverty (being unable to meet basic food and non-food needs) in 2005; this ratio was 26,96 in 2002 the year just after the economic crisis. However, the ratio of relative poverty based on expenditure shows an increase and it is 16,16 % in 2005 in comparison to 14,74 % in 2002. This ratio is estimated based on the % 50 of equivalised median consumption expenditure of the whole population. “According to a study released by the Eurostat in 2004, relative poverty, measured by less than 60 percent of the median income in the country, is 23 percent in Turkey” (Buğra and Keyder *ibid*, 20). Taking into account these high figures of relative poverty and the conditions in Turkey, the concept of relative poverty serves as a better tool to understand the dynamics of poverty in Turkey (Kalaycıoğlu *ibid*, 220) and a better starting point to perform better on the country level to make people live under better humane circumstances. Relative poverty has positive correlation with income distribution whereas absolute poverty has more to do with economic growth. In line with this, in recent years after the severe crises in 2000 and 2001 Turkey achieved an economic growth of 5 percent a year on average and 7 percent in 2005 according to the latest statistics (TÜİK 2007), and absolute poverty decreased as already indicated above percentages. However, relative poverty increased as the returns of economic growth rate are not distributed equally in the country. Briefly, this points out that attempts to lower inequality should be made in order to alleviate overall relative poverty which increases day by day.

In the Human Development Report 2006, Turkey is ranked 92<sup>nd</sup> in the Human Development Index with its medium human development achievement among 177 countries. In this ranking Turkey is below all members of the EU –newer and older– and that of OECD. Furthermore, despite being an OECD member, Turkey is not

ranked on Human Poverty Index-2 of the UNDP which is used to measure human development among OECD members, but it is ranked on Human Poverty Index-1 which used for developing countries, and it is ranked 21<sup>st</sup> among 102 developing countries. These two rankings, that of 92<sup>nd</sup> on HDI and 21<sup>st</sup> on HPI-1 indicates that Turkey performs better in income poverty than in human poverty.

Figure 3 below shows the poorest sections of the population and it indicates that the poorest people in Turkey are mainly women, live in rural areas and extended families, illiterate, and work in agriculture and on daily wages. In terms of settlement type, people living in the rural areas are the poorest, and the rates are on increase as well. The rates as to economic activity prove once more the severity of rural poverty in Turkey as the majority of the people working in the agricultural sector living in rural areas.

<b>Criteria</b>	<b>The poorest segment</b>	<b>Poverty Ratio % (2002)</b>	<b>Poverty Ratio % (2003)</b>	<b>Poverty Ratio % (2004)</b>
Settlement Place	Living in the Rural	34,5	37,1	40,0
Gender	Woman	27,2	28,3	26,0
Education	Illiterate	41,1	42,4	45,1
Household Composition	Patriarchal or Extended Family	34,3	32,7	32,0
Economic Activity	Agriculture Sector	36,4	39,9	40,9
Status at Work	Daily wages	45,0	43,1	37,5
Overall Poverty (food and non-food) (1)		27,0	28,1	25,6

Source: TÜİK 2002-2003-2004 HBA

(1) Food and non-food poverty is the situation where the cost of food and non-food expenditures is higher than the total consumption expenditures of the household.

Figure 3. The Poorest Segments According to Various Criteria 2002-2004

With respect to gender, Turkey does not reverse the global tendencies and women are among the poorest sections of the society with a poverty ratio of 26,0 percent in 2004 (Figure 3). Around the world 70 percent of the people living in poverty are women although it is the women who make the largest contribution to global wealth (UNDP 1995 –*HDR 1995: Gender and Human Development*). Worldwide problem

of feminization of poverty is observed in Turkey as well, and women are among the most vulnerable groups in Turkey, along with the children, the aged, the disabled, the uneducated, and the ones who work in agriculture and the ones who do other temporary, insecure jobs (DPT 2007). In Turkey, among the absolute poor the proportion of women that are divorced, widowed or living separate from their husbands is more than 90 percent either in urban and rural region or country-wide statistics (DPT 2000, as cited in Hattatoğlu 2007, 20).

Another factor affecting the nature and extent of poverty in Turkey is public expenditures by means of which the poor are provided with direct or indirect income supports or services. The public expenditures in on decline from 1980s on due to the efforts of governments to comply with structural adjustment policies advised by the International Monetary Fund and the World Bank. To illustrate, interest expenditures have increased to 43% from the 20% since 1990 while the education expenditure have dropped from 18.8% to 10% and the health expenditures have dropped from 4.7% to 3.5%. The drop in investment expenditures is much higher; in 1986, the share of this item from the budget was 21.3% and this share is envisaged as to be 4.7% in 2004. Again, the share of personnel expenditures was 41.74% in 1992 and dropped to 18.98% for the year 2004. (DİE 2004, cited in Altay 2005, 174)

As Figure 3 above indicated, in Turkey, poverty was and has been predominantly a rural phenomenon, even though urban poverty is on the increase especially from 1980s on, and since 1990s urban poor have gained more visibility and voice than they had in the past. According to latest statistics based on 2000 census, the proportion of village population in total is 35,10 percent, and to the most recent poverty study by TÜİK mentioned above 32,95 percent of the rural population lives in complete poverty (food-nonfood), and 26,35 percent of them lives in relative poverty based on expenditure. The same rates are respectively 12,83 and 9,89 percent for the urban population. However, relative poverty is on the increase in rural areas, while it is declining in the urban: rural relative poverty rate was 19,86 percent in 2002 right after the crisis and is 26,35 percent in 2005, while urban

relative poverty was 11,33 percent in 2002 and is 9,89 in 2005. This indicates that there are other reasons than economic crisis behind increasing poverty in rural Turkey and the rural poor are more vulnerable to risks and crises and that in addition to impoverishing outcomes of crises there are other significant push factors such as decreasing agricultural subsidies, triggering further rural-to-urban migration. It also indicates a future increase in urban poverty as these people will eventually migrate –maybe not as rapidly and massively as it was before 1980s– to cities where the rural-to-urban migrants can no more be absorbed into the labour market as easily as it was before 1980s.

## **CHAPTER 5**

### **POVERTY AS A COMPLEMENTARY ELEMENT OF STRUCTURAL ADJUSTMENT PROGRAMS**

In this chapter, it is argued that the neoliberal paradigm, which is explored above in Chapter 3, can be the framework to understand World Bank's approach to poverty between 1990 and 1997. This chapter will firstly provide a general introduction about the Bank's relevance to poverty until 1997 and touch upon how and to what extent WB was related to the issue of poverty in this period under investigation. Then, the Bank's neoliberal approach to poverty in this period will be explained based on the examples derived from the analysis of the Bank's official documents on poverty in Turkey, which had been prepared during the years 1990-1997.

#### **5.1 The Bank's relevance to Poverty Until 1997**

It is conveyed in WDR 1990 that growth was seen as the primary means of reducing poverty and improving the quality of life during 1950s and 1960s whereas in 1970s, the attention shifted to the direct provision of health, nutritional and educational services. The latter was the outcome of the "Basic Needs" approach adopted by the Bank in the 1970s, and the direct provision of these services was seen as a matter of public policy. WDR 1990, upon gathering the evidence available at the time, argued that improvements in the health, education, and nutrition of the poor were important not only in their own right but also to promote growth in incomes, including the incomes of the poor. WDR 1990 describes 1980s and its own scope as follows:

The 1980s saw another shift in emphasis. Countries, especially in Latin America and Sub-Saharan Africa, struggled to adjust after the global recession. The constraints on public spending tightened. At the same time, many began to question the effectiveness of public policy, and especially

policy toward the poor. Against this background, *World Development Report 1990* reexamines how policy can help to reduce poverty and explores the prospects for the poor during the 1990s. (WB 1990, 2)

With respect to definition of poverty, WDR 1990 stresses that unlike inequality, poverty is concerned with the absolute standard of living of a part of society –the poor- and defines poverty as the inability to attain a minimal standard of living (ibid., 26). As to measurement, the report notes that measures of household incomes and expenditures per capita do not capture such dimensions of welfare as health, life expectancy, literacy and access to public goods or common-property resources, and supplements a consumption-based poverty line comprising two elements: the expenditure necessary to buy a minimum standard of nutrition and other basic necessities and a further amount that varies from country to country, reflecting the cost of participating in the everyday life of society. Depending on these definitions, WDR 1990 employs two poverty lines: \$370 and \$275 per person a year (The amounts were in constant 1985 PPP) (p.28). The former is upper poverty line used to indicate people living in poverty; the latter is lower poverty line used to indicate people living in extreme poverty.

Besides, WDR 1990 argues that poverty reduction strategies should have two pillars. The first pillar is to promote the productive use of the poor's most abundant asset –labor– and the second is to provide basic social services such as primary health care, family planning, nutrition and primary education to the poor (ibid., 3). WDR 1990 insists that these two pillars are mutually reinforcing, and one without the other is not sufficient. WDR also recommends -for a comprehensive strategy - well targeted transfers and safety nets as an essential complement to the two pillar basic strategy. In addition, WDR 1990 draws attention to structural adjustment programs of the 1980s and maintains that these programs should be reframed according to the needs of the poor, which means constructing pro-poor economic strategies such as labour-intensive growth, trade and industrialization policies and using safety nets and social transfers for the losers of free trade policies. The Report also points out to the importance of the political power of the poor in the political and economic decision making processes. It is said that in countries where poor

people have no say in political process it is hard to implement pro-poor economic and social policies because of the fact that in the short run there is a trade off between the interests of the poor and non-poor.

As a last point, starting from this report, the Bank decided to devote a WDR overall to the problem of poverty every ten years (Altay 2005, 166), and ten years later *World Development Report 2000/2001: Attacking Poverty* was published.

In the following section, the Bank's approach to poverty between 1990 and 1997 will be investigated within the framework of neoliberal paradigm. How this approach is reflected on WB's documents about poverty in Turkey can be understood in the context of political circumstances in Turkey, for that reason, the Bank's neoliberal approach is described in the light of the political atmosphere in Turkey before, during and after the documents were publicized.

## **5.2 Neoliberal Approach to Poverty: Poverty as an Unmentioned Outcome of Privatization**

WB's approach to poverty in this first period between the years 1990-1997 has been investigated below to the extent that the approach was reflected in the Bank's documents on Turkey. It could be noted that the investigation which is restricted with the documents about Turkey may not reflect all of the elements or the entire body of WB's approach to poverty in this period because WB's approach to poverty as a whole might not be applied to Turkey, thus not reflected in the relevant documents. As though WB's relation with Turkey is shaped by the Bank to some extent, the same relation is also under the effect of the specific conditions of the context of which Turkey is also a part. Despite this reservation, it is observed that the approach the Bank adopted in this period can be understood and explained within neoliberal paradigm. This conclusion has been driven based not only on what is told, meant, pronounced but also taking into account WB's silence regarding poverty, what is not spoken, what is spoken with a low voice or not so often.



In this first neoliberal phase which has been argued to come to an end in the second half of the 1990s along with the Bank's neoliberal approach to poverty as argued in this study, poverty is regarded as an issue to be solved out once left to the functioning of the market. Its multi-dimensionality is not taken into consideration, thus, poverty is reduced to an economic category. Besides, the unit of analysis in neoliberal approach to poverty is the individual –“de facto the household” (Ruggeri Laderchi et al. *ibid.*) because of use of household income to measure income poverty– and poverty is treated as a problem that could be resolved through individual-oriented interventions and partaking in the market relations as actors/players. Within this market-based neoliberal view of poverty, there had not been any distinct neoliberal approach to poverty in itself on the part of the Bank in the period between 1990 and 1997 –following the “lost decade” of 1980s. World Bank as an institution which have its share over Washington Consensus tried to render neoliberal policies sustainable through supplementing them with some measures against the harmful effects of the policies at issue.

Poverty and poverty alleviation were treated by the Bank in this process with regard to the restoration of the (socio-economic) detriments arising as the results of the implementations of the structural adjustment programs, especially privatizations of state-owned enterprises. In other words, poverty was functionalized as a complementary aspect of the structural adjustment within neoliberal paradigm as argued in this study. In this part, this argument is exemplified through the reflections of the Bank's neoliberal approach on its documents about poverty in Turkey.

In the beginning of this first period between 1990 and 1997, when WB's approach to poverty was framed within neoliberal paradigm, Turkey-WB relations were distant and detached especially for the years between 1988 and 1993. However, until late 1980s, the relations were close as the Bank responded to Özal's reforms of the 1980s with a sharp increase in the level of lending and Turkey was viewed as a “success story” –in the words of one WB staff member of that period, “*the darling of the Bank*” (WB 2006, 7).

On the other hand, between 1988 and 1993, the Bank's criticisms against Turkey had intensified and the relations had tightened. Turkey had been criticised for not meeting the requirements of Structural Adjustment Program (SAP); acting in compliance with SAP was the condition lending. The failures in realizations of not only the privatization of State Owned Enterprises (SOEs) but also social security and pension reforms recommended by the Bank within SAP, and what the Bank describes as populist policies such as high wages and agricultural subsidised were the main reasons behind these criticism and tense relations. Nevertheless, the pressure of the labour movement as well as contention by opposition parties and legal constraints by institutions like the Constitutional Court had prevented the government from privatizing the SOEs and from making the reforms at issue. In addition to being a coalition government, the Government was also in a difficult position because of the security problems in the country due to the armed conflict in the Southeast of the country. Moreover, as to the labour movement, both the privatizations and social security and pension reforms would be to the disadvantage of the labourers: as a result of the former they would be fired and the latter they would get retired much later than they could before the reform. As the result of Structural Adjustment Program put into effect after 1980, there experienced the severe cuts in real wages as well as the worsening of the income distribution. Together with labour movement and all other political activities pressed down on upon the military coup in 1980, SAP was applied in an authoritarian manner. Nothing but the World Bank document as of 1991<sup>24</sup> describes the case best: "the military establishment essentially endorsed the prevailing development strategy and imposed stabilization policies. In this sense the military interventions reinforced rather than interrupted the development policies supported by Turkish democracy" (WB 1991, 257).

---

<sup>24</sup> World Bank, 1991, *The Political Economy of Poverty, Equity, and Growth in Egypt and Turkey*. This comparative study by the Bank is a detailed political economy analysis, yet it was not included in the analysis for two reasons: first, even though it is published in 1991 within the period under investigation in this study, it focuses on the Republican period until 1985, and second, it does not express any view of poverty on the part of the Bank but just gives a detailed account of what can be called poverty studies in the period between 1923 and 1985.

In the period of 1983-1987, when the SAP was already put into effect, Turkey's foreign debt doubled and the country ran a larger budget deficit due to its ever increasing internal debts. In 1988, the real wages were cut back to a level below the one in 1983 and workers and agricultural producers were aggrieved (Öngen 2003, 177). Together with 1989 Spring Protests and subsequent Zonguldak strike in 1991, labor movement resurged and formed a serious political pressure (ibid.). Along with the effects of this political pressure, there occurred 47,5 and 31,1 percent increase in real wages in public sector manufacturing industry in the years of 1989 and 1991 respectively (Yeldan 2006, 49). No sooner than that these increases in real wages were financed through the internal debts, budget deficits worsened (ibid., 50).

This severe worsening of the budget deficit was a serious deviation from the target of fiscal austerity which is an important pillar of the SAP to be implemented under the control and guidance of the Bank and the Fund. On the other hand, the fact that ongoing armed conflict in the southeast of the country increased the military expenses was an important factor upsetting fiscal austerity. Unplanned migration to urban areas, along with the aforementioned forced migration stepped in during the process of low-density armed conflict, severed the poverty. The opposition parties also resisted these privatizations and reforms and that the government was a coalition made it difficult to for the partners in the government to come to an agreement on them. In this historical context, privatizations, social security reform and retirement reform could not be realized and the relationships between WB and Turkey, in turn, followed a tense track. The quotation below communicates well the WB's reaction to above-mentioned developments:

the public sector was a major source of rents and political patronage. The government failed to follow through on privatization of state enterprises and was unable to reduce the overall deficit. In 1992 the government, in a populist measure before the elections, increased civil service pensions and eliminated the minimum retirement age. (WB 2006, 3, 22)

As is seen, WB evaluated failures in the realizations of privatizations of SOEs and of retirement reform as the negative factors increasing the budget deficits. Resulting from these developments between 1988 and 1993,

the Bank had downsized its aggregate level of lending and project portfolio to only a limited number of investment loans, due to Bank-observed lack of efforts on the part of domestic political authorities to carry forward the structural adjustment of the early 1980s to address the increasing fiscal imbalances and to provide an enabling institutional and legal environment for private investment and a competitively functioning free market. (WB 2004b, 3)

Following this five-year long distant relationships, the first country assistance strategy (CAS 94-96) was prepared in 1993. The very basic target of this CAS was to maintain fiscal austerity through the assertion of a multi-dimensional reform program into the public sector. The FY 94-96 CAS was designed to initiate a systematic second generation reform process which would begin in the following year, and would be mainly composed of a broad range of public sector adjustment reforms geared towards a strong fiscal discipline (WB 1997, p. *i*, as cited in Taştan 2005, 28). As stated in this CAS, rapidly growing public fiscal deficit was the main cause behind macroeconomic imbalances. In accordance with this diagnosis, the Bank indicated the public sector reform agenda as the number one priority of its planned lending strategy in Turkey for the fiscal period of 1994-1996.

This reform package was not restricted with structural adjustment; rather CAS 94-96 is notable that effective measures to alleviate poverty and concrete suggestions such as investing in human capital were enunciated for the first time, however, as will be indicated below emphasis on such “effective measures” against poverty would remain on the discursive level and in practice only measures to accelerate privatization would be realized. Yet, human capital development always plays a central role in neoliberal approach to poverty, because this approach takes the individual-level as the unit of analysis regarding poverty. In this understanding, poverty sources from the low productivity of the individuals. That is to say, having low-income as the result of low productivity paves the way to poverty. According to

this approach adopted by WB, each individual should develop her/his skills via education, that is, develop her/his human capital in accordance with the needs of the market, thereby, s/he would overcome poverty partaking in the market as an actor. In this regard, the emphasis concerning poverty alleviation and human capital do not suggest a paradigm shift, which would take social dimension as its basis. Social dimension was rather approached as a complimentary, facilitative element of structural adjustment or compensative dimension of structural adjustment. This compensative dimension concretized in the Privatization Implementation Assistance and Social Safety Net Project prepared by WB in 1994.

The project, as understood from its title, was prepared with the intention to form a “social safety net” directed to ones who would lose their jobs as the result of the privatizations of SOEs. The project is crucial for not only it is the only project which has implications about poverty but also it is the strongest evidence for the argument maintained in this chapter that poverty comes to the fore only when it has a complementary function with respect to structural adjustment. It indicates how poverty is an *unmentioned* outcome of privatization in that all through the project document poverty is not referred even as a distant possibility even though it is clear that the project was proposed to protect the would-be displaced workers against the possibility of falling into poverty. Privatization of the SOEs and labour force downsizing would involve “hardships for workers and their families as an integral element of the strategy (WB 1994, *ii*)” proposed by the Bank to the Government of Turkey, and it would also “involve loss of income, uncertainty and psychological stress, and job relocations (*ibid.*, 20).” This project is important in terms of its objectives, scope and the programs it consists of. All of them reflect the Bank’s approach to poverty between 1990 and 1997, and they are also concrete examples of the Bank’s strategy against poverty as revealed in WDR 1990.

Privatization Implementation Assistance and Social Safety Net Project was indeed a component of the Bank’s first country assistance strategy (FY 94-96 CAS) (Taştan *ibid.*, 28) and the Staff appraisal report was published in March 1994 just before the April 5 1994 economic crisis. It was prepared to help the government accelerate

privatization and alleviate adverse impacts of privatization. The Bank sets two main objectives for the Project:

The key objective of the proposed project is to promote efficiency and productivity in the economy, and facilitate the further development of Turkey's dynamic private sector. The project would accelerate privatization [...] Another important objective is to alleviate the adverse impact of state-owned enterprise (SOE) downsizing and divestiture on displaced workers and their families by fully integrating social safety net measures, including labor adjustment programs, into the divestiture process. (WB 1994, *i*)

The Project consisted of four main parts a) support for privatization; b) social safety net measures; c) the preparation of a Regional Development Plan to diversify economic base of the Zonguldak Region; and d) studies to develop a regulatory framework for privatization of telecommunications sector and establish a coordinated strategy for the private provision of infrastructure services.

As to social safety net measures, they are mainly designated to acquire workers' consent for the Government's privatization agenda over the short-term; to increase public support for the privatization agenda building upon workers' consent; and to speed up privatizations of SOEs, which would help sustain economic and political stability over the medium. The Report summarises these benefits as follows:

the provision of a social safety net will promote stability, increase labor force mobility and public support for the Government's privatization strategy [...] alleviating the hardships for workers and their families as an integral element of the strategy. Achieving some early privatization successes and providing effective social safety net measures for workers will lend credibility to the Government's program, provide an impetus to proceed with efficacy and speed, and, over the medium-term, help promote economic and political stability. (ibid., *ii*)

The shift of labor from jobs and regions where it is redundant to productive uses elsewhere is an inevitable and desirable step as the Government reduces the size of the SOE sector and encourages private investment (ibid., 20). The Bank emphasizes in the report that sizeable labour force downsizing will not be easy and it would involve loss of income, uncertainty and psychological stress, and job relocations.

The impact will be especially severe where SOE employment bulks large in a community and where there are few alternative employment opportunities (ibid.). The experiences of other countries are given to indicate that labour downsizing can be achieved it is possible to restructure the labour force *without undue social costs and political stress* if labor, business, and the government work together to find solutions,. (ibid. –emphasis added)

There are two basic recommendations enunciated within the framework of social safety net. The first recommendation is to provide temporary income assistance to the ones losing their jobs. Temporary income support program “would help ensure that the *basic needs* of workers and their families are met during a transitional period” (ibid., 20). Since an Unemployment Insurance Law (UIL) is under preparation, but it is unlikely that it could be implemented in time to support SOE downsizing within the next two to three years, the support program for labor force downsizing consists of legally-mandated severance pay for voluntary early retirement (ibid., 21). The recommendation of temporary income assistance is similar to the abovementioned recommendation for the provision of in cash transfers for the poorest in the WDR 1990.

The second recommendation of the Project is labor adjustment programs that “would facilitate SOE restructuring by providing assistance to affected workers, enterprises, and communities to shorten the duration of frictional and structural unemployment” (ibid., 22). Labour adjustment programs include training, job counseling and placement, support for small businesses, and labor-intensive employment programs, such as environmental clean-up and community development projects. As to these active labour market policies, their reference to increase the skills of the ones who would get unemployed as the result of privatizations can be read as the reflection of the development of human capital, which is one of the corner stones of WB’s approach to poverty in this first and in the second period. . This suggestion gets defragmented with the recommendation regarding the public employment programs targeting at increasing the employability of the workers. In this regard, there is an implicit emphasis upon *employability* in

addition to human capital. The implication of employability can be evaluated as the seed of the shift towards 'workfarist' social policy, which will be elaborated in detail in the following parts of this study.

Labor-intensive programs are also keys to shortening the period of unemployment, thereby reducing the burden on labor and society (ibid., 20). The Bank attracts attention to the demand-driven character of the process and to the potential of the active labour market policies to reduce unemployment:

The process would be demand driven, with workers self-selecting for the services. The potential for developing the economic base of regions affected by privatization would be analyzed through the formulation of local development plans which will focus on creating new private sector employment opportunities. There is increasing evidence that active labor market policies, if well-targeted, have the potential for reducing unemployment. More importantly, without such assistance, it would be difficult to garner worker support for privatization - an essential ingredient for its success. (ibid., 22)

The Bank points out to the importance and priority of active labour policies vis-à-vis "soft reductions" such as the aforementioned income support program:

Turkey's experience to-date with labor adjustment in SOEs has been primarily through "soft reductions" such as voluntary early retirement largely coupled with the prompt payment of severance payments which are legally due to the retirees. The severance pay and retirement options currently in place need to be accompanied by active labor adjustment measures. In order to attract private investment, the "market-orientation" of local initiatives for economic and social development needs to be strengthened. Strengthening the market orientation of local initiatives in those areas where SOEs are being restructured or privatized would: (a) alleviate the social impact of SOE restructuring; and (b) reduce the political pressure for, and the risk of re-emergence and re-growth of, SOE employment after SOE restructuring. (ibid., 22)

As indicated above in the case of experiences of other countries, the Bank stresses that success of the labour adjustment programs are strongly related to participatory character of the process involving employers, labor, and government representative



(ibid., 22). Moreover, the report also reveals the possible needs of affected people and maintains that Turkey has its network to meet these needs:

During the labor adjustment planning process in individual SOEs, a significant proportion of workers are likely to need in-depth counselling and assistance to help them re-enter the labor market, using existing skills, through retraining, or by relocating. Turkey has a network, including employment, training and small-business assistance agencies, to provide the needed services. Many of these institutions (e.g., the Ministry of National Education, the Higher Council of Education, and KOSGEB) have been strengthened in recent years, while others, such as IIBK, the Turkish Employment Agency, are currently being strengthened with ongoing Bank assistance. However, additional support is required to meet the combined needs of affected enterprises, communities, and large numbers of directly and indirectly affected workers. (ibid., 22)

The social security system in Turkey was the other subject the Bank tackled with under the same project where the Bank for the first time in Turkey's context concerned with the issue of social policy in practical terms (Taştan ibid., 33). Specifically the urgency of reform in the pension system is indicated by the Bank. The Bank points out to the running cash deficits of the three funds covering separately public and private sector employees of formal sector enterprises, civil servants, and the self-employed (WB 1994, 23). The reasons for this insolvency of the system include;

ineffective systems within SSK and Bag-Kur for collecting premiums, retirement ages that are low, early retirement provisions that are particularly generous, the absence of a retirement test for receipt of pensions, benefit levels that are comparatively high, dependents' benefits of long duration, projections that imply a continuing decline in the support ratio from an already low level, and *mandated benefits (social assistance) that are unfunded*. (ibid. –emphasis added)

Justifying the social security reform with these reasons, the Bank also made reference, though rather as an implicit sub-text, to *equity* concerns through implying a financial trade-off within state budget between the social assistance system which benefits the poor section of the society, and the deficit running social security system which primarily benefits non-poor sections of the population (Taştan ibid.).

Finally, this project has a dimension oriented to increase the popular support for the government economic program; the fact that this dimension is underlined throughout the report exemplifies how programs such as this at issue here which is to provide safety nets to the losers of structural adjustment in the case of privatization are instrumentalized. The Bank maintains that the government is “to forge a political consensus and broaden popular support for privatization from all groups alike” (WB 1994, 15):

Differing views within the coalition Government and resistance from opposition parties is exacerbating the difficulties of privatization. The recent decision to declare unconstitutional the Government decree on the reform and privatization of telecommunications, for example, was based on an appeal led by deputies from the SHP, the junior coalition partner in the Government. In the absence of an adequate social safety net, the opposition from the unions is also strong, particularly in sectors with substantial overstaffing such as steel, textiles, and electricity. SOE managers and employees have also opposed privatization plans, having been given few opportunities to participate in the process so far. If unaddressed, opposition from all of these groups could stymie privatization and reform. (ibid.)

To this end, in the Bank’s view, the Government must launch an intensive, sustained and effective public information campaign about the benefits of privatization as well as specifics about the social safety net.

However, the FY 94-96 CAS of which this project, Privatization Implementation Assistance and Social Safety Net Project, is a component could not be implemented because of the April 5, 1994 financial crisis. In spite of this, this project is crucial in that it conveys the Bank’s approach to poverty in this period as an unmentioned outcome of privatization.

As to April 5 crisis, it is notable that WB referred to this crisis as an opportunity for the refreshment of the relations:

At the beginning of this period [1994-1998], the Bank saw a new opportunity to rebuild its relationship with Turkey, which had been in decline since 1988. In practice, however, the government remained highly

constrained by the difficulties of securing a consensus on policy measures among coalition partners. When crisis struck in 1994, the Bank prepared a long list of conditions for an adjustment loan that was intended to test the government's commitment. Later, as the economy rebounded, the window of opportunity closed rather firmly. (WB 2006, 8)

However, the crises are always “windows of opportunity” for the Bank-Turkey relations, probably for other underdeveloped countries, either. This is because countries become obliged to lend from the Bank and to accept the conditionalities of lending in times of crises, then, if the economy recovers quickly, they do not conform to the conditions of lending as in the case of April 5 1994 crisis in Turkey, and in this manner fluctuates the relationship between the Bank and the Country. In the Bank's view, following the 1994 financial crisis, adjustment lending was discussed briefly, but with the rapid recovery of economy, the government decided not to pursue it and lending declined sharply until 1998 (WB 2006, x). This was also the reason why the CAS 94-96 and the Privatization Social Support Project within it were not implemented. From 1995 to 1997, economic growth in Turkey averaged over 7 percent in spite of inflation that went as high as 90 percent a year (WB 2004b, 2). In the Bank's view, such a high growth rate might seem surprising but it was not for some reasons (WB 2006, 4): it may seem surprising in a country with a weak coalition government, major internal security issues, widely acknowledged structural imbalances, and inflation approaching three-digit levels. But for several reasons it was not. First, relatively high growth rates in the richer economies spurred rapid growth of exports, demand for Turkish workers, and the flow of remittances. Second, it is estimated that the “suitcase trade” with the former Soviet Union yielded as much as \$6–8 billion a year of informal exports. Third, investments in tourism in the 1980s paid off in the 1990s with a very large increase in earnings in that sector. Finally, the Customs Union with the European Union (EU) in early 1996, which was controversial in Turkey at the time, provided both an opportunity for exporters and an incentive for investors.

However, this high growth ratio driven by “hot money input into the economy” (Yeldan 2006, 135-144) would not last long and particularly after East Asian and

Russian crises in 1997 and 1998 respectively the economy would begin to slow again. As usual, the signals of the crisis would make the Bank-Turkey relations once more repaired in 1997, and the relations since then are more stable than ever, especially after the government signed a new Staff Monitoring Program with the Fund (Bağımsız Sosyal Bilimciler 2006, 2) and following the two subsequent crises in November 2000 and February 2001. The relations with the Bank have reached its peak when Justice and Development Party made up the single-party government, for which the Bank longs for long due to the failures of coalition governments to implement the reforms the Bank proposed.

In this first period, WB's social security and retirement reform recommendations and its constant emphasis on the urgency of speeding up privatizations and the realizations of immediate privatizations of all the SOEs overlap entirely with neoliberal approach. In accordance with all these recommendations, society is perceived from a narrow economic perspective, that is to say, while social security and retirement reforms are handled in the framework of cost analysis, the grounds for these reforms are set based on the claim that social security and retirement systems result in severe budget deficits. In other words, these reforms are tried to be legitimized based on the fiscal austerity. This narrow-minded economic perspective on society can be said to be the reflection of neoliberal societal vision.

As Yalman *et al.* (2004, 9) conveys it well, “the very fact that WB put social policy on its agenda underlines the need for an active social policy that would minimize the political and social costs of structural adjustment rather than the development of the policies taking into consideration the needs of the poor.”

## **CHAPTER 6**

### **POVERTY AS A CONSTITUTIVE ELEMENT OF A NEW HEGEMONIC PROJECT**

In this chapter, the second sub-period of World Bank's changing approach to poverty will be described in the light of the results of the documentary analysis. Firstly, the circumstances that are put forward to start the second sub-period putting an end to the first sub-period and WDR 1997, Comprehensive Development Framework together with WDR 2000/2001, which played a significant role in the formation of the approach in this second sub-period will be dealt with. Then, general information about the Bank's approach to poverty in this period is presented. Upon briefing the Bank-Turkey relations in the period under investigation, major components and aspects of the Bank's approach to poverty such as the role of social capital, communities, and workfare are elaborated by giving examples from the information gathered through the document-based analysis.

#### **6.1 Poverty Reduction as the “Overarching Goal” of the World Bank since 1997**

The collapse of the Soviet Union in 1989 was announced as the glory of the free market economy, though the Structural Adjustment Programs (SAPs) implemented in underdeveloped countries throughout the 1980s did not result in glorious developments. The neoliberal phase of the market economy at that time was affirmed once again. The failure of the transition economies, increasing poverty and unemployment; the failure of SAPs that concretized with the consecutive crises in the underdeveloped world; the global crisis condition regnant with the crisis began in Mexico in 1994, in Asia in 1997, in Russia in 1998 all together helped to abate the trust to the regulatory power of the markets. The credibility of

neoliberalism, the prestige of such global institutions as IMF and WB that are the propellants and advocates of neoliberalism, and of the policies recommended by these institutions were shaken. The conviction that they would bring in wealth weakened. In other words, there accrued the hegemony crisis of neoliberal era of capitalism. Under these circumstances, consensus around neoliberal policies, the Washington Consensus, had better be reconsidered once again. The Washington Consensus, as is state above, is basically based on the dichotomy of state and market: the cumbersome, inefficient state that hinders free competition and blasts the entrepreneurship and autonomy of the individuals creating a welfare dependency must be shrunk; and the active, efficient, competitive market must expand and thereby the wealth, entrepreneurship and freedom of the individuals would increase. As for the Post-Washington Consensus that emerged out of the necessity to modify the Washington Consensus, it is based on the basic principles that “the market *cannot* resolve every problem once it is left to its own functioning”; that the state and markets have complementary relationship rather than an opposing one; that civil society must be incorporated into the process actively; that the “social dimension” of economic development must be given adequate weight; and that governance as a new understanding of government must be adopted and put into practice.

The attribution of a central role to poverty by the Bank in this second period can better be understood in the context that brought up the conclusion that the “social dimension” of economic development must be given adequate weight. The first period that is characterized by the Bank’s approach to poverty as a complementary element of structural adjustment programs, that is neoliberal approach to poverty, can be said to come to an end roughly in 1997.<sup>25</sup> In early 1990s the Washington Consensus has prevailed along the Banks approach to poverty, which is concretized in neoliberal policies which deal with poverty within the framework of structural adjustment programs seeing poverty as a short-term temporary side-effect of

---

<sup>25</sup> 1997 is also the year when Tony Blair’s New Labour Government in the UK came to power, which marks a crucial turning point for the Third Way politics which will dominate WB’s approach to poverty in the second period.

structural adjustment process. It was a prolongation of development approaches prevailed in the 1980s and stressed improving policy –particularly macroeconomics and trade– and “getting prices right” by removing government-imposed barriers to markets (Wolfensohn and Bourguignon 2004, 5). Therefore, the renewed focus on poverty in early 1990s on the part of World Bank does not point out to a divergence from prevailing neoliberal development approaches, and this is also revealed by the nature of the approach to poverty which mainly endeavours to repair the damages of structural adjustment programs.

However, in the late 1990s, there appeared a significant shift in WB’s approach to poverty. Three main components of the modified consensus –the Post-Washington Consensus- which are of critical importance have played a considerable role with respect to the transformation of the approach in question: first, the state should be restructured; second, new mechanisms of administration and a new institutional structure, both of which can be considered in the frame of governance, should be developed; and third, “social dimension” which is neglected so far is vital for economic development (Turk 2007). As will be shown below, all these three are very noteworthy with respect to how poverty is be dealt with in the new period in which the Post-Washington Consensus prevails, and with respect to how the Bank’s approach to poverty changes.

WDR 1997 and CDF 1999 together with WDR 2000/2001, in which WB’s approach to poverty in this period crystallized, have crucial importance in the gradual formation of the approach to poverty in this new period. To begin with, WDR 1997 mainly argues that development without an effective state is impossible:

Development *-economic, social, and sustainable-* without an effective state is impossible. It is increasingly recognized that an *effective* state *-not a minimal one-* is central to economic and social development, but more as *partner* and *facilitator* than as *director*. States should work to complement markets, not replace them. (WB 1997, 18)

In this respect, the state is identified merely as a partner of the market, which promotes a healthy climate for the functioning of the market mechanisms, however, the state should be structured and organized on the basis of accountability, transparency and good governance. The strongest emphasis of the Report is on the need and necessity to reform the state. In the context of reforming the state, capability of the state should be increased by providing incentives for public officials, putting into force effective rules and restraints, creating greater competition among public officials, providing long-term career to public servants, increasing citizens' voice in decision making process, fighting against corruption, cooperating with civil society and private sectors, recruiting civil servants on the principle of meritocracy, transforming weak, corrupt and patronage-based bureaucracies into well functioning systems (ibid., 79-98). As to poverty, more distinctively, the Report points out to the importance of good economic policies (including the promotion of macroeconomic stability), well-developed human capital, and openness to the world economy for broad-based, sustainable growth and the reduction of poverty (ibid., 18). Last but not least, WDR 1997 gives greater importance to making state more open to citizens, "bringing state closer to people," by supporting participation of the poor and vulnerable, minorities, and other parts of the society in decision-making processes. In brief, WDR 1997 suggests a broader understanding of state by building on the relative strengths of the market, the state, and civil society to improve the state's effectiveness (ibid.). This indicates a shift from the previous neoliberal dichotomy of state versus market. Among others, for specially this reason, the year 1997 marks the beginning of a new era with respect to the Bank's approach to poverty in particular and broader understandings of development, market economy and state-society relations in general.

"Poverty reduction" that had remained predominantly on the discursive level on the international agenda until 1999 has transformed into a more comprehensive and integrated program after 1999 (Özdek 2002, 5) and the president of World Bank announced the proposal for Comprehensive Development Framework in January 1999. Thus, the Comprehensive Development Framework constituted "the turning point of this process of transition" (ibid.) and also constituted "the Bank's matrix



for global governance” (Cammack, 2002, 36). According to the Bank, as stated on the Bank’s website, the Comprehensive Development Framework is an approach by which countries can achieve more effective poverty reduction. It also emphasizes the interdependence of all elements of development - *social, structural, human, governance, environmental, economic, and financial*. It is a new way of doing business, a tool to achieve greater development effectiveness in a world challenged by poverty and distress. In the long run, the CDF enhances development effectiveness and contributes toward *the central goal of poverty reduction*.<sup>26</sup>

Within CDF, one of the four structural aspects of development is a social safety net and social programs, and Wolfensohn maintains that “whether by informal arrangement, familial or tribal support or by government-provided programs, provision must be made for the elderly, the disadvantaged and disabled, for children, for the those men and women unable to find work, and those affected by natural disasters and the aftermath of war” (Wolfensohn 1999, 11-12). In addition to this emphasis on family, informality and government provisions, he also touches upon such issues as traditional institutions, social capital, mitigating social risks, importance of community which will be of crucial importance in the handling of poverty in the second period of the process of change in the Bank’s approach to poverty:

In the process of development, traditional institutions and relationships are often undermined, weakening the fabric which holds society together. There may actually be a degradation of social capital. Violence and social unrest may increase. Effective development must address these social concerns. It must both help re-establish a sense of community and knit the entire society together. (ibid.)

Poverty alleviation started to take its place as a central element in the new development agenda with CDF after 1999 and was structurally integrated in this agenda, and in the Third World, “development” was renamed as “poverty alleviation” (Özdek ibid.).

---

<sup>26</sup> What is CDF, [www.worldbank.org](http://www.worldbank.org), accessed on November 11, 2007.

With regard to WDR 2000/2001, although the second sub-period of the process of change in World Bank's approach to poverty starts roughly in 1997, the Bank's approach to poverty since 1997 crystallizes greatly in *WDR 2000/2001: Attacking Poverty* (WB 2001a) which is the most recent comprehensive worldwide report about poverty. It is clear that the Report was prepared with a purposeful and decisive effort to consider all criticisms directed against the Bank-oriented policies and proposals. Taking into account the criticisms and some approaches to poverty which are relatively newly-emerging or gaining strength and audience in 1990s, the Bank seems to acknowledge and emphasize to varying extents –among other aspects- multidimensionality of poverty in contrast to its previous conceptualization of poverty very much confined to monetary terms; self-perceptions and views of the poor themselves –participatory approaches– in contrast to previous evaluations of poverty from above and outside; capability and social exclusion approaches which have been employed by the United Nations and European Union respectively.

In the Report, the impacts of the new understandings of poverty emerged in the 1990s is felt strongly especially that of human poverty approach adopted by the United Nations Human Development Program relying on Amartya Sen's work on *capabilities*,<sup>27</sup> and that of participatory poverty assessments approach. Accordingly, poor people's lack of 'fundamental freedoms of action and choice' (ibid., 1) and the multidimensionality of poverty is acknowledged 'as encompassing not only material deprivation but also low achievement in education and health' (ibid., 15). The concepts of vulnerability and exposure to risk, voicelessness and powerlessness are included in the notion of poverty adopted in the report. It is noted in the report that expansion of the view of poverty in this report was influenced by the participation of the poor through the Voices of the Poor study<sup>28</sup> conducted in the

---

<sup>27</sup> Wolfensohn and Bourguignon (2004, 4) reminds the influence of Sen's work upon the development community: In recent years the development community has broadened this notion of the meaning and objectives of development, with Amartya Sen particularly influential in persuading the development community to take such a broader view.

<sup>28</sup> The Bank published a three-volume series based on the Voices of the Poor study: *Voices of the Poor: Can Anyone Hear Us?* (2000), *Voices of the Poor: Crying Out for Change* (2000), *Voices of the Poor: From Many Lands* (2002).

late 1990s as background for the report and based on the interviews with more than 60.000 men and women living in poverty.

More distinguishingly from its view in the first period until roughly 1997, the Bank accepts that macroeconomic stability and market-friendly reforms are not adequate alone for poverty reduction and “recognize[s] the need for much more emphasis on laying the *institutional* and *social* foundations for the development process and on managing *vulnerability* and encouraging *participation* to ensure *inclusive* growth” [emphases added] (ibid., vi). This statement points out to the central elements of the Bank’s approach in the period under review. It is also noted that the recommended actions in the report in three areas –promoting opportunity, facilitating empowerment, and enhancing security– are based on the Comprehensive Development Framework (ibid, vi).

According to the Report poverty is the result of economic, political and social processes that interact with each other and frequently reinforce each other in ways that exacerbate the deprivation in which people live (ibid., 1). In addition, report addresses social norms, values and customary practices as sources of inequalities and poverty which within the family, community or market may lead to exclusion of women, ethnic and racial groups or the socially disadvantaged. In view of the report, unequal distribution of wealth, ethnic problems and regional disparities are the very important problems that cause and aggravate poverty. The Report argues that the poor frequently do not receive the benefits of public investment in education and health because of the unequal power relations in economic management (ibid., 103) and emphasizes that the poor are always victims of corruption and arbitrariness on the part of the state.

The Report defines poverty as the lack of resources required to participate in activities and to enjoy living standards that are customary or widely accepted in the society in which poverty is being measured. This definition of poverty transcends the definition of WDR 1990 as an absolute lack of minimal material resources, and identifies poverty with a relativistic view in capability and social exclusion terms.

Depending on this definition, the Report employs a relative poverty line, which shows people living on less than one third of average national consumption (*ibid.*, 24).

As to the policies for reduction of poverty the Report proposes, it is argued that policies that spur economic growth and lead income equality are not enough, and in addition to proper economic policies, poor people should be encouraged to participate in economic and social life by the help of education, transient material opportunities, microcredits with low interest rates, as well as enhancing security of poor people against shocks -this security enhancement would make poor more risk taking which would cause to grasp high return. The Report generally proposes a strategy for attacking poverty in three ways: promoting opportunity (jobs, credit, roads, schools, water sanitation, and health), facilitating empowerment (governance, institutions, political participation and removing social and institutional barriers that result from distinctions of gender, ethnicity and social status) and enhancing security (reducing vulnerability to economic shocks, natural disasters and disability).

Additionally, the Report pays attention to the increasing public spending on poor people, expanding basic social and economic services, ensuring good quality in public service by good governance, institutional quality and participation of poor people in decision making processes, fighting corruption, promoting inclusive decentralization and community development, promoting gender equity, reducing asset inequalities providing rule of law, supporting the environment of private investment, reducing risk for private investors, and lastly providing a stable macroeconomic environment by stable fiscal and monetary policies, stable investment regimes, sound financial system, clear and transparent business environment.

In line with the new outlook of development systematized in CDF, the Report alerts that there is no simple, universal blueprint for implementing these strategies and it also stresses that “underdeveloped countries should prepare their own mix of

policies to reduce poverty.” Countries should take into consideration national priorities and local realities. Another important point in this report is the emphasis upon the importance of local, national and international partnership and coordination to reduce poverty.

In addition to WDR 2000/2001, two recent WDRs could be mentioned in their link to the issue of poverty. Firstly, *WDR 2004 Making Services Work for Poor People* (WB 2004a) argues that states should locate poor people in the centre of service provision by enabling them to monitor and discipline service providers and by amplifying voice of poor people in policy making process. In this framework the Report states that, generally, the rich make more use of public services than the poor. As a solution, the Report proposes supporting poor people’s participation in service provision and recommends the strengthening of relationships between client and provider, between citizen and policymaker, and between policymaker and provider. Secondly, *WDR 2006 Equity and Development* (WB 2006a) deals with the issue of equity. By equity, the Report means that individuals should have equal opportunities to pursue a life of their choosing and should avoid or escape from absolute deprivation (ibid. 18-19). The main message is that equity is complementary to the pursuit of long-term growth and poverty reduction. Importantly, it alerts about inequality traps on the idea that economic, political, and social inequalities tend to reproduce themselves over time and across generations. Moreover, it continues by implying that with imperfect markets, inequalities in power and wealth translate into unequal opportunities, leading to wasted productive potential and to an inefficient allocation of resources (ibid., 19-20). The report also argues that economic and political inequalities are associated with impaired institutional development and moreover, inequalities contribute to economic inefficiency and institutional frailty; accordingly, weak institutions create inequalities and inequalities create weak institutions (ibid., 107-118). As a result, this report also attributes such important roles to governments as investing in human capacities, expanding access to justice, providing land and infrastructure for citizens, promoting fairness in markets and promoting greater global equity in terms of access to markets, resource flows, and governance.

It is argued in this study that WB's contemporary approach to poverty outlined so far can be understood within Third Way paradigm, which is discussed in detail in Chapter 3, and its traces can be followed in the Bank's documents on poverty in Turkey as long as the specific Turkish context allows. In order to elaborate this argument, in what follows, firstly, a brief account of the Bank-Turkey relationship in the period under investigation is presented with a focus on the issue of poverty. The subsequent part is devoted to clarify the argument mentioned above by providing examples from the information collected from the chronological thematic review of official documents of the Bank about poverty in Turkey.

## **6.2 The Bank's Third Way Approach to Poverty**

In this study, it is argued that the Third Way paradigm can be a key, a framework to understand World Bank's current approach to poverty. In this second period of the process of change in World Bank's approach to poverty, the Bank which had a neoliberal approach to poverty within the framework of the Washington Consensus till the second half of the 1990s, has adopted a poverty approach that can be understood within the framework of Third Way as the "political manifestation of the Post-Washington Consensus" (Türk 2007). However, it must be noted at this point that the Third Way is a comprehensive ideological and political program promising well-being to people from all walks of life in its following, on the other hand, the scope of WB's approach to poverty is fairly narrower in comparison with the Third Way due to the fact that WB is a development institution operating mainly in the underdeveloped countries. WB works to provide a relative wealth to the poor in the underdeveloped world, or for a world free of poverty. In view of this, the Third Way, for example, focuses on two forms of social exclusion, a voluntary exclusion of the affluent at the top and an exclusion of those at the bottom (Giddens 1998, 103). While the Third Way politics urge for an inclusive society for the bottom and the top, WB's concern is for "how to include the disadvantaged" (Wolfensohn 1997) in underdeveloped countries. Consequently, the relationship between the Third Way paradigm and the Bank's approach to poverty is not

characterized by an overlap between the two; rather the former functions as the frame of the latter. In other words, as an actor the Bank operates progressively more in the framework of Third Way.

In this second sub-period, WB's approach to poverty has undergone a qualitative and quantitative shift. Poverty has started to be handled in a multi-dimensional manner beyond being an economic category. It has been explained to a greater extent within the framework of social exclusion. In this period, though the emphases on the issues like the development of human capital and the reform recommendations for the social security and pension systems have been sustained, a set of new emphases has been pronounced on the issues such as the importance of social capital and institutions, civil society and communities, social inclusion, and social security so as to reduce and alleviate social risks. Before elaborating on these new issues regarding poverty in this part of the study, what follows below is a brief discussion provided on the relations between WB and Turkey in this period.

In this period since 1997 up to present, WB-Turkey relations, which were in decline in 1995 and 1996 because of the aforesaid rapid recovery of the economy after the April 5 crisis, have been repaired rapidly. For Turkey, 1997 was a year of increased political uncertainties and tensions. February 28 in 1997 was the peak of the tension between the Islamists and secularists in the country. This process increased the uncertainties in the political realm, and thus the efforts for cabinet-making resulted in a week coalition government. This all had its reflections on FY 98-00 CAS prepared by WB and CAS, literally speaks of the situation as follows: "the Bank was fully aware of the fact that the prospect for a structural reform process was 'clouded by a number of political uncertainties'" (WB 1997, *i*, as cited in Taştan 2005, 38). This government's implementation that was supported considerably and appreciated much by WB was the Basic Education Reform:

In 1997 the Turkish Government took a major initiative in expanding compulsory education from five to eight years, and the Bank geared its program to support this change, in 1998, when the government passed

legislation, the Bank responded quickly to the government's request for support (WB 2006, x - 8).

This reform which increased the duration of compulsory basic education to 8 years, was seen a crucial step by WB that attributes a central role to education regarding poverty alleviation. To the Bank, the landmark basic education reform is making excellent progress in expanding provision of compulsory education to eighth grade (from fifth grade) for all girls and boys (WB 2000d, i). In 1998 following the Asian and Russian crises the economy began to slow down. A new stabilization program supported by the Fund was launched by the government. The year of 1998, when the Staff Monitoring Program was signed with the Fund, "was a turning point in the contemporary economic history like the dates of 24 January 1980 or August 1989, when Turkey fully liberalized the capital movements" (BSB 2006, 2). As to the Bank, the conclusion of this agreement with the IMF permitted the resumption of adjustment lending, and a \$760 million Economic Reform Loan became the centerpiece of the Bank's support for structural reform (WB 2006, 11). In the subsequent period, the decisiveness of the three-party coalition government (of DSP-ANAP-MHP) that was formed as the result of April 1999 general elections to implement IMF-SAP helped to revive WB-Turkey relations. However, another important factor that helped to restore WB-Turkey relations was the Marmara Earthquake in 1999. Impoverishing impacts of Düzce and Marmara earthquakes, as a result of which many people lost their lives, was significant and this played a role in that the economy could not improve after 1999. WB states the importance of the earthquake for the Bank-Turkey relations as follows:

A turning point in the relationship came when the Marmara earthquake struck in the summer of 1999. The Bank moved rapidly to provide emergency relief and also to propose working with the government on measures to mitigate the impact of future disasters. This quick and effective response helped to reestablish the Bank's credentials with the Turkish government and public. (ibid.)

In addition to the earthquake and the government's consistent determination to carry out the urgently needed economic reforms, the Bank mentions a third factor



which in 1999 reshaped Turkey's economic and social agendas, and led to an opportunity for constructive change in Bank's view: in December 1999, Turkey was admitted to pre-candidacy status for the European Union; this status is providing an additional motivation for economic and social transformation (ibid).

The crucial event in this period was the economic crisis of February 2001 which had long-lasting effects on Turkey. The recovery after the stabilization program launched in late 1998 proved short-lived, and in February 2001, in Bank's words, a public dispute between the president and prime minister sent the markets into free fall, and there was a sharp fall in the value of the Turkish lira. This crisis was the most destructive one in the history of Turkey and it caused poverty in the country to reach an acute extent:

With this crisis, GDP retreated by 7.4 percent, significant increases in the prices of goods and services, which constitute a significant part in the consumption expenses of especially the poor, as the result of increasing inflation; employment losses created by the massive dismissals by the influence of deep recession, significant deterioration in the real wages and the worsening of the income distribution all together constituted the connecting link between the crisis and the poverty. (Şenses 2003a, 329)

After this crisis, WB's interest on poverty in Turkey increased to a considerable extent. This increasing interest could be observed in the number of WB reports prepared on poverty in Turkey. Moreover, SRMP, as the first biggest WB project with a direct focus on poverty reduction in Turkey was put into effect in September 2001 shortly after the crisis. Another significant event took place in 2001 was the tragedy of September 11 in the US, after which US started to heed Turkey regarding its policy to increase global cooperation to struggle against fundamentalist Islamic groups. It is argued by some scholars that the event of September 11 has affected the relations with the international institutions, in which US is closely involved:

In the post-September 11 period, [...] the position that Turkey has gained, with no doubt, has provided an advantage, which Turkish government has never had before in the negotiations with the international financial institutions. (In the Intention Letter dated 18 January 2002) The government of the Republic of Turkey, while requesting a loan from IMF, emphasized

September 11 event and Turkey's significant role to be taken in the struggle against terrorism. (İslamoğlu 2002, 23)

According to Bilge, if September 11 had not taken place and another credit stock would not have been made available for Turkey, after February 2001 crisis Turkey would have experienced similar events as happened in Argentina (Bilge, 2006).

In this period, the Bank declares in 2000 that the key objective of the Bank strategy is to assist Turkey to lay the basis for reducing economic vulnerability and poverty (WB 2000d, *ii*). The Bank also points out to the parallelism between this key objective and main development objectives of the Government of Turkey whose determination to implement economic reforms to stabilize the economy, achieve a high level of sustainable growth and employment creation, reduce poverty and income inequality, and address corruption was clearly spelt out in the Eighth Five Year Development Plan (2001-2005) (*ibid.*, 6). As indicated above, with this Eighth Plan, reducing poverty and income inequality was for the first time included in the development plans of Turkey. That is to say, in this period, both WB and the official authorities in Turkey took greater notice of poverty and its reduction.

The course of WB-Turkey relations had a leap forward together with AKP (Justice and Development Party) government. The essential reason of this can be said to be that with AKP's single party government, the period of "weak coalition governments" (1991-2002), which was seen by WB as a crucial obstacle to the development of the country, ended. AKP's decisiveness to carry on with the economic program that was initiated by the previous government under monitoring of IMF was effective in the flourishing of the relations. As for poverty alleviation in this period, AKP's "approach to poverty that could be understood within the framework of Third Way as in the case of WB's approach"<sup>29</sup> signifies the fact there

---

<sup>29</sup> In her article entitled "Adalet ve Kalkınmanın Üçüncü Yolu" [The Third Way of Justice and Development] Türk makes a discussion on the parallellisms between AKP and Third Way politics, (Türk 2004). Keyman and Öniş also discuss the paradoxes of Turkish experience of social democracy in 2000s arguing that what the social democrat parties had achieved in the framework of Third Way politics in Europe in late 1990s has been achieved by AKP in Turkey in 2000s (Keyman&Öniş 2007).

exists “a reconciliation regarding the struggle with poverty”<sup>30</sup> between WB and the AKP government. This overlap between the approaches of the Bank and AKP within the same framework of Third Way thinking can be read as a sign of the increasing prevalence of Third Way paradigm in the handling of poverty around the world.

In the following parts, the Bank’s changing approach to poverty since 1997 will be elaborated to the extent that it is reflected in the documents prepared by the Bank about poverty in Turkey, and the extent to which it could be located within Third Way paradigm of poverty will be indicated.

### **6.2.1 Poverty-as-Social-Exclusion as a Multi-dimensional Phenomenon**

In this present period starting from 1997, the Bank's increasing interest in poverty is also reflected in the number of the various kinds of documents about poverty in Turkey. While there had been virtually no reports about poverty in the first period before 1997, except for the one about the negative outcomes of privatization of SOEs, namely the abovementioned Privatization Implementation Assistance and Social Safety Net Project report in which there is no mention of poverty or the poor, in this new period of the Bank’s approach to poverty, eight sizeable reports were prepared between 1999 and 2005. Of these eight reports two can be assumed as continuation of the privatization social support project just mentioned, however, the recent two, Privatization Social Support Project (WB 2000b) and Second Privatization Social Support Project (WB 2005b), touches upon the issue of poverty and further prevention of the displaced workers from falling into poverty is included as one of the three main objectives of the project:

From a social standpoint, the objectives are to provide transitional income support while displaced workers are finding alternate employment and, for those who have difficulty finding employment, providing extended income support to prevent these workers and their families from slipping into poverty. (WB 2000b, 6)

---

<sup>30</sup> For a detailed account of the harmony between AKP government and the Bank see Zabcı (2007).

The consensus-building goal of this kind of projects expressed as “to forge a political consensus, and broaden popular support for privatization” (ibid., 2) in the first report in 1994 continues in the new period and expressed in these reports as follows:

From a political standpoint, social support programs are intended to build public support for restructuring by signalling to citizens, communities, and labor representatives that those responsible for restructuring are attuned to the needs of affected workers and that they are ready and willing to assist those who need and want help. (WB 2000b, 6; WB 2005b, 4)

Following from these examples, it is noteworthy of this new period that apart from the reports devoted wholly to the issue of poverty, poverty is a strongly emphasized problem in the reports focusing on other issues. The same report gives extreme poverty and vulnerability ratios as 7% and 36% respectively in 1994 (WB 2000b, 4) extracting the information from the first poverty and living standards assessment study publicized in 2000 –*Economic Reforms, Living Standards and Social Welfare Study* (WB 2000a).

The emphasis on vulnerability is strong in this period and parallels to the importance given to mechanisms of risk mitigation, risk alleviation and coping with shocks in WDR 2000/2001 in the context of enhancing security for poor people. The crucial role of the concept of risk in the Bank's approach is not specifically limited to the issue of poverty, on the other hand, the Bank points out to risks of economic crises and recession and of natural disasters such as earthquake which not necessarily but usually lead to poverty. This echoes the importance attributed to risk in Third Way paradigm, which employs Beck's concept of risk society, which is outlined above in Chapter 3, to identify today's society.

The multidimensionality of poverty is acknowledged by the Bank and the definition of poverty comes very closer to definition of poverty as social exclusion, although the Bank rarely uses the term social exclusion. Therefore, it can be argued that the Bank increasingly approaches poverty in the context of social exclusion, which is described above in Chapter 3, and which is a central concept of the Third Way paradigm. Giddens (2000, 105) describes social exclusion as “a matter of not

sharing in opportunities,” and “the new politics” he has been formulating since the early 1990s, “defines equality as inclusion and inequality as exclusion” (Giddens [1998] 2000, 102). Inclusion refers to civil and political rights and obligations that all members of a society should have, and to opportunities and to involvement in public space. The Bank also brings poverty-as-social-exclusion to the forefront in the context of inequality and maintains that if the rich and the poor share no common economic and social reality, there will be little or no agreement on common social goals or vehicles to achieve these goals (WB 2000a, 17) and an inclusive society would not be achieved. The Bank’s emphasis on equity as equality of opportunities illustrated above in the case of *WDR 2006 Equity and Development* echoes Third Way’s reference to inclusion as sharing opportunities. This conjunction of opportunities and inclusion concretizes further in the policies the Bank and Third Way’s new politics propose to activate the poor in the labour market.

Wolfensohn discloses the challenge of development in his famous speech in 1997 Annual Meeting of the Bank and the Fund:

As I walked back down the hill from that *favela*, I realized that this is what the challenge of development is all about –*inclusion*. Bringing people into society who have never been part of it before. This is why the World Bank Group exists. This is why we are all here today. To help make it happen for people. (Wolfensohn 1997)

Blair adds scenes of voluntary exclusion at the top on the part of elites in the society to the scene witnessed by Wolfensohn in a *favela* in Rio and “fears ‘the *Blade Runner* scenario’ (1996) where affluent groups withdraw into fortress communities, exposing those in the urban ghettos [...] to lives of economic, physical and cultural detachment from the mainstream” (Rose 1999, 488). Both of the scenes reflect a lack of belongingness to society at large, which result in and from exclusion and poverty, and which is an aggregate of lacks of belongingnesses on various scales such as family, neighbourhood, workplace or labour market, public space or civil society.

## 6.2.2 Community as an Opportunity for the Poor

An intermediary is needed to repair these deficiencies or prevent them from the beginning, and it is *community* either in the form of “community-focused approaches” (Giddens 2000, 110) or “mobilized community effort among the poor,” “providing stronger community-based services to the poor,” and “the approach to improvement of community livelihoods” (WB 2000b, 26-27).

As to the changing role of community in social life, Rose argues that:

Community, rather than society, is the new territorialization of political thought, the new way in which conduct is collectivized. Increasingly, it is the language of community that is used to identify a territory between the authority of the state, the free and the amoral exchange of the market and the liberty of the autonomous, ‘rights-bearing’ individual subject. (Rose 1999, 475)

Accordingly, it can be argued that community underlies the new development strategy of World Bank announced as CDF in 1999 and the changing approach of the Bank to poverty. Community also is one of the four values essential to a “just society” that Third Way politics endeavours to promote and reconcile: equal worth, opportunity for all, responsibility and community (ibid., 470).

In this new period of the Bank’s approach, the scale of development shifted from national level to local level in the form of city development strategies or community-driven development (CDD). The efficiency and significance of community-based or community-driven development is frequently emphasized in the Bank’s reports (WB 2002, 2003b). In this context, community is important in that the poor can easily be reached within community and that the poor can have easier access to communities than their access to state institutions. Accordingly, community-based development help better targeting of the poor and the poor can enhance their social capital. Furthermore, the Bank maintains that the most effective approach to social policy and economic reform is to build partnerships with civic

society, including key stakeholders such as NGOs, community-based organizations (CBOs), trade unions, and local officials. These actions will over time give a stronger voice to the poor and thereby empower them more. (WB 2001b, 28)

In this context, community is expected to fill the gaps amongst various actors in development community. That is, the poor can survive and get organized within communities, and community-based organizations established by the poor themselves can benefit from the projects funded by the Bank through the intermediation of NGOs which undertake the projects in question. (Zabcı 2002, 174)

The poor, through enhancing their social capital within communities, might participate into the labour market, and community is the most appropriate scale for workfare-kind employment opportunities and the Bank proposes temporary community employment under Social Risk Mitigation Project which was launched in September 2001 and ends in December 2007:

The very limited temporary community employment activities undertaken by the SYDVs will be expanded to provide an employment safety-net to the able-bodied poor in areas where this can be organized. Additional support for starting small-businesses and other income generating activities for the poor will be provided. (WB 2001b, 27)

The vital role attributed to civil society in development and poverty reduction is also closely related to its functions on the local and community level. Civil society;

promotes public consensus and local ownership for reforms, national poverty reduction, and development strategies by building common ground for understanding and encouraging public-private cooperation; gives voice to stakeholders, particularly poor and marginalized populations, and helping ensure that their views are factored into policy and program decisions; strengthens and leverages impact of development programs by providing local knowledge, targeting assistance, and generating social capital at the community level; brings innovative ideas and solutions as well as participatory approaches to solve local problems (WB 2002, 85)

Indeed, community-based care has been the norm in developed countries for many years; it is only recently that the largest aid agencies, such as the Bank, have begun to design projects delivering social services at the local level through community-centred approaches (McLeod and Tovo 2001, 10).

As one of the four essential values mentioned above, community has a principal role within Third Way thinking:

It is the main base for social solidarity together with the family and third sector that can be considered as voluntary communities. It is argued that communities should be strengthened in order to prevent crime, to deal with poverty properly, and thus to generate social solidarity. (Türk 2005, 82)

It can be argued that the gap the communities are expected to fill in Third way is the fields that are emptied as the welfare state shrinks. In view of that, Giddens argues that:

Conventional poverty programs need to be replaced with community-focused approaches, which permit more democratic participation as well as being more effective. Community building emphasizes support networks, self-help and the cultivation of social capital as means to generate economic renewal in low-income neighbourhoods. Fighting poverty requires an injection of economic resources, but applied to support local initiative. (Giddens 1998, 110)

### **6.2.3 Social Capital to Get out of Poverty**

Social capital is one of the new aspects of the Bank's approach in this period and is argued to have a decisive role in reducing poverty. Fine argues that

at the same time that the World Bank appears to be going through a process of replacing the Washington consensus with the Post-Washington consensus, the notion of social capital is coming to the fore both in development studies and social science more generally. (Fine 1999, 1)

However, despite its recent popularity in the context of development and poverty reduction, social capital is not a new phenomenon, yet there is a long-lasting debate on its accumulation, functions, relation to a certain society's degree of development



(Putnam 2000; Field 2006;). Putnam defines social capital with reference to communication networks among individuals and reciprocity and trust norms which come out of these networks (Putnam 2000, 19). In the most general sense, social capital is the aggregate contribution of institutions, relations, attitudes and values, which construct relations among people, on economic and social development (Altay 2007, 338). In the literature, the positive correlation between the degree of development and the amount of social capital generally finds acceptance. Therefore, a low level of social capital is accepted to be the norm for underdeveloped countries. However, it is noteworthy that this is a very complicated concept and there are different definitions of the concept, and the prevalence of informal, face-to-face relations in these countries might also be attributed to high levels of social capital.

The Bank, for example, defines social capital as the informal rules, norms and long-term relationships that facilitate coordinated action and enabled people to undertake cooperative ventures for mutual advantage (WDR 1997, 114). In accordance with this definition, the Bank stresses insistently that social capital is an extremely important aspect of traditional Turkish society and Turks have a high degree of social solidarity and most invest as much as they can afford into reciprocity for important social capital building events, such as attending weddings and ritual circumcisions (WB 2003b, 32). Even extremely poor families have their share in this kind of social capital and the *hemşeri* networks (an important informal expression of social capital the “village associations”) provide a very important resource of private, informal assistance to the poor, who utilize them as a risk coping device (ibid.). It is also reminded that this kind of social capital came under constraints with the earthquake in 1999 and economic crises in 2000 and 2001. The Report, in addition, points out to investment in social capital as an informal risk mitigation mechanism in Turkey (ibid., 83).

The Bank argues generally in the reports that the poor can get out of poverty by means of enhancing their social capital. The poor as individuals can build upon their existing relationships or participate into new ones. Through a network of these

relationships they will develop their social capital as an investment instrument increasingly and get over the poverty they are trapped in, sometimes “undertaking cooperative ventures for mutual advantage” (WDR 1997, 114). These cooperative ventures are critical for poor people and for the Bank-funded projects especially micro-credit projects which require a moderately high degree of social capital from the poor who are identified to be lacking social capital and to be helped to build it. As mentioned above, in Bank’s view, communities and civil society -NGOs- both build upon and generates social capital of the poor. In accordance with this, the Bank endeavours to promote social capital-building in the country by providing grants to local NGOs which have the capacity to implement projects to engage marginalized and vulnerable groups in expanded social dialogue and so far, 11 NGOs have been awarded these grants in annual competitions, and gained opportunities to expand their skills and contribute to the building of social capital (WB 2002, 87).

The Bank frequently attracts attention to the gender gap in Turkey in terms of poverty, vulnerability, and human capital, and to the fact that women in the country also lag behind in social capital. In a comprehensive report about the circumstances under which women live Turkey, *Bridging the Gender Gap in Turkey* (WB 2003c) it is argued that lack of skills and unemployment are basic reasons for women’s poverty, and that women lag behind in social capital and in all factors of the Human Development Index except for life expectancy at birth are among the factors which make women more vulnerable (ibid., 151). The Report also points out to the restraining and enabling role of kinship and neighbourhood communities that play a significant role in especially women’s life in Turkey.<sup>31</sup> The increasing constraints over the networks within these communities which play a substantial in the traditional welfare regime of Turkey is underlined as well, however, care for the most vulnerable, unprotected groups still continues to function:

---

<sup>31</sup> For a comprehensive discussion about the restraining and enabling role of kinship and neighbourhood networks, see Kalaycıoğlu and Rittersberger-Tılıç, 2002.

these communities also provide women with their most important social capital. Breaking with one's family and neighborhood is almost like committing economic suicide. Currently, these networks themselves are also experiencing significant strife and strain with economic crises. Not only do families have fewer resources to share, but also supporting others becomes a burden. This creates conflict within the families, causing social and psychological problems. Nonetheless, in cases of destitute members of the family such as widows, and the sick and disabled, there is still significant help coming from neighbors and relatives. (ibid., 159)

Social capital is of critical importance to Third Way politics. In Giddens's opinion, it "refers to trust networks that individuals can draw upon for social support, just financial capital can be drawn upon to be used for investment. Like financial capital, social capital can be expanded –invested and reinvested" (Giddens 2000, 78). To Giddens, human and social capital becomes central to economic success in the new information economy, and cultivation of these forms of capital demand extensive social investment (ibid., 52). Social investment is defined within Third Way paradigm as the new role of the state which should generate positive welfare and support active labour market policies. In this context of social investment state, enhancing human capital investments and promotion of social capital-building are important themes and they had better be activated at the community level, and social workers are attributed a key role. Midgley suggests that in addition to their traditional roles, social workers in low-income should also work to create social capital and direct it toward productive activities. He also recommends that partners in local development such as planners and local economic development specialists as well as social workers collaborate closely to create new enterprises particularly among women and low-income clients, and help establish networks for employment referral that plays a notable role in job search (Midgley 2001, 162).

#### **6.2.4 From Welfare to Workfare**

The changing content of social policy seems to be organized around work, and this greatly echoes Third Way's endeavour to "rebuild the welfare state around work ethic" as Gordon Brown, the successor of Blair, announces in the Guardian in 1997 (Jessop 2003, 12). In accordance with this, welfare state tends to transform and be

transformed into workfare state and poverty is assumed to be a labour supply problem which can be solved as the individual participates into the labour market. A major obstacle in front of the poor is lack of human capital which would enable them to participate in the labour market. State's responsibility with respect to this obstacle is "investing in human capital wherever possible" and this strongly suggests an *enabling approach* to social policy –building upon the *action strategies* of the poor (Giddens 2001, 109 –emphasis added).

Workfare programs and active labour market policies which are built "upon the action strategies of the poor" can be said to be the most important component of World Bank's new approach to poverty. It is highly emphasized, encouraged and put into practice in member countries, and for Turkey it is proposed as an option under SRMP which has components of conditional cash transfers (CCT) and workfare in the form of temporary community employment, which target the poorest 6 to 8 percent of the population. The Bank justifies these two components on the basis of protecting the human capital of the poor:

Given that Turkey lacks a poverty or welfare benefit, a basic choice was between protecting the human capital of the poor by conditional cash transfers or creating a large-scale workfare program, whereby able-bodied adults are employed in temporary public works at low wages. (WB 2001b, 22)

These temporary public works include:

community works such as the cleaning and repair of existing channels for irrigation, water supply to households, sewerage; garbage collection; cleaning and repair of parks, roads, street lights; repair of existing sidewalks, and whitewashing/painting of schools, clinics, etc. (ibid., 61)

and they should be at low wages for better targeting. However, in the Turkish context it would be difficult to target workfare well in terms of keeping the wage offered low enough, since Turkish law mandates the payment of the minimum wage and social taxes but actually, wages in the informal sector are much lower than the minimum wage (ibid.). For this reason, the Bank suggest that legislative action

should be taken to offer a workfare wage lower than the minimum wage, but this might be quite difficult to achieve from a political economy perspective. The Bank's encouragement of low-paid workfare jobs and an appropriate workfare wage parallels to Third Way's agenda of "active labour market policy for the left" and "part-time work and low-paid work are better than no work because they ease the transition from unemployment to jobs" (Blair and Schröder [1999] 2003, 114).

Both workfare programs and conditional cash transfers are clues which point out to a shift from traditional welfare to positive welfare, or from demand-driven labor market policies of the Keynesian or developmentalist era to supply-driven active labour market policies of contemporary risk society in an era of reflexive modernization, in Giddens's terms. In other words, this is a shift from what the Bank calls "passive social assistance system" to "an active program aimed at helping to improve the employability of the poor (basic skills related to market demands, literacy, numeracy, interviewing and job-search skills, coping-with-life-skills)" (WB 2001b, 27).

Workfarism has changed the definition of employment, and employment is now an opportunity and a preparation process for unemployment in flexible working conditions. It could be argued that employment is henceforth a preparation for unemployment and unemployment is a preparation for employment. The goal of welfare state with respect to employment has been full employment, on the contrary, the goal of workfare state is "to promote the employability of the poor" (ibid., 27) through "employability training particularly adult literacy programs" (WB 2003b, 44) in the case of Turkey.

Local temporary community employment programs and providing support for small-businesses and other income generating activities for the poor also contributes to the employability of the poor. Moreover, the Bank suggests, all these activities need to be relevant to the market demands and of high technical quality and thus the Government will work ever more closely with the private sector, especially chambers of commerce and industry and NGOs at the local level (WB 2001b, 27).

This emphasis on partnership on the part of the Bank is a central issue in this new period of the Bank's approach to poverty, and partnership is a main pillar of governance as discussed above.

Workfarism or active labour market policies transfer risks of falling into poverty to individuals from the state. As a result, citizenship is defined in terms of obligations and responsibilities in addition to rights. This makes responsibility a precondition for rights (Turk 2005, 95). This approach gets concretized in the practices of conditional cash transfers on the part of the World Bank, however, it is formulated by the Third Way of 1990s which organizes social policy around the dictum of "no rights without responsibilities" (Giddens 2000 and 2001)

Consequently, in this chapter, the parallelisms between World Bank's current approach to poverty and the Third Way thinking in an attempt to justify the argument of this study that the approach in question can be located in the framework of the Third Way of 1990s, with reference to the Bank's official documents about poverty in Turkey. In the following chapter, the general conclusions of the study is presented.

## CHAPTER VII

### CONCLUSION

In this study, World Bank's approach to poverty since 1990 is examined as a process of transformation in its own contextuality. Two sub-periods have been identified within this process, and throughout the first one between 1990 and 1997, the Bank's approach is located in the neoliberal understanding of poverty. The first period can also be identified as a transition period because in that period the Bank becomes increasingly aware of the fact that it cannot continue its development praxis in the way it used to do throughout 1980s. However, for a number of reasons, it cannot or does not go beyond the neoliberal understanding of poverty within which the problem of poverty is almost ignored until 1990s and instrumentalized as a complementary element of structural adjustment programs during early and mid-1990s. In addition, it can be said that it was at the same time the period when the present Third Way approach to poverty is gradually matured under the influence of the circumstances which eventually gave rise to a shift in the Bank's approach to poverty as it is argued above. This is why this period of somewhat self-criticism, stagnation, hesitancy or indecisiveness can be identified as a transition period.

During this period, *under the same circumstances*, what would dominate the Bank's approach in the future, as it is argued in this study, has been formulated: the *new generative, emancipatory life politics* of the Third Way of 1990s (Giddens, 1994). The British Labour Party which had pioneered the Third Way in question –together with the Democrat Administration of Bill Clinton in the US, which had come to power four years earlier than its counterpart in the UK– was in opposition since 1979. It had been searching for a way out of the dominance and failure of the neoliberal resurgence as well as the crisis of the “old” social democracy. And the reputation of being the leading propellant of Third Way politics and the bearer of the name “the Third Way” –reinvented by Giddens, the former political consultant

to Blair, the former leader of the Party– had belonged to the Labour Party. However, as the emphasis on the same circumstances would imply, this does not mean that World Bank’s approach to poverty would not be evolved into a “third way” approach, if the Third Way had not been formulated. It can be said that it was the point the political economy in which the Bank’s approach has been shaped had come to under Post-Washington Consensus of late 1990s following the hard core neoliberalism of 1980s and early 1990s, and rather than the Bank adopting the Third Way politics of the political parties in question.

Within the framework of what is described as the Third Way paradigm of poverty in this study, there has been considerable change in World Bank’s approach to poverty. This change can be observed in the increasing quantity of poverty research and poverty projects the Bank undertakes. In addition to this increase in quantity, the way the Bank deals with poverty has also undergone substantial transformation attributing a central role to poverty alleviation on the development agenda of the Bank and the whole development community with the announcement of Comprehensive Development Framework. The fact that poverty occupies such an immense place on the agenda of the Bank does not only result from the increase in the number of people falling into poverty everyday, or from the changing nature of poverty which deepens and expands in scope day by day. However, as it is argued throughout this study, it results in essence from the crisis of the neoliberal hegemony project, because whenever capitalist system topples into a hegemony crisis, that is, whenever the system cannot reproduce itself ideologically, or whenever “the dynamics which legitimize class-based inequalities embracing poverty weakens” and consequently “the legitimacy of social inequality weakens; the problem of poverty comes to the forefront on the agenda with its social and political content (Özügür, M. 2003, 29). This results from the need and necessity that the system has to manufacture and re-manufacture the consent of the poor – along with the non-poor– to overcome the hegemony crisis. The need to re-manufacture the consent of the poor leads to a reformulation of the ways in which poverty is dealt with. Within this reformulation, as discussed in detail above in Chapter 5 and 6, individual becomes human capital, social relations become social



capital, community becomes enterprise, redistribution of income becomes redistribution of opportunity, equality becomes inclusion, inequality becomes exclusion, and employment becomes employability, all of which strengthening the move towards a Polanyian market society. Furthermore, such reformulations of approaches to poverty in terms of these processes –wherever and by whomever they are undertaken– are shaped within the framework of Third Way ideology (Özuğurlu, A. 2007, 57). Consequently, the renewed hegemony project is characterized by the penetration of the logic of capitalism into “all aspects of existence” (Cammack 2004, 152) widening the way to and the reach and coverage area of the market society.

Bearing this process of change in mind, a further point regarding the relationship between the two sub-periods of the process of change in the Bank’s approach to poverty is that the relation between the neoliberal and Third Way paradigms can be understood and described as a break in continuity –and this is why these two periods are identified as *sub*-periods. To concretize, this shift is not only about poverty but also a wider paradigm shift which modify the Bank’s view of the market, of state, of state-society-market relations, of development, and of civil society. But the reason why it is described as a rupture in continuity is that this change does not mean that the Bank abandoned its view of market, society, and state in a fundamental manner. It is rather a change of style, in other words, what has changed and been changing is not the ends but the means to those ends. This change has crucial implications with regard to the success of the Third Way as the renewed hegemony project, as Yalman quotes convincingly from Gamble:

... [the] success [of a hegemonic project] is not to be measured by the actual achievement of objectives but rather by the extent to which a significant proportion of both the objectives and the priorities and the means to achieve them advanced by a particular group become *endorsed and shared* by other groups within the society. (Gamble 1984, quoted in Yalman 2002, 44)

In other words, the ruptures do shake –probably reshape and reorder– the pillars of the Bank’s approach but does not alter the ground on which the pillars are located.

The relationship between what is called Washington Consensus and Post-Washington Consensus concretizes what has been said so far about ruptures in continuity. The former characterizes the Bank's first period (1990-97), and the latter the second period (1997 up to present). However, the latter is not a new consensus but denotes the period *after* the first consensus nor it is a rupture from the former, but it seeks new ways to materialize the goals of the former in a caring manner. At this point, it can be noted that the perpetuation of the ends does not imply that they have *not* been subjected to any alterations: as a matter of fact the goal of rendering the logic of the market governing principle of social life –as implied by the concept of market society– persists. Yet the idea that this can best be achieved through inclusive liberalism –in the sense of constructing inclusive state-market-society relations apart from being on the discursive level or not– is acknowledged.

In this context, social policy as a wider field including the struggle against poverty has also undergone significant transformations. In the early 1990s, it proved obvious that neither state nor labour market would any longer take care of the individual either through welfare provisions or work respectively as they did in the past (Adaman and Bulut 2007, 237-258). The modern state has, to varying degrees, three functions in the field of social policy: social security, social services and social assistance (Atalay 2002). However, in the last two decades, social security is increasingly handed over to communities and turns out to be social capital or takes the form of flexicurity in the flexible labour market. In the same manner, social assistance is handed over to communities and NGOs, and takes increasingly the form of charity as in the case of Deniz Feneri Association, which presents itself as the “goodness movement of the century” in Turkey. Thereby, the state's responsibility is handed over to individuals and communities. In consequence, “social policy is taken out from public sphere, and struggle against poverty has come to become a struggle which should be fought in private sphere” (Adaman and Bulut 2007, 243). This kind of a transformation of social policy takes place in the framework of Third Way politics around the world, with the initiation of the organizations like the World Bank in underdeveloped countries in cooperation with governments like the AKP government in Turkey.

As indicated above, AKP is argued to be the main Third Wayist party in Turkey, and moreover, it is argued to be more successful in following the Third Way principles despite the fact that it does not come from a social democrat tradition than the Republican People's Party, which has a somewhat history of a social democrat party (Keyman and Öniş 2007; Türk 2004, 2005). More importantly, as İnsel attracts attention convincingly, it is written in the program of AKP Government, the 59<sup>th</sup> Government, that "it will keep the goal of making up a democratic market society and economy [...] in the forefront (İnsel 2004, 19; Government of Turkey 2003<sup>32</sup>). What distinguishes both AKP and the AKP Government from their predecessors is that "this time the emphasis is put on a new society model, going beyond the economic policy goal" (İnsel *ibid.*). This new society model is the market society against which Polanyi argues, and it is in line with what is argued, in this study, to be the ultimate goal of the Third Way politics as the renewed hegemony project. Furthermore, this overlap between AKP and Third Way politics is crucial in that it exemplifies the hegemonic character of the approach employed by the World Bank, and in that it can give clues about the fate of not only the poor in Turkey in particular and underdeveloped countries in general, but also the poor in the developed countries where the Third Way thinking is in power in several countries.

Finally, out of the limitations of this study emerge implications for further study. In terms of methodology, this study is limited with the official documents, therefore, its findings reflects the Bank's approach on the discursive level. A further study can compare what the Bank says in its official documents as to poverty and what is done practically in the framework of the Bank's approach to poverty. This can also have implications for what happens in the everyday life of the poor who are either subjects or objects of the approach. Another important issue upon which this study touches indirectly is the Bank's function as a *knowledge bank*. Currently the Bank

---

<sup>32</sup> The program of the 59th Government,  
<http://www.byeqm.gov.tr/hukumetler/59hukumet/hukumetprogrami.htm>

has commitment to be a research and idea-generating unit. This commitment intensified following the Bank's decision to be a "Knowledge Bank" <sup>33</sup> in 1996, paralleling the intensification of the Bank's efforts focusing on poverty. In accordance with this, the Bank's impact on poverty research has also deepened, and this seems worth studying considering the Bank's increasing dominance in the scholarly literature and popular consciousness.

---

<sup>33</sup> This is stated in the *WDR 1998/99 Knowledge for Development* (p. 140): "Launched in October 1996, the World Bank's knowledge management system seeks to make the Bank a clearinghouse for knowledge about development –not just a corporate memory bank of best practices, but also a collector and disseminator of the best development knowledge from outside organizations."

## REFERENCES

- Adaman, Fikret and Tuğçe Bulut. 2007. *Diyarbakır'dan İstanbul'a 500 Milyonluk Umut Hikayeleri Mikro kredi Maceraları*. İstanbul: İletişim
- Aktürk, Şener. 2006. Between Aristotle and the Welfare State The Establishment, Enforcement, and Transformation of the Moral Economy in Karl Polanyi's *The Great Transformation*. *Theoria*, April.
- Alcock, Pete. [1993] 1997. *Understanding Poverty*. London: Macmillan Press.
- Altay, Asuman. 2005. Yoksulluk Sadece Devletin Sorunu Mu? Kamu Harcamaları Açısından Bir Değerlendirme. *Sosyoekonomi* 2.
- Altay, Asuman. 2007. Bir Kamu Malı Olarak Sosyal Sermaye ve Yoksulluk İlişkisi. *Ege Akademik Bakış* 7 (1).
- Atalay, Zehra Nurdan. 2002. Towards a New Welfare Regime in Turkey: The Green Card Scheme in Alleviation of Poverty. MA thesis. Middle East Technical University.
- Bağımsız Sosyal Bilimciler. 2006. IMF Gözetiminde On Uzun Yıl, 1998-2008: Farklı Hükümetler, Tek Siyaset. [www.bagimsizsosyalbilimciler.org](http://www.bagimsizsosyalbilimciler.org)
- Bayramoğlu, S. 2002. Küreselleşmenin Yeni Siyasal İktidar Modeli: Yönetişim. *Praksis* 7.
- Bilge, Ali. Dünya Bankası ve İMF'nin Rolü nadir? *Açık Radyo*. Available at: [http://www.acikradyo.com.tr/default.aspx?\\_mv=a&aid=15617](http://www.acikradyo.com.tr/default.aspx?_mv=a&aid=15617)
- Buğra, Ayşe. 1997. *Devlet ve İşadamları*. İstanbul: İletişim.
- Buğra, Ayşe. 1998. The Immoral Economy of Housing in Turkey. *International Journal of Urban and Regional Research*, Vol. 22, no. 2: 283-302.

Buğra, Ayşe. 2005. Foreword to *Büyük Dönüşüm: Çağımızın Siyasal ve Ekonomik Kökenleri*, by Karl Polanyi, 11-32. İstanbul: İletişim.

Buğra, Ayşe. 2006. Bir Toplumsal Dönüşümü Anlama Çabalarına Katkı: Bugün Türkiye’de E. P. Thompson’ı Okumak. In *İngiliz İşçi Sınıfının Oluşumu*, by E. P. Thompson, 11-37. İstanbul: Birikim.

Buğra, Ayşe. 2007. Sadaka Değil Vatandaşlık Hakkı. *Express* 79: 20-23.

Buğra, Ayşe and Çağlar Keyder. 2003. *New Poverty and Changing Welfare Regime of Turkey*. UNDP.

Buğra, Ayşe and Çağlar Keyder. 2005. Poverty and Social Policy in Contemporary Turkey. BÜ Sosyal Politika Forumu.

Buğra, Ayşe and Çağlar Keyder. 2006. The Turkish Welfare Regime in Transition. *Journal of European Social Policy* vol. 16, no. 3: 211-228.

Cammack, Paul. 2002. The Mother of All Governments: The World Bank’s Matrix for Global Governance. In *Global Governance: Critical Perspectives*. Eds. R. Wilkinson and S. Hughes, 36-53. London: Routledge .

Cammack, Paul. 2004. Gidden’s Way with Words. In *Third Way and Beyond: Criticisms, Futures and Alternatives*. Ed. Hale Sarah, 151-165. Manchester: Manchester University Press.

Davis, Mike. 2007. *Gecekondu Gezegeni*. İstanbul: Metis.

DPT (2007) Dokuzuncu Kalkınma Planı Gelir Dağılımı ve Yoksullukla Mücadele Özel İhtisas Komisyonu Raporu.

Dumenil, G. and Levy D. 2004. *Capital Resurgent: Roots of the Neoliberal Revolution*. Cambridge, MA: Harvard University Press.

Ercan, Fuat. 2001. *Modernizm, Kapitalizm ve Azgelişmişlik*. İstanbul: Bağlam.

Erder, Sema. 2001. Yeni Yoksul(n)luklar Üzerine. *Sosyal Demokrat Değişim* (April-May).

Erder, Sema. 2004. Yeni Yoksulluk Yeni Modeller: Geçiş Toplamları Nereye? *Kızılıık* (March).

Erder, Sema. 2007. İstemedikleri Halde Sürülenler: Zorunlu Göç ve Sonrası. *İstanbul* 61: 96-99.

Ersoy, Melih. 2001. Sanayisizleşme Süreci ve Kentler. *Praksis* 2: 32-52.

Esping-Andersen. 1999. *Social Foundations of Postindustrial Societies*. Oxford and New York: Oxford University Press.

Field, John. 2006. *Sosyal Sermaye*. İstanbul: Bilgi Üniversitesi.

Fitzpatrick, Tony. [1998] 2004. Postmodernism and New Directions. In *The Student's Companion to Social Policy*, ed. Pete Alcock, Angus Erskine, and Margaret May, 127-133. London: Blackwell.

Gibbins, John R. 1998. Postmodernism, poststructuralism and social policy. In *Postmodernity and the Fragmentation of Welfare*, ed. John Carter, 31-48. London and New York: Routledge.

Giddens, Anthony. [1994] 1996. *Sağ ve Solun Ötesinde*. İstanbul: Metis.

Giddens, Anthony. 1998. *The Third Way and its Critics*. Cambridge: Polity Press.

Giddens, Anthony. [2000] 2001. *The Third Way and its Critics*. Cambridge: Blackwell.

Gramsci, Antonio. 1971. *Selections from the Prison Notebooks*. New York: International Publishers.

Sallan-Gül, Songül. 2004. *Sosyal Devlet Bitti, Yaşasın Piyasa! Yeni Liberalizm ve Muhafazakarlık Kışkacında Refah Devleti*. İstanbul: Etik.

Güler, Birgül Ayman. 2005. *Yeni Sağ ve Devletin Değişimi: Yapısal Uyarlama Politikaları 1980-1995*. Ankara: İmge.

Güveloğlu, Nazım. 2004. Demokrasinin Neoliberal Dönemde Geçirdiği Dönüşümün Siyasal Partiler Üzerindeki Etkileri. *Praksis* 12: 11-36.

Harvey, David L., and Michael Reed. 1992. Paradigms of Poverty: A Critical Assessment of Contemporary Perspectives. *The International Journal of Politics, Culture, and Society* 6:269-297.

Harvey, David. [1990] 2006. *Postmodernliğin Durumu*. İstanbul: Metis.

Harvey, David. 2007. Neoliberalism as Creative Destruction. *The Annals of the American Academy of Political and Social Science* 610: 21-45.

Hattatoğlu, Dilek. 2007. Küreselleşme, (Yeni) Emek Biçimleri, Yoksulluk ve Kadınlar. *Amargi* 6: 18-21.

Işık, Oğuz and Melih Pınarcıoğlu. 2001. *Nöbetleşe Yoksulluk*. İstanbul: İletişim.

İnsel, Ahmet. 2001. İki Yoksulluk Tanımı ve Bir Öneri. *Toplum ve Bilim* 89: 62-72.

İnsel, Ahmet. 2004. AKP'nin Piyasa Toplumu Hedefi. *Birikim* 184/185: 19-28.

İslamoğlu, Huricihan. 2002. Yeni düzenlemeler ve ekonomi politik: IMF kaynaklı kurumsal reformlar ve bütün yasası. *Birikim* 158: 20-27.

Jackson, Cecile. 1998. Rescuing Gender from the Poverty Trap. *Feminist Visions of Development: Gender, Analysis and Policy*. ed. Cecile Jackson and Ruth Pearson. London and New York: Routledge.



Jayasuriya, Kanishka. 2005. Economic Constitutionalism, Liberalism and the New Welfare Governance. Asia Research Center, Working Paper no. 121. Accessed October 12, 2007. [www.warc.murdoch.edu.au/wp/wp121.pdf](http://www.warc.murdoch.edu.au/wp/wp121.pdf)

Jessop, Bop. 2003. From Thatcherism to New Labour: Neoliberalism, Workfarism and Labour Market Regulation. Department of Sociology, Lancaster University. Accessed October 13, 2007. <http://www.comp.lancs.ac.uk/sociology/soc131rj.pdf>

Kalaycıoğlu, Sibel. 2006. Dynamics of Poverty in Turkey: Gender, Rural/Urban Poverty, Social Networks and Reciprocal Survival Strategies. In *Poverty and Social Deprivation in the Mediterranean*. ed. Maria Petmesidou-Christos Papatheodorou.

Kalaycıoğlu, Sibel and Helga Rittersberger-Tılıç. 2002. Yapısal Uyum Programlarıyla Ortaya Çıkan Yoksullukla Baş Etme Stratejileri. In Ahmet Alpay Dikmen, ed., *Kentleşme Göç ve Yoksulluk*: 197-246.

Kaya, Safiye. 2002. Dünya Bankası ve Türkiye. *Sayıştay Dergisi* 46/47 <http://www.sayistay.gov.tr/yayin/dergi/icerik/der46-47m1.pdf>

Kaygalak, Sevilay. 2001. Yeni Kentsel Yoksulluk, Göç ve Yoksulluğun Mekânsal Yoğunlaşması: Mersin/Demirtaş Mahallesi Örneği. *Praksis* 2.

Keyder, Çağlar. 2000. Enformel Konut Piyasasından Küresel Konut Piyasasına. In *İstanbul Küresel ile Yerel Arasında*, ed. Çağlar Keyder. İstanbul: Metis.

Keyder, Çağlar. 2004. *Türkiye’de Devlet ve Sınıflar*. İstanbul: İletişim.

Keyman, Fuat and Ziya Öniş. 2004. Globalization, Social Democracy and the Third Way: Paradoxes of the Turkish Experience. Accessed October 10, 2007. <http://home.ku.edu.tr/~zonis/publications.htm>

Keyman, Fuat and Ziya Öniş. 2007. Globalization and Social Democracy in the European Periphery: Paradoxes of the Turkish Experience. *Globalisations* vol. 4, no.2: 211-228.

Lister, Ruth. 2004. *Poverty*. Cambridge: Polity Press.

MacLeavy, Julie. 2007. The Six Dimensions of New Labour: Structures, Strategies, and Languages of Neoliberal Legitimacy. *Environment and Planning A* vol. 39: 1715-1734.

McLeod, Dinah and Maurizia Tovo. 2001. *Social Services Delivery through Community-Based Projects*. Washington D.C.: World Bank.

Menocal, Alina Rocha. 2004. And if there was no state?: critical reflections on Bates, Polanyi and Evans on the role of the state in promoting development. *Third World Quarterly* vol. 25, no. 4: 765-777.

Munck, Ronaldo. 2005. Globalisation, Labour and the Polanyi Problem. In *The Future of Organised Labour Global Perspectives*. ed. C. Phelan, 135-160. Oxford, Frankfurt and New York: Peter Lang. available at <http://www.theglobalsite.ac.uk/press/402munck.htm>

Munck, Ronaldo. 2006. Globalisation and Contestation: A Polanyian Problematic. *Globalisations* vol. 3, no.2: 175-186.

Munzam, Galip. 2006. Polanyi'ye Rağbet. *Sol*, August 5. Available at: <http://www.sol.org.tr/index.php?yazino=2069>

Öngen, Tülin. 2003. Yeni Liberal Dönüşüm Projesi ve TR Deneyimi. In *İktisat Üzerine Yazılar I: Küresel Düzen: Birikim, Devlet ve Sınıflar*. ed. Köse, A. H., Şenses, F., and Yeldan, E. İstanbul: İletişim.

Özçelik , Emre. 2006. Institutional Political Economy of Economic Development and Global Governance. PhD diss., Middle East Technical University.

Özdek, Yasemin. 2002. Küresel Yoksulluk ve Küresel Şiddet Kıskaçında İnsan Hakları. In *Yoksulluk, Şiddet ve İnsan Hakları*, ed. Yasemin Özdek. Ankara: TODAİE.

Özügürlü, Aynur. 2007. Yoksulluk Araştırmalarına Eleştirel Bir Bakış. *Mülkiye*, vol. XXX, no. 250.

Özüğurlu, Metin. 2003. Eşitlik Kökü “Demokratikleşme” Programlarının Eleştirisi. *Praksis* 10.

Özüğurlu, Metin. 2003. Sosyal Politikanın Dönüşümü ya da Sıfatın Suretten Kopuşu. *Mülkiye* XXVII (239): 59-75.

Peker, Ayşe Tatar. 1996. Dünya Bankası: ‘Büyüme’ Söyleminden ‘İyi Yönetim’ Söylemine. *Toplum ve Bilim* 69: 6-61.

Pinker, Robert. [1998] 2004. The Conservative Tradition of Social Welfare. In *The Student’s Companion to Social Policy*, ed. Alcock, Pete, Angus Erskine, and Margaret May, 78-84. London: Blackwell

Polanyi, Karl. 1957. *The Great Transformation: the political and economic origins of our time*. Boston: Beacon.

Portes, Alejandro. 1976. The Sociology of National Development. *American Journal of Sociology* 82: 55-85.

Portes, Alejandro. 1997. Neoliberalism and the Sociology of Development: Emerging Trends and Unanticipated Facts. *Population and Development Review* vol. 23, no. 2: 229-259.

Powel, Martin. [1998] 2004. The Third Way. In *The Student’s Companion to Social Policy*, ed. Alcock, Pete, Angus Erskine, and Margaret May, 100-106. London: Blackwell.

Putnam, Robert D. 2000. *Bowling Alone: the collapse and revival of American community*. New York: Simon and Schuster.

Ranis, Gustav. 1997. The World Bank Near the Turn of the Century. In *Global Development Fifty Years After Bretton Woods*, eds. Berry, Albert, Roy Culpeper, and Frances Stewart, 72-89. London: Macmillan Press.

Rao, Vijayendra and Michael Walton. 2004. *Sociology of Development*.

[http://www.cultureandpublication.org/conference/s\\_o\\_d\\_sociologyanddevelopment.htm](http://www.cultureandpublication.org/conference/s_o_d_sociologyanddevelopment.htm)

Riddell, Roger. 2004. Approaches To Poverty: A Note from the “Development” Perspective. Paper presented at International Council on Human Rights Policy Researchers’ Meeting: Poverty, Development, Rights. Geneva, November 24-25, 2004.

Roberts, R. Bryan, Robert G. Cushing, and Charles Wood. 1995. Introduction to *Sociology of Development Volume I*. eds. Roberts, R. Bryan, Robert G. Cushing, and Charles Wood, xi-xxv. Aldershot and Brookfield: Edward Elgar.

Rodrik, Dani. 2004. Rethinking Growth Policies in the Developing World. Luca d’Agliano Lecture in Development Economics, Torino, Italy.  
<http://courses.umass.edu/econ804/rodrik.pdf> (accessed November 2, 2007)

Rose, Nikolas. 1996. The Death of the Social? Re-figuring the territory of Government. *Economy and Society*, vol. 25 no. 3: 327-356.

Rose, Nikolas. 1999. Inventiveness in Politics. Review of *The Third Way: The Renewal of Social Democracy*, by Anthony Giddens. *Economy and Society*, vol. 28 no. 3: 467-493.

Ruggeri Laderchi, Caterina, Ruhi Saith, and Frances Stewart. May 2003. Does it matter that we don’t agree on the definition of poverty? A Comparison of Four Approaches. Working Paper Number 107, Queen Elizabeth House Working Paper Series, University of Oxford.

Saad-Filho, Alfredo. 2007. Introduction. In *Kapitalizme Reddiye: Marksist Bir Giriş*, ed. Alfredo Saad-Filho, 11-37. İstanbul: Yordam.

Searcy, Dennis R. 1993. Beyond the Self-Regulating Market in Market Society: A Critique of Polanyi’s Theory of the State. *Review of Social Economy* 51.

Selçuk, Faruk and Ahmet Ertuğrul .2002. Turkish Economy 1980-2001. In *Inflation and Disinflation in Turkey*. ed. Aykut Kibritcioğlu. Ashgate, Burlington.

Stiglitz, Joseph. 2002. *Küreselleşme: Büyük Hayal Kırıklığı*. Trans. Arzu Taşcıoğlu. İstanbul: Plan B.

Şenses, Fikret. 2001. *Küreselleşmenin Öteki Yüzü: Yoksulluk*. İstanbul: İletişim.

Şenses, Fikret. 2001a. Review of *Nöbetleşe Yoksulluk, Sultanbeyli Örneği*, by Oğuz Işık and M. Melih Pınarcıoğlu. *ODTÜ Gelişme Dergisi* 28: 3-4.

Şenses, Fikret. 2003. Review of New Poverty and Changing Welfare Regime of Turkey, by. Ayşe Buğra and Çağlar Keyder. *ODTÜ Gelişme Dergisi* 30: 1-2.

Şenses, Fikret. 2003a. Yoksullukla Mücadelenin Neresindeyiz? Gözlemler ve Öneriler. In *İktisat Üzerine Yazılar I: Küresel Düzen: Birikim, Devlet ve Sınıflar*. eds. Ahmet Haşım Köse, Fikret Şenses, and Erinc Yeldan. İstanbul: İletişim.

Taştan, Özlem Zehra. A Critique of the Poverty Alleviation as Social Policy: The World Bank's Social Risk Mitigation Project in Turkey. MA Thesis. Middle East Technical University.

Tonak, Ahmet and İ. Cemil Schick. 2003. Uluslararası Boyut: Ticaret, Yardım ve Borçlanma. In *Geçiş Sürecinde Türkiye*, eds. Tonak and Schick. İstanbul: Belge.

Townsend, Peter. 1993. *The International Analysis of Poverty*. New York and London: Harvester Wheatsheaf.

Treanor, Paul. 2005. Neoliberalism: Origins, Theory, Definition. <http://web.inter.nl.net/users/Paul.Treanor/neoliberalism.html> (accessed November 2, 2007).

Türk, Duygu. 2004. Adalet ve Kalkınmanın Üçüncü Yolu. *Praksis* 12: 63-84.

Türk, Duygu. 2005. A Critical Evaluation of the Third Way and its Reflections on Turkish Politics. MA thesis, Middle East Technical University.

Türk, Duygu. 2007. Üçüncü Yol. Forthcoming.

Uzun, Ayşe Meral. 2003. Yoksulluk Olgusu ve Dünya Bankası. *C.Ü. İktisadi ve İdari Bilimler Dergisi* vol. 4 no 2.

Wacquant, Loic. 2007. İlerlemiş Marjinallik Çağında Bölgesel Damgalanma. *Birikim* 219: 52-58.

Williamson, John. 1993. Democracy and the “Washington Consensus”. *World Development* Vol. 21, no.5: 1329-1336.

Wolfensohn, James D. 1997. The Challenge of Inclusion: 1997 Annual Meetings Address in Hong Kong SAR, China, September 23. Available at [www.worldbank.org](http://www.worldbank.org)

Wolfensohn, James D. 1999. A Proposal for a Comprehensive Framework. Available at [www.worldbank.org](http://www.worldbank.org)

Wolfensohn, James D. and François Bourguignon. 2004. *Development and Poverty Reduction: Looking Back Looking Ahead*. Washington D.C.: World Bank.

World Bank. 1978. *World Development Report 1978: Prospects for Growth and Alleviation of Poverty*. Washington D.C.: World Bank.

World Bank. 1980. *World Development Report 1980: Poverty and Human Development*. Washington D.C.: World Bank.

World Bank. 1990. *World Development Report 1990: Poverty*. Washington D.C.: World Bank

World Bank. 1991. *The Political Economy of Poverty, Equity, and Growth in Egypt and Turkey*. Washington D.C.: World Bank.

World Bank. 1993. *Country Assistance Strategy for Fiscal Years 1994-1996*. Washington D.C.: World Bank.

World Bank. 1994. *Privatization Implementation Assistance and Social Safety Net Project*. Washington D.C.: World Bank.

World Bank. 1997. *WDR 1997: State in a Changing World*. Washington D.C.: World Bank.

World Bank. 1999. *Social Assessment for the Turkey Forest Sector Review*. Washington D.C.: World Bank.

World Bank. 2000a. *Turkey Economic Reforms, Living Standards and Social Welfare Study*. Washington D.C.: World Bank.

World Bank. 2000b. *Privatization Social Support Project*. Washington D.C.: World Bank.

World Bank. 2000c. *Country Economic Memorandum*. Washington D.C.: World Bank.

World Bank. 2000d. *Country Assistance Strategy for Fiscal Years 2001-2003*. Washington D.C.: World Bank.

World Bank. 2001a. *WDR 2000/2001: Attacking Poverty*. Washington D.C.: World Bank.

World Bank. 2001b. *Social Risk Mitigation Project*. Washington D.C.: World Bank.

World Bank. 2002. *Greater Prosperity with Social Justice*. Washington D.C.: World Bank.

World Bank. 2003a. *Country Assistance Strategy for Fiscal Years 2004-2006*. Washington D.C.: World Bank.

World Bank. 2003b. *Poverty and Coping After Crises*. Washington D.C.: World Bank.

World Bank. 2003c. *Bridging the Gender Gap in Turkey: A Mile Stone Towards Faster Socio-Economic Development and Poverty Reduction*. Washington D.C.: World Bank.

World Bank. 2004a. *WDR 2004 Making Services Work for Poor People*. Washington D.C.: World Bank.

World Bank. 2004b. *Operations Evaluation Department Turkey Country Assistance Evaluation (CAE) Approach Paper, December 7, 2004*. Washington, D.C.: World Bank.

World Bank. 2005a. *Joint Poverty Assessment Report*. Washington D.C.: World Bank.

World Bank. 2005b. *Second Privatization Social Support Project*. Washington D.C.: World Bank.

World Bank. 2006. *The World Bank in Turkey: 1993-2004, An IEG Country Assistance Evaluation*. Washington D.C.: World Bank.

World Bank. 2006a. *WDR 2006 Equity and Development*. Washington D.C.: World Bank.

Wright, Erik O. 1994. *Interrogating Inequality: Essays on Class Analysis, Socialism and Marxism*. London: Verso.

Yalman, Galip. L. 2002. The Turkish State and Bourgeoisie in Historical Perspective: A Relativist Paradigm or A Panoply of Hegemonic Strategies? In *The Politics of Permanent Crisis: The State, Class and Ideology in Turkey*, Neşecan Balkan and Sungur Savran. New York: Nova Science Publishers.

Yalman, Galip. L., Sonat, S., Tayanç, F. and Tayanç, T. 2004. *Güneydoğu Anadolu Bölgesi'nde Yoksulluğun Etkisini Hafifletme Uygulamaları: Bir Değerlendirme*, Ankara: TSBD-UNDP.

Yeldan, Erinç. 2006. *Küreselleşme Sürecinde Türkiye Ekonomisi: Bölüşüm, Birikim ve Büyüme*. İstanbul: İletişim.



Yılmaz, Ahmet. 2006. Neoliberalizm Altında Türkiye’de Devletin Dönüşümü ve Hegemonya Girişiminin Nitelikleri. *İktisat Dergisi* 478: 3-14.

Zabcı, Filiz. 2002. Dünya Bankası’nın Küresel Pazar için Yeni Stratejisi: Yönetişim. *Ankara Üniversitesi Siyasal Bilgiler Fakültesi Dergisi* vol. 57, no. 3: 151-179.

Zabcı, Filiz. 2003. Sosyal Riski Azaltma Projesi: Yoksulluğu Azaltmak mı, Zengini Yoksuldan Korumak mı? *Ankara Üniversitesi Siyasal Bilgiler Fakültesi Dergisi* vol. 58, no 1.

Zabcı, Filiz. 2007. Bağımlılığın İçselleştirilmesinde AKP ve Dünya Bankası. *Mülkiye* vol. 30 no. 252.

## APPENDICES

### APPENDIX A

#### DOCUMENTS REVIEWED IN THE STUDY

DATE	REPORT TITLE	DOCUMENT TYPE	REPORT NO
1993	Country Assistance Strategy for Fiscal Years 1994-1996	Country Assistance Strategy Document*	—
1994	Privatization Implementation Assistance and Social Safety Net Project	Staff Appraisal Report	12682
1997	Country Assistance Strategy for Fiscal Years 1998-2000	Country Assistance Strategy Document*	16992
1999	Social Assessment for the Turkey Forest Sector Review	Working Paper (Numbered Seires)	22373
2000	Turkey Economic Reforms, Living Standards and Social Welfare Study	Economic Report	20029
2000	Privatization Social Support Project	Project Appraisal Document	20709
2000	Turkey: Country Economic Memorandum-Structural Reforms for Sustainable Growth	Economic Report	20657
2000	Country Assistance Strategy for Fiscal Years 2001-2003	Country Assistance Strategy Document	21408
2001	Social Risk Mitigation Project	Project Information Document	PID10515
2001	Social Risk Mitigation Project	Project Appraisal Document	22510-TU
2002	Greater Prosperity with Social Justice	Policy Notes	27379
2003	Country Assistance Strategy for Fiscal Years 2004-2006	Country Assistance Strategy Document	26756
2003	Poverty and Coping After Crises	Sector Report	24185
2003	Bridging the Gender Gap in Turkey: A Mile Stone Towards Faster Socio-Economic Development and Poverty Reduction	Working Paper	39334
2005	Joint Poverty Assessment Report	Economic Report	29619
2005	Second Privatization Social Support Project	Project Appraisal Document	31738
2006	The World Bank in Turkey: 1993-2004, An IEG Country Assistance Evaluation Country Assistance Evaluation	Publication	36584

\*These documents are not available for public use

## APPENDIX B

### SAMPLE WB TABLE INTRODUCING DOCUMENTS

<b>Country:</b>	Turkey	<b>Document Date:</b>	2003/07/28
<b>Doc Name:</b>	Main Report	<b>Document Type:</b>	Sector Report
<b>Language:</b>	English	<b>Related Project ID:</b>	TR-Poverty And Vulnerability Assessment -- P078939
<b>Rep Title:</b>	Turkey - Poverty and coping after crises	<b>Region:</b>	Europe and Central Asia
<b>Major Sector:</b>	Health and other social services	<b>Report Number:</b>	24185
<b>Sector:</b>	Other social services	<b>Topics:</b>	Poverty Reduction
<b>Unit Owning:</b>	Human Development Sector Unit (ECSHD)	<b>SubTopics:</b>	Environmental Economics & Policies ; Rural Poverty Reduction ; Poverty Assessment ; Services & Transfers to Poor ; Safety Nets and Transfers
<b>Volume No:</b>	1 of 2		
<b>Abstract:</b> Turkey experienced severe losses of life and infrastructure in 1999 caused by the August earthquake. The earthquake was followed by a period of economic and financial crisis, culminating in a major currency devaluation in February 2001. What has been the social impact of these crises? In order to answer that question, the World Bank and the Government of Japan co-financed a household survey during the summer of 2001, which consisted of surveying 4200 households on their consumption and income, and interviewing 120 respondents in depth for case studies. This study seeks to answer three main questions: how many are poor in Turkey in 2001; who are the poor and why are they poor?; and how do the poor cope with risk and poverty?			