

**SOCIAL CONSEQUENCES OF PRIVATIZATION
SÜMERBANK EREĞLİ COTTON PLANT CASE**

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

BY

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

SEPTEMBER 2007

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ABSTRACT

SOCIAL CONSEQUENCES OF PRIVATIZATION SUMERBANK EREĞLİ COTTON PLANT CASE

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M.S., Department of Sociology

Supervisor : Prof. Dr. Sencer Ayata

September 2007, 142 pages

The thesis attempts to provide a critical evaluation of the social consequences of privatization. It is mainly based upon a field study conducted in Ereğli, an industrial town in Central Anatolia, and evaluates workers' attitudes towards the effects of privatization on their lives. For that purpose, firstly, social development paradigm is highlighted since its current premise is the necessity of privatization; secondly, Turkish Experience of the State Economic Enterprises is taken into consideration; and lastly, providing a case study on the privatization of Sümerbank Ereğli Cotton Plant, social consequences of privatization are examined more closely. Thus, it will also be possible to point out concretely that privatization is a social phenomenon in

addition to its economic side. The main conclusion of this thesis is that a large scale privatization without taking into consideration social returns damaged the welfare of communities in which it experienced.

Keywords: Social Development, State Economic Enterprises, Privatization, Sümerbank, Social Policy

ÖZ

ÖZELLEŞTİRMENİN TOPLUMSAL SONUÇLARI SÜMERBANK EREĞLİ BEZ FABRİKASI ÖRNEĞİ

Nurol, Bahadır

Yüksek Lisans, Sosyoloji Bölümü

Tez Yöneticisi : Prof. Dr. Sencer Ayata

Eylül 2007, 142 sayfa

Bu tez, özelleştirmenin toplumsal sonuçlarının eleştirel bir değerlendirmesini yapmayı amaçlamaktadır. Orta Anadolu’da bir sanayi kasabası olan Ereğli’de yürütülmüş olan alan araştırmasına dayanmaktadır ve işçilerin, özelleştirmenin yaşamları üzerindeki etkilerine dair görüşlerini değerlendirmektedir. Bu amaçla öncelikle, günümüzdeki dayanak noktasının özelleştirmenin gerekliliği olduğu unsurundan hareketle, toplumsal kalkınma paradigması öne çıkarıldı; ikinci olarak Türkiye’de ki Kamu İktisadi Teşekkülleri deneyimi göz önüne alındı; son olarak, Sümerbank Ereğli Bez Fabrikası’nın özelleştirme sürecine yönelik bir örnek vaka üzerinde, özelleştirmenin toplumsal sonuçları daha yakından incelendi. Böylece,

özelleştirmenin, ekonomik yönünün yanı sıra toplumsal bir olgu olduğu gerçeğine somut bir şekilde işaret etmek mümkün olacaktır. Bu tezin temel fikri toplumsal sonuçlarını hesaplamadan gerçekleştirilen geniş kapsamlı bir özelleştirme hamlesinin, özelleştirmeden etkilenen toplum kesimlerinin refahını olumsuz yönde etkileyeceğidir.

Anahtar Kelimeler: Toplumsal Kalkınma, Kamu İktisadi Teşebbüsleri, Özelleştirme, Sümerbank, Sosyal Politika

ACKNOWLEDGMENTS

I wish to express my deepest gratitude to my supervisor Prof. Dr. Sencer Ayata for his guidance, advice, criticism, encouragements and insight throughout the research.

I would also like to thank Assoc. Prof. Dr. Erkan Erdil and Assist. Prof. Dr. Mustafa Şen for their valuable suggestions and comments. The suggestions of Prof. Dr. Oktar Türel are gratefully acknowledged.

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CHAPTER I

INTRODUCTION

Since the establishment of the Republic in 1923, Turkey experienced different development models. During the 1920s, the state tried to encourage private sector to speed up industrialization. After the 1929 crisis, however, statist policies fostered industrial development. From the 1950s to the end of the 1970s, Turkey followed a mixed development model characterized by the predominance of the state. In the meantime, the state economic enterprises (SEEs) were the key actors in the implementation of welfare policies in addition to their role in the economy. By the 1980s, Turkey took an opposite direction with the neoliberal stabilization and adjustment packages. State involvement in the management of economy decreased sharply with privatization. In that sense, the main objective of this thesis is to examine social consequences of privatization that have taken place in the 1990s.

For this purpose, this thesis can be thought to be consisted of mainly three parts. The first part of the thesis, entitled “From Social Development to Privatization”, aims to cover the entire realm of social development. In this part, privatization has been approached with a theoretical framework containing elements of social development theories. Accordingly, it firstly outlines theoretical approaches to social development. Since the state-led

development and import substitution industrialization were seen during most of the twentieth century as the dominant paradigm for development, the demise of national progress ideal of the countries through the resources of their own triggered a huge debate. To put the case clearly, predictions of modernization theory of the 1940s and 1960s, the development of underdevelopment thesis and the ensuing dependency school that emerged in the mid-1960s, the world-system approach of the early 1970s, and neoclassical or neo-liberal development models which dominated the 1980s and 1990s will be successively taken into consideration. This part is combined with insights upon the “State Economic Enterprises” and “Country Experiences”. These subsections mainly cover original motives behind the creation of SEEs, their role in the statist development, and the privatization wave that embraced on a worldwide scale. In order to provide a deep insight on the SEEs, Mexico’s and India’s experiences which show a similar trajectory with Turkey are included into this part. The first part will be ended up with a subsection entitled “Privatization”. It covers relationship between the structural adjustment programs and privatization, and previous studies on the social consequences of privatization. The basic problem addressed in this debate is the noneconomic side of privatization.

The second part of this thesis, entitled “Turkish Experience” deals successively with the establishment of the SEEs, postwar transitional period that the SEEs were firmly constructed, structural transformation of the SEEs in the period of 1960-1980 with the planned economy, and privatization in the Post 1980 Era. The state’s efforts to compensate for the negative effects of privatization are also covered in this part. The third part, entitled as

“Sümerbank”, involves two subsections cover successively a general history of Sümerbank as an institution, and Ereğli Cotton Plant in particular.

The third section of this study is the main analytical part. It presents a case study on privatization. This case study examines the privatization of Sümerbank Ereğli Cotton Plant as a means for fostering discussion about social consequences of privatization. It will first examine the privatization process of Sümerbank Ereğli Cotton Plant, followed by a review of the production process at the plant in order to question the assumption that the SEEs are inefficient and private sector is likely to produce better results and higher profit. Thirdly, welfare provisions provided by the state via SEEs will be examined. Fourthly, the financial aspects of privatization will be taken into consideration. Lastly, non-monetary aspects of privatization will be examined with particular emphasis on the employees’ involvement in the privatized establishment, their social lives and families.

This part of the thesis is specifically devoted to an analysis of the insights that can be gained from a study of the people employed in the manufacturing industry. Convincing that the society’s equity concerns are best addressed by instruments which focus on the circumstances of individuals and households, rather than on industries and regions¹, I have analyzed workers’ attitudes towards privatization via in depth interviews. In depth interview has been defined as a method where an individual can express his thoughts as widely and deeply as possible in a verbal form.² Accordingly,

¹ Freebairn, 2003, p. 412

² Lämsä, 1996, p.1

I have conducted interviews with the workers of privatized Sümerbank Ereğli Cotton Plant. The study covered thirty workers employed full time in white and blue collar occupations. Their ages ranged from 42 to 78 years. The respondents were broken down by; fifteen white and fifteen blue collar workers, ten female and twenty male. Since the plant was privatized on October 31, 1997, eleven of the white collar workers had immediately been retired. Four white collar workers kept working until they were qualified for a pension in the other government agencies. Nine blue collar workers had also retired after the sale whereas six blue collar workers who were under the age limit to qualify for a pension were dismissed. Respondents were randomly selected and designed to represent white and blue collar workers equally, and both sexes as far as possible. Interviews have been conducted in Ereğli throughout three months in 2006 and each lasted approximately two hours. Each respondent was asked twenty one questions and the responses were classified into five categories. The questions included items on privatization process, their productive activities, and a welfare comparison between the pre and post privatization process. The terms, Sümerbank and the Ereğli Cotton Plant were used interchangeably since the respondents called their previous workplaces as Sümerbank.

Sümerbank was chosen as the object of this study since its symbolic value for the Turkish industrialization experience. As the biggest SEE of the country, even in 1943 it had employed twenty four thousand six hundred and forty employees.³ On January 1948, eighteenth thousand six hundred and

³ Makal, 2007, p. 137

eleven employees out of total twenty eight thousand and thirty employees were described as qualified workers. It means a transition from traditional agricultural workmanship to a modern industrial workmanship.⁴ Last but not least, welfare provisions of Sümerbank such as public houses, factory nursery and guesthouses, recreational facilities, and facilities for health and education were significant tools to improve living standards of its employees. Indeed, an independent social service department was set up in Sümerbank in 1945.⁵ Particularly through the public houses Sümerbank achieved to form an institutional habitus more extensive than any other SEE. The site planning had been consisted of identical dwelling units constructed in accordance with the needs of a modern nuclear family. A sense of community was thus experienced through this modern residential neighborhood. More precisely, Sümerbank created a habitus that were the mental or cognitive structures through which people deal with the social world.⁶ Here, several further points about this statement need clarification. The concept of habitus is particularly important for the manifestation of social groupings for Bourdieu. In essence, Bourdieu links agency with structure through the process of habitus.⁷ A habitus is acquired as a result of long-term occupation of a position within the social world.⁸ Accordingly, one can conclude that Sümerbank created a

⁴ *ibid.*, pp. 146–147

⁵ *ibid.*, pp. 131

⁶ Ritzer, 1996, p. 404

⁷ Wainwright et al., 2007, p. 310

⁸ Ritzer, 1996, p. 404

workforce sharing a set of values and attitudes. To this end, it served as a tool for social development and modernization.

In sum, this thesis explores social consequences of privatization. It attempts to reveal how social development policies resulted in transformation of life courses under conditions of sudden system change. To see clearly, it examines how privatization experienced in the world in general and in the less developed countries in particular. It pays special attention to the Turkish case. It specifically focuses upon the Sümerbank and tries to reveal how privatization was experienced by the employees. Topics for research have included examination of life course transition related to employees' attitudes towards privatization, production process and workforce, welfare provisions, economic and non-monetary consequences of privatization.

CHAPTER II

FROM SOCIAL DEVELOPMENT TO PRIVATIZATION

2. 1 Theoretical Approaches to Social Development

Prior to the year 1973 in which the oil shock paved the way to the reorganization of economies throughout the world, the focal point for the researchers of social development was to analyze hitherto neglected mechanisms that reproduce social problems, brought about by economic growth. From this date onward, however, a neo-liberal agenda seems to have overlooked the social dimension of economic growth. The case for liberalization was centered on the belief that government regulation in the markets, including capital and labour, interferes with the freedom of individuals.⁹ Indeed, this process was associated with the transition from statist development towards integration into the world economy. The weakening role of the state intervention, due to the global transformation of the economic order, produced a destructive effect on the social structure particularly in the less developed countries. However, state-led development and import substitution industrialization were the key components of social

⁹ Hamilton, 1989, p. 1523

policies for the less-developed countries.¹⁰ Considering their social structure, to follow the same policies with the developed countries that crystallize with the large scale privatization did not meet with success. Since the statist model enabled them to combat with unemployment, to establish a system of social security, and to develop public services, the new mode of development posed some social problems. The declining significance of industrialization and the concomitant decline in industrial employment in favor of service sector in some countries adversely affected the living standards of workers. Although policy makers assumed that the conditions would be improved in the long term, the Turkish experience of privatization showed that the successive governments could not adopt the measures to maintain the living standards of the previous industrial workforce.

Early studies on development appeared as a distinct area of research through modernization theory and approached mainly the question of national progress in the post-war period of 1940s and 1950s. Modernization theorists claimed that modern societies indicate the future shape of the less advanced ones and they saw modernization as a process of change towards those types of social, economic, and political systems that have developed in Western Europe and North America.¹¹ Modernization theory saw development as a staged process which would be materialized through the adoption of the free market economy at the economic level, and also adoption of Western institutions and values at the social level. Rostow identified the societies, in

¹⁰ Beinin, 1999, p. 18

¹¹ Eisenstadt 1966, p. 1

their economic dimensions, as lying within one of five categories: the traditional society, the preconditions for take-off, the take-off, the drive to maturity, and the age of high mass-consumption.¹² The last category was seen as the level of modern Western societies. During the 1950s, Chenery stressed that the relationship between the theory of production and growth remained the most controversial aspect of the problem of development.¹³ However, in the last instance, modernization theory was handled mainly with reference to the social changes taking place with the industrial revolution and tended to see the different countries exhibit similar development patterns.

In the mid-1960s, modernization theory had been accused of being an ideological construction of Western capitalism, and subjected to an intense criticism particularly by the “development of underdevelopment” thesis. Frank argued that the contemporary underdevelopment is in large part the historical product of past and continuing economic and other relations between the satellite underdeveloped and the now developed metropolitan countries.¹⁴ Similarly, Baran claimed that the imperialism had penetrated underdeveloped countries and thus destroyed their previous social structure and subsequent development, producing lasting conditions of dependency.¹⁵ The works on the “development of underdevelopment” inspired the “dependency” school. The basic hypothesis of the dependency school was that development and underdevelopment are interdependent structures within the

¹² Rostow, 1960, p. 4

¹³ Chenery, 1955, p. 45

¹⁴ Frank, 1966, p. 18

¹⁵ Baran, 1957, 136–143

global economic system.¹⁶ Dependency theorists, among them Amin, Cardoso, dos Santos, Frank, Quijano, and Seers, concluded that the social and economic relations of the underdeveloped countries are not original but directly related with the penetration of capitalism. This theory indeed correctly predicted the growing global hegemony of multinational corporations and international capitalist institutions.¹⁷ It was in 1969 that Seers discussed firstly the social dimension of development that had focused thus far on the economic growth. According to Seers, development refers to the reduction of poverty, inequality, and unemployment.¹⁸

In the early 1970s, the world-system approach, influenced by the dependency theory came into scene. It saw the world-system as a power hierarchy between the core and periphery in which the powerful and wealthy core societies dominate and exploit the poor peripheral ones. The unit of analysis for the world system theorists is the capitalist world economy that originated within the European state system and dominated the whole world in the course of time. A leading exponent of the world system theory, Wallerstein's analysis had built upon improvements in both historical sociology and the study of contemporary development.¹⁹ He aimed at achieving a clear conceptual break with theories of modernization and thus to provide a new theoretical paradigm to guide our investigations of the

¹⁶ Peet, 1991, p. 45

¹⁷ Portes, 1997, p. 231

¹⁸ Nafziger, 2005

¹⁹ Goldfrank, 2000, p. 150

emergence and development of capitalism, industrialism, and nation states.²⁰

The central relation of the world-systems perspective was that of core and periphery, geographically and culturally distinct regions specializing in capital-intensive (core) and labor-intensive (periphery) production.²¹ In that sense, the world system theory attached a significant importance to the working class.

Neoclassical or neo-liberal development models dominated the 1980s and 1990s. As a leading advocate of this model, Krueger proposed that in many developing countries, governmental policies have been highly distortive and harmful to economic growth.²² She, thus, insisted that the government intervention thwarts development. Accordingly, neo-liberal models of development featured mainly by the extensive trade liberalization, deregulation of foreign investment, privatization of state enterprises, and fiscal orthodoxy.²³ Friedman, one of the best known and most influential liberal economists, saw the welfare state as a threat to freedom.²⁴ He accordingly proposed a transitional program that could abolish all the welfare policies implemented by the state. According to Friedman, such program, in the short run, would give rise to low payments and unattractive working conditions for some people. However, in the long run, it would be more

²⁰ Skocpol, 1977, p. 1075

²¹ Goldfrank, 2000, p. 168

²² Krueger, 1990, pp. 9-23

²³ Shadlen, 2000, p. 73

²⁴ Friedman and Friedman, 1980, pp. 46-96

humane since it would cease dependency to the state.²⁵ For Friedman, development implies freedom. He argued that totalitarian societies develop institutions, public attitudes, and vested interests that are wholly antithetical to the rapid creation of the basic economic requisites for freedom and prosperity.²⁶ Thus, the bulk of wealth, including means of production, must be privately owned in the fullest sense.²⁷

In that sense, the market mechanism would accomplish the tasks that had been expected to be performed by the developmentalist state in the 1960s. Development of a strong private sector was a tool to improve rapid economic growth and a necessary condition to solve social problems. However, privatization has widely been promoted as a means of improving economic performance.²⁸ In these circumstances, a harsh critique of the SEEs has taken center stage in the political debate.

2. 2 State Economic Enterprises

Since the second half of the 1970s, privatization of the State Economic Enterprises (SEEs) has been situated at the core of the debates about social policies throughout the world. Hence, it is important to examine firstly the original motives for establishing a state-owned enterprise. It is commonly concluded that the economic distress experienced due to the ensuing Great

²⁵ *ibid.*, p. 46

²⁶ Friedman, 1990, p. 33

²⁷ *ibid.*, p. 33

²⁸ Parker and Kirkpatrick, 2005, p. 513

Economic Depression of 1929 and of World War II were the main points for establishing the SEEs.²⁹ In the subsequent period, from 1930s to 1970s, the states played a key role in securing the economic conditions for capital accumulation.³⁰ The main tools of the states in this process were the SEEs. The SEEs were also important instruments of social and economic policy both in the advanced industrialized countries and in the less developed ones.

For the sake of brevity, the sources of motivation for the creation of the SEEs can be classified into two categories: (1) Economic reasons³¹: To get the economy back on the tracks after the depression of 1929 and World War II, an economic planning policy under the state leadership was put into practice. To establish projects which require huge amounts of capital which is not easily raised by the private capital and to improve the sectors in which private sector is unwilling to make investment were preconditions for the postwar economic recovery. Thus, it would also be possible to eliminate economic crises erupted due to the existing deficiencies of market mechanism. In the postwar period, promotion of industries deemed to be of strategic importance was a vital part of the economic recovery. The SEEs also pioneered industrialization in countries with no large-scale industry particularly in the less developed countries. (2) Social and political reasons³²: After the war, nationalization policies of leftist governments and pragmatist

²⁹ Vernon, 1979, p.7

³⁰ Boratav and Türkcan, 1994, p.185

³¹ Aharoni, 1982, pp. 67–76; Vernon, 1979, p.7–9; Curwen, 1986, p. 31; Özmen, 1967, p. 36; Rees, 1984, p.2

³² Duggal, 1969, p.469; Rees, 1984, p.2; Boratav and Türkcan, 1994, pp.186–187; Posner and Woolf, 1967, pp.108–112

policies of the conservative governments were the impulsive forces behind the creation of the SEEs in developed Western countries. While the leftist governments were establishing the SEEs to fulfill social and economic transformation, conservative governments, despite their theoretical objections, established the SEEs for the sake of pragmatism. Less developed countries also created the SEEs for a number of social and political reasons; to serve the social purposes of regional development through providing employment for the people in rural areas and stimulate economic activity; to act for the common good by securing the sale of goods and services at reasonably low prices to the poorer people; and to provide training for the labour force for the whole economy.

In the 1980s, starting in the U.K, privatization was embraced on a worldwide scale, covering both developed and less developed countries. Privatization refers to the policy of converting public ownership of an asset to private ownership or of permitting the performance of a certain activity, hitherto carried out by the department of a public organization, by a private sector business.³³ To provide a deep inside, one should note that the motives behind privatization varied significantly among the states. However, in general, for the underlying causes of privatization three main categories can be identified: (1) Fiscal Pressures on Governments: Immediately after the oil crisis of 1973 and the debt crisis that followed it, governments found it difficult to squeeze money out of taxpayers and savers at home and from lenders abroad. This turned privatization into a serious option for improving

³³ Pearce, 1994, p.345

the short-term cash flow of governments.³⁴ (2) Economic Inefficiencies: Public enterprises around the world have proved to be highly inefficient, primarily because they pursue strategies incompatible with the market conditions.³⁵ Thus, transferring them to the private sector helps to increase the efficiency of production.³⁶ High wages and over-protection of workers, lack of innovation, excessive employment that satisfies the political objectives of politicians are main reasons for the economic insufficiencies. (3) Pressures of International Organizations: World Bank, International Money Fund (IMF), and the US Agency for International Development applied pressure on developing countries, to pursue privatization as a part of economic reforms.³⁷ The aim of these agencies was to eliminate government subsidies to the SEEs.³⁸ Where state production could not be eliminated, stabilization and adjustment programs could not be applied.³⁹ Thus, the main aim lying behind a large scale privatization movement was to integrate national economies into one single world market.

³⁴ Ramamurti, 1992, pp. 226–227; Boratav and Türkcan, 1994, pp. 203–204

³⁵ Boycko, 1996, p. 309; Ramamurti, 1992, p. 229

³⁶ Biersteker, 1990, p. 485

³⁷ Ramamurti, 1992, p. 228

³⁸ *ibid.*, p. 228

³⁹ Biersteker, 1990, p. 487

2.3 Country Experiences

Privatization activity grew significantly in less-developed countries particularly during the 1990s.⁴⁰ To make an elaborate study, a retrospective analysis of the experiences of different countries might provide a deep insight on the SEEs. Mexico and India are examples of the less-developed countries that the histories of the SEEs show a similar trajectory with Turkey.

The first wave of the Mexican industrialization began in the 1890s and continued until the late 1930s. In the meantime, small regional enterprises were replaced by publicly held corporations and production for the regional markets gave way to the production for the national market.⁴¹ Particularly with the revolutionary movement of 1910, the necessary steps towards industrialization were taken through the road buildings, dam constructions, and agrarian reform.⁴² However, industrialization as it is known today is generally said to have begun in 1940 with the impetus from the World War II.⁴³ The unavailability of goods from the belligerent nations necessitated import substitution model.⁴⁴ Sustained largely by the policies of import substitution industrialization, which protected domestic industry from foreign competition, a strong nationalist state had set the stage for a long period of

⁴⁰ Parker and Kirkpatrick, 2005, p. 514

⁴¹ Haber, 1987, p. 493

⁴² Hanson, 1955, p. 157

⁴³ Barkin, 1975, p. 70

⁴⁴ Cardenas, 1984, p. 603

capitalist growth.⁴⁵ Between the years 1940-1970, the governments laid a growing emphasis on the SEEs. Financed mainly by contributions from the Federal Government through budgetary appropriations, Mexican SEEs covered a wide range of industries⁴⁶: Nacional Financiera (Nafinsa) has played a leading role for the expansion of Mexico's industrial base in accordance with the social and economic goals. It was Mexico's chief mechanism for financing large infrastructure projects and industrial plants. The Petroleos Mexicanos, which enjoys a monopoly of oil production, provided the government with substantial revenues. It was also a source of subsidy to other SEEs. The Federal Electricity Commission, established in 1937, has been responsible for nearly all the new hydro-electric plants. A major portion of the mining industry was also reorganized under the state leadership.

During the 1970s, the state expanded direct state employment and a variety of social programs.⁴⁷ The state actively involved in the economy through the SEEs which have multiple goals such as the improvement of infrastructure, import substitution, regional development, and job creation. However, the 1982 debt crisis and subsequent cut-off of foreign credit undercut Mexico's capacity to sustain the statist development.⁴⁸ In 1983, the government launched a privatization program and over the next two years the

⁴⁵ Fitzgerald, 1978, p. 264

⁴⁶ Hanson, 1955, pp. 158–162

⁴⁷ Bruhn, 1996, p. 153

⁴⁸ Williams, 2001, p. 98

number of SEEs was greatly reduced.⁴⁹ During the period 1983-1991, Mexico strictly followed a structural adjustment and liberalization program as part of its agreement with the IMF.

However, the neoliberal policies failed to lift Mexico into the first world and exacerbated many social problems.⁵⁰ During the structural adjustment period, thousands of jobs were lost in steel and metal production, the center of industry was shifted toward the north, and more women entered the workforce.⁵¹ According to World Bank data, today, about one quarter of those living in extreme poverty in Mexico reside in urban areas in which the SEEs were settled in the states in the center of the country.⁵²

When India declared its independence from the British colonial rule in 1947, it inherited some public enterprises that had long been run by the state. These SEEs included the telephone and telegraph systems, a large railway network, some ordnance factories, and a scattering of other assets.⁵³ Only a few state governments owned and operated the SEEs of an industrial nature. The creation of the special Ministry of Production in 1952 was a turning point to specialize the task of planning, coordinating, controlling and managing industries in the public sector.⁵⁴ Beginning in the 1950s and lasting until the early 1990s, India had favored a state-led approach to economic development.

⁴⁹ La Porta and Lopez-de-Silanes, 1999, p. 1197; Williams, 2001, p.98; Bruhn, 1996, p.153

⁵⁰ La Botz, 2005, p. 65

⁵¹ *ibid.*, p. 65

⁵² <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/LACEXT/MEXICOEXTN/0,,contentMDK:20233967~pagePK:141137~piPK:141127~theSitePK:338397,00.html>

⁵³ Baldwin, 1957, p. 6

⁵⁴ *ibid.*, p.16

At a basic level, the purpose was to transform an unbalanced, fragmented, and dependent colonial economy into a diversified, integrated and sustainable national economy.⁵⁵ The period of 30 years from 1950–51 to 1979–80 was the phase of statist experimentation, in which the Indian version of growth was developed.⁵⁶ In the meantime, taking advantage of the opportunities provided by world trade to expand exports of labour-intensive manufactured goods, India derived economic benefit from the SEEs.⁵⁷

In response to the country's looming debt crisis in 1991, the stabilization and adjustment programs, which were introduced to the society as the economic policy reforms, constituted a watershed in India's history.⁵⁸ The reason for the delay of liberalization was that India chose to liberalize in a cautious and deliberate manner, judging at what pace the country would tolerate liberalization. In contrast to Mexico in which the privatization program had swiftly been carried out, current policy debates in India are focused on the social impacts of this gradual privatization. One consequence of the privatization movement was to weaken the unions. Managements employ non-union temporary labour wherever they can.⁵⁹ In response, nearly ten million workers in India went on a one-day strike July 25, 2001 against

⁵⁵ Grant and Nijman, 2004, p. 470

⁵⁶ Virmani, 2004, p. 15

⁵⁷ Ahluwalia, 2006, p. 2

⁵⁸ Nayar, 1998, p. 335

⁵⁹ Holmström, 1999, p. 176

privatization. The strike was called to protest privatization, layoffs and anti-labor legislation.⁶⁰

In conclusion, after the World War II, the cornerstone of economic development for both countries was the SEEs. In response to these countries' looming debt crisis, nearly identical structural adjustment programs were imposed by the international institutions. Thus, they cut back spending on the social sectors of the economy and prevent the workers from demanding higher wages. As one can easily identified, Indian governments opted for structural adjustment programs a decade later than did Mexican governments. The reason was that the strikes and the threat of strikes organized by the political party-affiliated unions reversed many government privatization decisions in India.⁶¹ As of 1997; India has experienced a limited privatization of the state government industries. However, since 1991, public sector labour was forced to reduction through involuntary early retirement and lay-offs with compensation.⁶² In Mexico, however, despite repeated conflict with organized labor, the government pushed an aggressive divestment agenda that transformed Mexico into Latin America's leading privatizer.⁶³

Until the 1980s, these countries tended to favor state ownership in large scale investment as a part of social development policy. By the end of the decade however, in each country, the scarcity of entrepreneurial resources

⁶⁰ http://socialistworker.org/2001/375/375_13_India.shtml

⁶¹ Candland, 2002, p. 69

⁶² *ibid.*, p. 70

⁶³ Williams, 2001, p. 91

was generally recognized as a fundamental obstacle to economic progress.⁶⁴

These countries has also simultaneously benefited from state-led development which resulted in a decline of the poverty rate during the most part of the twentieth century. It is not difficult to come to the conclusion that thanks to the SEEs, such countries ensured wages, secured for all workers a decent living for themselves and their families. However, immediately after the implementation of neo-liberal policies, some critics have attacked the SEEs in each by questioning their notion of the functional necessity of performances in the maintenance of economic order. In addition to their similar development practices, it might be worthwhile to see how similar prescriptions resulted in changing working conditions, wages, and labour rights in these countries.

Clearly, from the standpoint of the idea of social development, it was possible to present an argumentation on the historical role of the SEEs. In discussing different dimensions of the SEEs, one can see that social development cannot be restricted only to economic factors. Since the main concern of this thesis is with the social consequences of privatization, here, it is worthwhile to locate the very nature of privatization which is used throughout the thesis.

⁶⁴ Alexander, 1960, p. 349

2.4 Privatization

For the neoclassical or neo-liberal development models, a strong private sector is a significant tool to improve economic growth. Thus, since the 1980s, some development agencies and international institutions have promoted a large scale privatization movement. Indeed, many governments cut payments, reduced wages, and rendered labour markets more competitive.⁶⁵ They assumed that this would inject both investment and efficiency into the under-performing public sector.⁶⁶ Privatization depended upon a set of reasons⁶⁷: promoting efficiency; reducing the role of the state in economy; and promoting consumer choice. However, it was solely motivated by the financial objectives. More precisely, privatization, in practice, served the interest of already existing capital owners instead of the working class. Efficiency was provided mainly by the massive layoffs, the states cut down spending on the social sectors, and through the growing service sector, the consumer choice was promoted only for the upper classes.

Industrial workforce in many countries had followed a well-established pattern until the privatization. The main elements of this conventional pathway were as follows; a guarantee of minimum standards, a settled income, social protection, and the provision of social services. However, they experienced redundancy and an immense upheaval after the privatization. In other words, the welfare structures of the statist era have been

⁶⁵ Hirst, 1997, p. 425

⁶⁶ Hall et al, 2005, p. 286

⁶⁷ Pendleton, 1997, pp. 554-579

destroyed by privatization. Under such conditions, it can be argued that privatization programs dissociated themselves from the negative social consequences of structural adjustment. Consequently, the basic problem addressed in this section is the noneconomic side of privatization. That is the social consequences of privatization.

Here, it will be necessary to give a detailed consideration to existing literature on the social consequences of privatization. Most privatization research is based on case studies. Sociologically, they can be classified into five main categories. The first group of studies directly focuses upon the privatization process. They cover people's attitudes to privatization. The second group of studies examines the trade union activities and resistance to privatization. The third group of studies deals mainly with productivity. The main field of research for the fourth group of studies is the privatization of public services. Lastly, the fifth group of studies elaborates effects of privatization upon employment.

The main field of research for the first group of studies is the privatization process in itself. Most comprehensive studies covering the attitudes to privatization were carried out in the United Kingdom. For example, based upon a survey of the privatized water industry in England and Wales, Harris examined what employees felt about the general principle of privatization.⁶⁸ He concluded that the privatization of basic utilities never enjoyed wide public support. He claimed that it was also unpopular with his employee sample. According to Harris, those interviewed worried that the

⁶⁸ Harris, 1995, pp. 220-221

private sector is far more concerned with increasing profits than providing a good service to the public. Similarly, Eiser et al. examined people's perceptions on the coastal pollution before the privatization of the UK electricity supply and water industries.⁶⁹ The result was that the levels of pollutants in the immediate environment were expected to increase. It is argued in such studies that privatization is widely perceived as unfair. A similar argument is put forward by Berdnikova and Maksim. The findings of their survey on "The Social Consequences of the Transformation of Property Ownership", characterize the attitudes held by people toward the social consequences of privatization in Russia.⁷⁰ They stated that many respondents blamed the negative consequences of the transformation of property ownership on the haste and insufficient preparation that characterized privatization and corporate conversion.⁷¹

Secondly, since privatization programs affect labour most directly, many studies have concentrated upon the role of trade unions and resistance activities against privatization. As a leading proponent of privatization, Savas, for example, concluded that privatization eliminated the cost created by the trade unions. He claimed that the unionists in return for their services expected and frequently obtained greater pay raises and collective bargaining rules that led to more agency shops, the net effect having to enlarge the union treasury and thus increase the salaries and subsidiary income of the union

⁶⁹ Eiser et al, 1996, pp. 193-208

⁷⁰ Berdnikova and Maksim, 2002, pp. 49-54

⁷¹ *ibid.*, p. 51

leaders.⁷² However, various case studies regarded privatization as having real costs for organized labour. In “Unions in Transition: Why Organized Labour Embraced Economic Reform in Poland (1989-99)”, Keat claimed that Polish labour consented to a reform program that brought high unemployment, falling wages and rapid restructuring of the economy. He paid attention to the negotiation process. For Keat, the unions were confident that they could block the most adverse effects of reform and extract compensation for losers.⁷³ Similarly, Posusney, in her study upon the Egyptian labour struggles, concluded that the union leaders focused their energies upon the modest aid programs such as early retirement, and on labour code revisions.⁷⁴ In such cases, as their bargaining power was breaking down, trade unions sought new means for creating pressure. This new orientation emphasized partnership rather than confrontation with the government.

The third group of studies deals mainly with productivity. The proponents of privatization argue that the private sector is inherently more efficient than the public sector, primarily because it brings increased competition and reduces governmental bureaucracy⁷⁵. It was assumed by the neoliberal paradigm that the SEEs frequently employ more people than required for efficiency. They pay more wages. Benefits are higher than their counterparts in the private sector. They have also large, unfunded pension liabilities. These factors have led to lower labor productivity and higher labor

⁷² Savas, 1982, p. 84

⁷³ Quoted in Posusney and Cook, 2002, pp. 4-5

⁷⁴ *ibid.*, p. 5

⁷⁵ Morgan and England, 1988, p. 979

costs than private investors can accept.⁷⁶ For example, it was argued in the OECD Jobs Study that the traditional patterns in the organization of work and working time hinder labour market flexibility, and, indirectly job creation.⁷⁷ A similar argument is put forward by Boycko et al. They contributed to the productivity debate by claiming that the public enterprises around the world have proved to be highly inefficient, primarily because they pursue strategies, such as excess employment, that satisfy the political objectives of politicians who control them.⁷⁸ They gave examples showing the significantly higher cost of public relative to private provision of municipal services in the United States. In contrast to the proponents, Sclar conducted three case studies of public service privatization in the United States. In the end, he concluded that public sector employment can be more efficient than the employment in the private sector since privatization could not achieve promised savings but created a real cost for taxpayers.⁷⁹ Similarly, Boardman and Hewitt examined the contracting out of the orderly service in a hospital in Western Australia and concluded that the result was poor in terms of cost, quality and externalities.⁸⁰

The main field of research for the fourth group of studies is the privatization of public services. Examining alternative service delivery arrangements in various countries, Savas, an advocate of privatization,

⁷⁶ Asian Development Bank, 2006, pp. 4–5

⁷⁷ OECD, 1994, p. 34

⁷⁸ Boycko, 1996, p. 309

⁷⁹ Sclar, 1997, p. 24

⁸⁰ Boardman and Hewitt, 2004, p. 917

claimed that the state was unable to be responsive to citizens' needs due to its monopoly status in the service provision⁸¹. To prove his thesis, he compiled a set of case studies comparing public and private refuse collection and claimed that the service provided by the municipalities is more expensive than the privatized firms. Savas also concluded that there is not a significant difference between the public and private sectors in terms of the quality of services. In their study, Smith et al examined the case of social housing in Britain.⁸² They concluded that the replacement of the local government housing organizations by the private sector indicates an increasing competition. Thus, they claimed that privatization is a process that transforms the citizen into the consumers. Keane et al conducted a research on the privatization of health services in the United States.⁸³ They demonstrated that there has been significant privatization of local health department services. In the end, they state that about three quarters of local health department services were privatized until the year of 2002. Keane et al also stated that employees and unions in the privatization process have a direct interest in protecting jobs and preserving long term, full-time work with benefits. Folbre indicated the adverse effects of privatization in the care sectors. She argued that the competitive pressures might negatively affect the quality of services.⁸⁴ Sullivan mentioned another phase of the privatization of public services. Through a review of Supreme Court decisions in the United States, he argued that a consequence of the

⁸¹ Savas, 1994, pp. 162-163

⁸² Smith et al, 1995, pp. 287-309

⁸³ Keane et al, 2002, pp. 133-152

⁸⁴ Folbre, 2001, pp. 53-82

drive to privatize public services will be a diminution of constitutional protections. He stated that the constitution limits private agencies only when their specific actions are directly attributable to the State. In that sense, Sullivan concluded that although the United States' Constitution provides many protections for citizens against arbitrary government action and infringement of individual liberties, it provides no protection from abuses by the private sector⁸⁵. A study from Chile contributes to the debate by stressing gender dimension.⁸⁶ de Mesa and Montecinos showed that the new privately managed pension system in Chile has increased gender inequalities. They stated that after the privatization, benefits are calculated according to individuals' contributions and levels of risk. Such factors as women's longer life expectancy, earlier retirement age, lower rates of labor-force participation, lower salaries, and other disadvantages in the labor market are directly affecting their accumulation of funds in individual retirement accounts, leading to lower pensions, especially for poorer women.

Fifth group of studies is directly related with the employment consequences of privatization. Proponents argue that privatization does not damage public sector workers. They state that displaced workers can be hired by contractors or transferred to other state establishments. However, empirical studies show that employment in the industrial sector fell rapidly after the privatization. For example, de Luca concluded that employment in the energy sector in Britain fell by 42 %. In other words, more than one hundred and ten

⁸⁵ Sullivan, 1987, pp. 461-467

⁸⁶ de Mesa and Montecinos, 1999, pp. 7-37

thousand of people lost their jobs from 1990 to 1995 in the period of restructuring which followed the privatization of the most of the country's electricity supply industry. During the same period, average decline in European Union energy sector was 17.4 %. ⁸⁷ de Luca also stated that in the first six months after privatization, inherited workforce in Buenos Aires in the water and sewage services was reduced nearly 50 %.⁸⁸ Similarly, using data about fourteen U.K. companies, Haskel and Stefan found that employment fell following the change to more commercial objectives; and wages were only slightly affected by this, but fell if the firm lost market power⁸⁹. Another study about the employment effects of privatization is the case of jute industry in Bangladesh.⁹⁰ Using firm level data from jute mills in Bangladesh, Bhaskar and Khan stated that the breakdown of employment reduction by category is particularly interesting. The reductions in employment were primarily directed toward white collar workers and to a lesser extend toward permanent manual workers. Consequently, this study indicated the high level of clientelism among the white collar workers. Furthermore, according to Turkey Labour Market Study of World Bank, the working age population grew by 23 million from 1980 to 2004; however, only 6 million jobs were created.⁹¹

Indeed, in recent years, most of the industrial activities have shifted to the private sector in many countries. Consequently, precarious employment,

⁸⁷ Quoted in Martin, 2002, p. 136

⁸⁸ *ibid.*, p. 189

⁸⁹ Haskel and Szymanski, 1993, pp. 161-181

⁹⁰ Bhaskar and Khan, 1995, pp. 267-273

⁹¹ World Bank, 2006, p. ii

such as part-time, on-call, casual, temporary, self-employment, and contract jobs increased. Indeed, in the relatively poor countries, instead of industrial employment, service sector jobs increased after the privatization. As Mingione stated, the growth of tertiary sector in a poor economic environment is accompanied by an expansion in clandestine employment and in the informalization of working conditions.⁹²

In conclusion, the above mentioned studies cover five social dimensions of privatization; attitudes to privatization, trade union activities and resistance to privatization, productivity, privatization of public services, and employment. Thus, it can firstly be concluded that the attitudes of people to implementation were generally pessimistic. Secondly, trade unions, in many cases, failed to prevent the sale in the long term. Trade unions in general were obliged to consent to privatization in return for some limited provisions. Thirdly, productivity is one of the most controversial aspects of the privatization debate. Various studies have contradictory assumptions about productivity. It means that in practice privatization is more complicated than it seems. Fourthly, proponents are concerned to reduce the role of the state in the provision of public services and thus to promote consumer choice. However, findings of the case studies indicate that it means a transformation of citizens to consumers irrespective of fundamental citizenship rights. Lastly, it is clear that privatization reduced the industrial employment and paved the way for precarious employment in many cases.

⁹² Mingione, 1989, p. 557

2.5 Concluding Remarks

The history of the twentieth century reveals strong similarities between the development experiences of less-developed countries. Such experiences can be seen as processes of industrialization and accompanied modernization. The modernist model became the aspiration for developmentalist purposes derived from the first-world experience.⁹³ It was intended that through industrialization, progress of technology, and higher national output, such countries increase their national income. The term, development has a major economic connotation, possibly accompanied by the addition of a few other factors that could characterize the idea of the welfare of a community.⁹⁴ In that sense, industrialization was the major avenue to raise the standard of living. This objective appeared to be answered mainly through the nationalized industries. Indeed, the SEEs were the most significant symbols of development for most of the world. Although too much attention has been focused upon the economic dimension, it should be noted that various social policies have been carried out by the SEEs. At this point it is easy to see what must be the goals of the SEEs except purely economic ones. Particularly, in the less-developed countries, they incorporated rural people into the urban fabric through providing employment, housing and a set of social services such as, health, education, and recreation. In that sense, the SEEs also served as a major poverty alleviation measure.

⁹³ Keyder, 2005, p. 125

⁹⁴ Agazzi, 1993, p. 18

The privatization of the SEEs indicates a shift from statist development to global economy. Some countries like Turkey withdrew themselves completely from undertaking productive investments and did not formulate long term development policies and conditions set forth for the renewal of their developmental characteristics.⁹⁵ Thus, developmental aspirations were assigned to the private sector. However, from the viewpoint of neo-liberalism, privatization has a significant positive effect to the development of a country: It improves the performance of privatized enterprise mainly by providing an economic incentive for more efficient management.⁹⁶ Thus, it was anticipated in the long term that the whole society would benefit from the increasing efficiency and ensuing wealth. In that sense, at first glance, privatization would seem problematic only from the standpoint of workers whose workplaces have been sold out. However, this is only the first problem. The second comes from the fact that the SEEs also served to a set of social purposes. Without replacing new welfare mechanisms, privatization had destructive effects on the social life. Throughout the statist period, the SEEs served the social purposes of regional development and acted for the common good by securing the sale of goods and services at reasonably low prices to the poorer people. Providing training for the labour force for the whole economy was another function of the SEEs. Thus, it seems that a large scale privatization without considering social returns, to remove such welfare mechanism will damage the large sections of the societies.

⁹⁵ Kepenek, 1999, pp. 309-336

⁹⁶ Debardeleben, 1999, p. 447

CHAPTER III

TURKISH EXPERIENCE

3.1 The Establishment of the SEEs

After the establishment of the Turkish Republic in 1923, the economic policies adopted until the early 1930s were relatively liberal in comparison to the subsequent statist period.⁹⁷ Indeed, during the second half of the 1920s, various foreign companies established their branches in Turkey and many capitalist investors established partnerships with the Turkish firms.⁹⁸ In the “First Turkish Economic Congress” convened on February 1923 in İzmir, the choice was made between liberalism and the state intervention to economy. In the end, a policy that does not oppose foreign investment and call for government support for the local industries found acceptance.⁹⁹ During 1923-1933, the private enterprises had been given all sorts of incentives. However, the shock of the Great Economic Depression of 1929 had destructive effects on the Turkish economy.¹⁰⁰ Immediately after, the sharp bankruptcies began.

⁹⁷ Okyar, 1965, p. 98; Tekeli and İlkin, 1977, p. 35; Zürcher, 1993, p. 203

⁹⁸ Tezel, 2002, p. 462

⁹⁹ Ökçün, 1985, p. 1064

¹⁰⁰ Okyar, 1965, p. 99; Keyder, 1985, p. 1068

Commercial companies, manufacturers, and farmers found themselves in a position in which they could not acquit their debts. Unemployment and poverty increased.¹⁰¹ The inadequacy of private capital and of private enterprises was a significant handicap for a self-sufficient economic development.

From 1931 onwards, ideas were being formulated for more state intervention in the economy.¹⁰² At the initial stage, the state relied upon a policy of encouragement of private enterprise.¹⁰³ However, the results were disappointing for a number of reasons: impatience with the slow pace of development; the impact of the world depression; and the desire of Turkish officials to schemes involving government control.¹⁰⁴ Transition to the planned economy was implemented under the provision of the first Five-Years Plan which was approved by the Council of Ministers on January 9, 1934.¹⁰⁵ Accordingly, the first SEEs of the Republican Turkey, Sümerbank for industry and Etibank for mining were set up by separate ad hoc laws on June 13, 1933 and June 14, 1934.¹⁰⁶ While Sümerbank was assuming liability for the financing, construction, and operation of textiles, steel, paper, rayon, ceramics, caustic soda, chlorine, and cement plants, Etibank assumed liability

¹⁰¹ Keyder, 1985, p. 1068

¹⁰² Okyar, 1965, p. 100; Sağlam, 1981, p. 74

¹⁰³ Alexander, 1960, p. 349

¹⁰⁴ *ibid.*, p. 349

¹⁰⁵ Wyatt, 1934, p. 826

¹⁰⁶ Okyar, 1965, p. 101

for mining.¹⁰⁷ During the establishment period, the Soviet Union exercised its influence to a considerable extent on Turkey. In 1932, a Soviet delegation visited Turkey and prepared a report on the fields in which industries should be established, their location and predicted cost of industrialization.¹⁰⁸ Soviets also awarded a loan for the capital goods and technicians.¹⁰⁹ In 1938, Law No. 3460, a fundamental law regulating the SEEs was passed by the parliament.¹¹⁰ In the meantime, the number and size of the SEEs had substantially grown. In practical terms, they were established to serve three main purposes¹¹¹: (1) To advance economy within a relatively short period of time. (2) To serve the social purposes of regional development. The locations of the SEEs were uneconomic but they provide employment to the people and stimulate economic activity in the countryside. (3) To train a work force and managers for the enterprises in the private sector.

3.2 Postwar Transitional Period

World War II followed the restructuring period. During the war the private sector fell outside the existing development process.¹¹² Postwar transitional period, particularly the year 1946 was a turning point in the

¹⁰⁷ *ibid.*, p.101

¹⁰⁸ Okyar, 1965, p. 100; Zürcher, 1993, p. 207

¹⁰⁹ Wyatt, 1934, p. 840

¹¹⁰ Okyar, 1965, p. 101

¹¹¹ Duggal, 1969, p. 469

¹¹² Keyder, 1985, p. 1069

adoption of new economic policies. To facilitate the American financial assistance the government applied for membership of the International Money Fund (IMF) and took the so called “7 September Decisions” that meant a devaluation of the Turkish Lira and a number of liberalizing measures¹¹³. On May 1950, Democrat Party (DP) won the elections against the Republican People’s Party (CHP) which was the only party in power since 1923. Democrats immediately declared that their economic policy regarded private enterprise as fundamental in the economic sphere and promised that the state would not be involved in the SEEs.¹¹⁴ Accordingly, Industrial Development Bank was established to facilitate the transfer of the SEEs to the private sector. However, Democrats were unable to find a suitable formula for limiting the activities of the state sector. Anxious about the DP’s policies, businessmen did not purchase the SEEs offered to them, nor did they increase their investment in new industrial ventures.¹¹⁵ Consequently, the SEEs continued to grow during 1950s.

3.3 Structural Transformation of the SEEs: 1960-1980

Realizing that unplanned economic growth involved too many risks for the socio-economic structure of Turkey, the military government that came to power after the DP set up the State Planning Organization (DPT) on

¹¹³ Zürcher, 1993, p. 225; Ahmad, 1977, p. 125

¹¹⁴ Ahmad, 1977, p. 125–126

¹¹⁵ *ibid.*, p.129

September 30, 1960.¹¹⁶ The reasons lying behind the creation of the DPT were as follows: inflationary policies followed by the DP had exhausted the gold and foreign exchange reserves; the terms of trade had deteriorated; the foreign debt stood at around USD 850 million; and exports stagnated at about USD 300 million per annum.¹¹⁷

Until the end of the 1970s, Turkey followed a mixed economic policy through the Five-Year Economic Development Plans. The successive governments had adhered to the basic principle of more activist public sector and an increased share of government agencies in directly productive activities. The SEEs, thus, become more dependent upon political power in contrast to the Law No. 3460 of 1938 that had granted a significant autonomy.¹¹⁸ The results were the increasing fiscal deficits and the greater burden of responsibility in accordance with the government policies following its current social and political aims.¹¹⁹

Between 1963 and 1978 the SEEs were still dominant in the intermediate and capital-goods industries. However, the economic crisis of the late 1970s was a turning point in the history of the SEEs. The oil crisis of 1973-74 quadrupled the price of oil on the international market.¹²⁰ In 1979, there was a second oil prize increase and thus the oil-importing less developed countries

¹¹⁶ *ibid.*, p. 269

¹¹⁷ *ibid.*, p.268

¹¹⁸ *ibid.*, p.30

¹¹⁹ *ibid.*, p.30

¹²⁰ Zürcher, 1993, p. 280

went into current account deficit.¹²¹ Indeed, a huge foreign deficits experienced since the mid- 1970s caused a foreign exchange crisis in the period 1977-1980 for most of the less-developed countries.¹²² Consequently, in 1978, the government began negotiations about new credits with the IMF, the World Bank, and the OECD.¹²³ However, the agreement introduced a comprehensive set of economic stabilization and structural adjustment measures. These measures aimed to achieve restructuring of the economy through neo-liberal measures. In consequence, the government took the so called “January 24 Decisions” that shifted public policy sharply in favor of market-based solutions by implementing programs designed to reduce the size and scope of the public sector. The privatization of the SEEs constituted a key element in such a strategy.¹²⁴

3.4 Privatization in the Post 1980 Era

The 1980 military intervention brought about a radical attempt to restructure the social and economic policies. It cleared the way for the implementation of structural adjustment and stabilization plans.¹²⁵ Led by Turgut Özal, the Motherland Party came to power after the 1983 General Election and implemented the plans. The major elements of the program were

¹²¹ Krueger, 1984, p. 254

¹²² Rodrik, 1997, p. 10

¹²³ Zürcher, 1993, p. 281

¹²⁴ Öniş, 1991, p. 163

¹²⁵ Beinin, 1999, p. 22

commodity trade liberalization, privatization of public assets, and a new labour law that seeks to create a flexible labour market where labour's rights to organize in trade unions and to engage in collective bargaining are curtailed.¹²⁶ Accordingly, the Motherland government announced at short notice that the government will take necessary steps to reduce the size and functions of the public sector and to increase private sector activities in the national economy.¹²⁷ In parallel, the regulatory and institutional framework for privatization was gradually put in place. Further provisions were made by the successive governments. Consequently, since 1985, state shares in two hundred and forty four companies, one hundred and three establishments, twenty two incomplete plants, eight toll motorways, two Bosphorus bridges, one service unit and three hundred and ninety three real estates and six ports have been taken into the privatization portfolio.¹²⁸

3.5 The State's Efforts to Compensate for the Negative Effects of Privatization

In 1985, to settle a strategy for privatization, the State Planning Organization (DPT) was commissioned by the government. Accordingly, a "Privatization Master Plan" was prepared jointly by the Morgan Guaranty Trust Company of New York, Industrial Development Bank of Turkey, Industrial Investment Bank of Turkey, Industrial Investment and Financing

¹²⁶ Yeldan, 2005, p. 3

¹²⁷ Aktan, 2006, p. 14

¹²⁸ <http://www.oib.gov.tr/>

Inc., and Price Waterhouse/Muhas Inc.¹²⁹ It was stated in the plan that the SEEs which could be swiftly privatized pose no problem. However, the SEEs that could be privatized in the long run might create some problems since they were established to serve the social purposes of regional development.¹³⁰ Thus, it was recommended that the early retirement should be encouraged, workforce training programs should be improved, and regional development programs should be implemented. However, this plan could not be implemented by the government.

Almost a decade later, published in the Official Gazette on November 27, 1994, Law No. 4046 brought about arrangements that took into account the effects of privatization on employment.¹³¹ The law simply laid down the rules for the new personnel regime. Accordingly, civil servants and contractual personnel would be transferred to other public establishments during preparation for privatization or after privatization. All their financial entitlements were paid out of the privatization fund during the transfer phase. Those who are connected to the Pension Fund would be superannuated within two months of eligibility to retirement. Blue collar workers would be paid “Job Loss Compensation” apart from the compensations that arise from the law or from their collective bargaining agreements.

To cure the negative social consequences of privatization, two World Bank projects were implemented; “Privatization Implementation Assistance and Social Safety Net Project” in between the years 1994-1999 and ensuing

¹²⁹ Aktan, 1987, p. 47

¹³⁰ Kilci, 1994, p. 3

¹³¹ Official Gazette, No. 27, November 27, 2004

“Privatization Social Support Project” that started in the year 2000. Coordinated by the Privatization Administration, the projects were carried out by the Turkish Employment Organization (İŞKUR) and the Small and Medium Scale Industry Development Agency (KOSGEB). The main objective of the government was to provide income and assistance by finding a new job to the redundant workers. During the projects, training for the business creation, labor market mobility and severance pay programs were the three major labor programs used most frequently.¹³²

If one turns to what has happened during the implementation periods of the projects, it might be worthwhile to focus upon the project appraisal document of the World Bank for the second phase of the Privatization Social Support Project. The first phase of the project was completed on December 31, 2005. Expecting that the implementation will continue until June 2009, the amount of the proposed loan for the second phase is Euro 360 million (USD 465.4 million equivalents).¹³³ The objective of the project is expressed as to support the Government’s privatization program through mitigating the negative social and economic impact of the privatization of the SEEs.¹³⁴ The project has three components¹³⁵: (1) Job Loss Compensation: It refers to financial factors for severance and related payments. Thus, it is intended to ameliorate the temporary negative social and economic impact of job loss compensation for the workers displaced during privatization of the SEEs. (2)

¹³² Chen, 2001, p. 3

¹³³ World Bank, 2005, p. v

¹³⁴ *ibid.*, p. vi

¹³⁵ *ibid.*, p. vi

Labour Redeployment Services: They are aimed at providing labour redeployment services to workers who have been displaced by the privatization of SEEs, including secondary layoffs, and to assist them in rapidly re-entering the labour market. This component includes job counseling and placement services, retraining, and temporary community employment carried out by the İŞKUR, and small business assistance services managed by the KOSGEP. (3) Management, Monitoring and Evaluation: The aim of this component is stated as to monitor the social impact of the privatization program and manage the program as a whole.

In the very beginning of the document, it is expressed that the SEEs have been a major drain on the budget, and drag on the Turkish economy for years.¹³⁶ However, it is also indicated that the public perception in Turkey on privatization is frequently negative. In that sense, claiming that the World Bank are ready to assist those who need help, the document attached great importance to build public support for privatization.¹³⁷ According to the World Bank, during the first phase of the project, implemented in between the years 2000 and 2005, thirty six SEEs were privatized and the number of laid off workers were fourteen thousand eight hundred and five. In the second phase of the project, a total of about twenty thousand workers who have worked in the twenty one SEEs are expected to be affected.¹³⁸ However, the main concern expressed throughout the document is that there is an urgent need to reduce excess labour costs and to facilitate the rapid return of workers

¹³⁶ *ibid.*, p. 1

¹³⁷ *ibid.*, p. 2

¹³⁸ *ibid.*, p. 3

to employment, thereby reducing the duration of state-financed income support payments.

In that sense, one can claim that the document lacks a clear understanding for the future agenda of displaced people. It neglects the fact that in case of a difficulty to find a new job, the compensations would melt into air in a short period of time. Difficulties in finding a job have also led to emergence and spread of supplementary and informal employment.¹³⁹ It also overlooks the difficulties to engage in entrepreneurship for the people who had experienced state employment for years. It is clear that small entrepreneurs have to overcome a lack of startup capital, face critical questions of where to produce and sell their products, and often make mistakes in choosing an area of activity.¹⁴⁰

¹³⁹ Berdnikova and Liamin, 2002, p. 52

¹⁴⁰ Kondrachuk, 2006, p. 69

CHAPTER IV

SÜMERBANK

4.1 The History of Sümerbank

After the establishment of the Republic in 1923, the first attempt to revive the economy was the Industry and Mining Bank. Its main task was to take the responsibility for the industrial establishments for a definite period until their transfers to the private enterprises.¹⁴¹ However, with the transition to the statist policies in 1930s, the Bank was abolished and two new bodies were set up; State Industrial Office and Industrial Credit Bank. Particularly the State Industrial Office was commissioned mainly to establish and operate new industrial plants. Thus, the direct intervention of the state in the economy was affirmed.¹⁴² Since the large amount of available capital of the Industry and Mining Bank were allocated to the Office, the Industrial Credit Bank could not discharge its duties in the proper sense.¹⁴³ Consequently, both were abolished and replaced by Sümerbank on June 13, 1933.

¹⁴¹ Sümerbank Personel Rehberi, 1976, p. 11

¹⁴² Sağlam, 1981, p. 76

¹⁴³ Sümerbank Personel Rehberi, 1976, p. 11

Sümerbank was established as a holding company to command industrial production. Indeed, the main responsibility for the implementation of the first Five-Years Plan was delegated to Sümerbank.¹⁴⁴ Thus, firstly, cotton spinning mills were established at Kayseri, Nazilli, Malatya, and Ereğli. They were equipped with machinery supplied by the Soviet Union under the credits refundable over a period of twenty years.¹⁴⁵ The manufacture of glass and bottles, paper, cellulose, chemical products, artificial silk, and porcelain was also undertaken by Sümerbank.

Particularly, after the World War II, the urban labor force grew rapidly as mechanization led to a decline in the demand for farm labor and urban industrial jobs sprang up.¹⁴⁶ Sümerbank contributed to this process by providing employment to thousands of people with its forty two establishments throughout the country.¹⁴⁷ Indeed, it was the major actor of welfare policies to reduce unemployment and establish a social security system.

During the 1930s and 1940s, however, high labour turnover was associated with the lack of industrial experience in Turkey.¹⁴⁸ Here, the term “turnover” means the voluntary cessation of membership of an organization by an employee of that organization.¹⁴⁹ In 1944, the turnover rate in

¹⁴⁴ Sağlam, 1981, p. 81

¹⁴⁵ Wyatt, 1934, p. 838

¹⁴⁶ Seidman, 2004, p. 4

¹⁴⁷ http://www.tbmm.gov.tr/komisyon/tekstil/sonuc3_1.htm

¹⁴⁸ Makal, 2007, p. 123-124

¹⁴⁹ Morrel et al., 2001, p. 6

Sümerbank was 93.8 %.¹⁵⁰ In these circumstances, social policies were utilized as a tool to solve the labour force question. The solution for Sümerbank was to begin to build public houses, to raise wages, and to provide benefits in kind such as meal, breed, and clothes. It was also declared in a special publication of Sümerbank that the rising living standards of workers have a positive effect on productivity.¹⁵¹ In consequence, Sümerbank chose to pursue a certain social policy in order to secure job permanence and to improve productivity.

Up until the 1980s, Turkey adopted an import substitution policy to improve domestic industry. However, with the economic stabilization and structural adjustment measures adopted in January 24, 1980, it was announced that initially some of the major public enterprises would be restructured to improve their financial performance, and then they would be on the sale list at “attractive” prices.¹⁵² To increase efficiency level, the first task was to renew the industry that had typically using worn-out, badly maintained, often obsolete equipment.¹⁵³ The program aimed at restructuring of major components of the industry. It was administrated by a special implementation unit. The World Bank loan (\$ 83 million) covered all of the foreign exchange requirements of the first phase of the program.¹⁵⁴ However, the explicit objectives for the privatization programme were identified by a report of

¹⁵⁰ Makal, 2007, p. 124

¹⁵¹ *ibid.*, p. 129

¹⁵² Yeldan, 2005, p. 3

¹⁵³ Brakel and de Viries, 1983, p. 40

¹⁵⁴ *ibid.*, p. 52

Morgan Guaranty Bank in 1986¹⁵⁵ and Sümerbank was soon taken into Privatization Portfolio. When Sümerbank was taken into Privatization Portfolio on September 11, 1987, it had forty two establishments, affiliated partnerships, and plants; four hundred and sixty five retail stores; thirty-five district offices; forty four bank branches; and thirty nine thousand employees.¹⁵⁶ Before long, Sümerbank has closed its doors in 2004. National press announced closure in a few words: “State no longer to sell shoes and shirts”.¹⁵⁷

4.2 Sümerbank Ereğli Cotton Plant

The Cotton Plant was commissioned on April 4, 1937. The primary cause which led to the original introduction of such a manufacturing plant situated in a town in the midst of an agricultural district was the large amount of waterways surrounding Ereğli.¹⁵⁸ Thus, a hydro-electric power plant which meets the demands for energy would be established. Moreover, in 1903, Ereğli was connected to the national railway system as a part of Baghdad Railway¹⁵⁹ that allows cotton to be carried from cotton growing regions of South Anatolia.

¹⁵⁵ Yeldan, 2005, p. 12

¹⁵⁶ http://www.tbmm.gov.tr/komisyon/tekstil/sonuc3_1.htm

¹⁵⁷ Turkish Daily News, October 4, 2006

¹⁵⁸ 30th Years: Sümerbank Ereğli Cotton Plant, 1967, p. 78

¹⁵⁹ Ottoman Railways: From Danube to Basra in Documents (undated), p. 19

The plant recruited workers from the countryside by constructing one hundred and forty-nine residences during the 1930s. However, with the commencement of World War II, it began to suffer from labor shortage. The state shifted men from factory work to the army.¹⁶⁰ The urban labor force grew rapidly during the 1950s as mechanization led to a decline in the demand for farm labor and urban industrial jobs sprang up.¹⁶¹ Continuing the upward trend, the employment increased to two thousand one hundred and fifty workers and, one hundred and sixty civil servants in 1950, bringing the plant to its highest employment level.¹⁶²

Sümerbank also provided many social facilities particularly to its personnel and the town in general. These were as follows: one hundred and forty nine residences, social clubs for civil servants and labourers, separate cinema halls with one thousand capacity for summer and five hundred for winter, a primary school (Sümer Primary School), a football area, a tennis court, a wrestling salon, and a local sport club (Sümerspor). Environment was afforested with more than ten thousand trees. Also a full organized hospital and a drugstore were put into use until their transfer to the Social Insurance Institution in 1967. A hydro-electric central constructed by Sümerbank met the need of electric of the town until the beginning of 1970s.

Sümerbank was taken into the privatization portfolio on September 11, 1987. Within less than a decade, the Ereğli Cotton Plant was sold to the

¹⁶⁰ Seidman, 2004, p. 3

¹⁶¹ *ibid.*, p. 4

¹⁶² 30th Years: Sümerbank Ereğli Cotton Plant, 1967, p. 137

private sector by auction at the price of US\$ 5.750.000.¹⁶³ Its remaining assets were at short notice transferred to the other state institutions such as Konya Governorship, Treasury, TEİAŞ (Turkish Electricity Transmission Company) and Ereğli Municipality.

The Albayrak Group of Companies has bought the Ereğli Cotton Plant by making the highest tender under the privatization scheme of the SEEs in 1997. It was claimed by the group that the Albayrak Group of Companies entered the textile sector under the strategy of expanding its field of operation.¹⁶⁴ Indeed, the company appeared firstly in the year of 1980 with a capital of 12 million Turkish Liras in order to engage business in the field of bus service operations under the title of “Albayrak Kardeşler Kolektif Şirketi”.¹⁶⁵ The company has expanded its field of operation in a short period of time by the incorporation of Albayrak Tourism-Travel-Construction Inc. in 1990. The activities that the company engaged in are as follows¹⁶⁶: Construction; bus-service transportation; waste collection; waste transfer stations; integrated production of yarn-fabric and clothing; reading of water and electricity counters, issuance of bills; fuel station operation; international transport, forwarding, and foreign trading; cleaning services for business offices and public institutions; private security services; personal computer purchase-sales, repair and maintenance services.

¹⁶³ Prime Ministry Privatization Administration;
http://www.oib.gov.tr/turkiyede_ozellestirme2.zip

¹⁶⁴ Albayrak Group of Companies: Textile Division, 2000, p. 10

¹⁶⁵ *ibid.*, p. 3

¹⁶⁶ *ibid.*, p. 7

However, after the sale, a gossip began to be circulated in Ereğli due to the new owner's friendship with Istanbul Mayor, Recep Tayyip Erdoğan. Erdoğan was a leading figure in Turkish policy and as the leader of the Justice and Development Party (AKP), he would become the prime minister of Turkey in the year 2003. As a matter of fact, having been accused as a disguised partner of the plant, Erdoğan was received a statement by the public prosecutor in Ankara about his possession.¹⁶⁷

¹⁶⁷ Yeni Şafak, May 25, 2002

CHAPTER V

PRIVATIZATION CASE STUDY

The case study has five main parts. It includes an analysis of the responses of white and blue collar workers to the questions about workers' experience of privatization. The first part examines privatization process of Sümerbank Ereğli Cotton Plant. The first reactions of workers about oncoming privatization, trade union activities and workers' resistance as an impediment to the sale, and the state's concerns on the future of workers are the first themes examined. Secondly, production process at the plant is examined in order to question the assumption that the SEEs are inefficient and private sector is likely to produce better results and higher profit. To this end, the skills and education of workers who were employed before and after privatization and their commitment to work are compared. The employment effect of privatization is another variable to measure the validity of efficiency argument. Thirdly, welfare provisions provided by the state via SEEs are examined. Public houses, factory nursery and guesthouses, facilities for education, health and recreation are respectively analyzed. Workers' previous privileges over Sümerbank products are also included into this part. Fourthly, the financial aspects of privatization are approached through four questions on

workers' income level, adaptation to a new job, safety measures, and future perspectives. Lastly, non-monetary aspects of privatization are taken into account. Workers' involvement in the privatized establishment, their social lives and families are examined.

5.1 Privatization Process

5.1.1 Attitudes towards Privatization

The rumors about privatization began to circulate among workers in the mid-1980s. Seeing from the newspapers, they were acquainted with the circumstances that Sümerbank had been taken into the privatization portfolio on September 11, 1987. Claiming that such a large enterprise could not easily be sold, experienced workers believed in the impossibility of a prospective sale. They had some reason to believe; only a few years ago new workers had been recruited in addition to the new textile machinery imported from abroad. Just prior to privatization on October 31, 1997, three main tendencies could be distinguished among workers; supporters of privatization, opponents, and neutral ones.

The main motivation of supporters was the belief that after privatization wages would rise. Assuming that they would receive more satisfactory recompense for their services, they supported the sale. Most workers had been working in the plant over 20 years which means significantly long experience, thus, they thought that private sector would embrace qualified and experienced employees. The entrepreneurial

aspirations of workers were regarded as another reason to support the sale. Their prospects of becoming self employed in the future motivated them to support. Compensation fee would enable them to set up their own business. Complaining particularly about strict factory rules and the attitude of managers, those workers were allured by the temptation of greater autonomy at work. Believing that they would spend more time with their family some were in favor of privatization. They claimed that the exhaustive routine of the cotton plant and particularly the night shift prevented them to raise their children with special care. Lastly, some supporters argued that privatization was a result of the work-shy. They also claimed that most of their coworkers were slack at their jobs thus they merited such punishment.

Opponents of privatization mainly worried about loosing the houses which were provided to them by the administration. They thought that they would be obliged to leave their houses and the whole milieu. For the first time in years, they would live in strange surroundings. Interestingly, most of them had substantial tenure and were close to retirement eligibility. However, many thought that they were still healthy enough to keep working. Since the public pension was lower than what the state was currently paying, they foresaw that to maintain existing living conditions would be impossible without welfare provisions provided by Sümerbank. To find a job that fits their needs in the private sector would be difficult for most of the workers, particularly for the older ones. Concerning that they would be subjected to a harsh work tempo without employment security, they also objected to work in the private sector. Thee opponents claimed that they were the actual victims of privatization. It was a common belief among opponent workers that managers and white

collar workers would be appointed to other state institutions so that they would lose nothing. They also claimed that the trade unionists had already made provision for their own future. The last part was against privatization due to political reasons. They deemed privatization as a political decision above anything else. They were the former unionists from the Revolutionary Trade Union Confederation (DISK) organized in the plant in the mid-1970s.

People who were neutral with respect to privatization were interestingly the former unionists from the Textile, Knitting and Clothing Industry Workers' Union of Turkey (TEKSİF). They expressed that workers would not derive benefit from a resistance activity against the state. Particularly, people from the union leadership stated that they would not be able to prevent sale, thus, they had to reconcile themselves to the implementation. They also expressed that the process was initiated by the January 24 Decisions in 1980, thus they had nothing particular to do.

5.1.2 The State on the Workers' Future

The major concern for the workers was the concern of the state on their future economic conditions and labour regulations. Focusing firstly on the economic conditions, one can easily identify that the role of state during and after privatization had to do with the dispute between the white and blue collar workers. While expressing their points of view, the white collar workers claimed that the state did its best to address their financial grievances. The blue collar workers, however, argued that they were the injured party in all respects.

As for the white collar workers, almost all of them were employed as the contractual personnel. In other words, they worked under a written agreement for a specific period of time in order to do some specific jobs which required vocational knowledge and expertise to prepare significant projects for the development plans, yearly programs, and work schedules. As for the technical services, temporality was not a precondition for employment. Through special provisions, public institutions had widely employed contractual personnel to fill vacant posts in consideration of its legally adopted number of staff.¹⁶⁸ Consequently, white collars did not subject to the layoff after the privatization. They were appointed to the other Sümerbank establishments or to the state institutions such as, banks, hospitals, and the land registry offices. People who were reluctant to move into the other cities or to work in another workplace, applied for retirement. The others kept working until they were entitled to a pension. Those who kept to work considered themselves lucky in comparison to the others who were appointed to the other institutions. Only a few years later, however, they retired of their own accord or compulsorily as a result of privatization of the establishment. In the meantime, they received a considerable amount of travel allowance since they turned back to Ereğli after the retirement. Considering their living conditions, however, the white collar workers who were appointed to the other state institutions expressed that they found themselves in an awkward position. Their well being and security were undermined. They also indicated that adjusting themselves to the traditions of another institution was an

¹⁶⁸ http://www.ydk.gov.tr/egitim_notlari/kamu_personeli_mevzuati.htm

undesirable experience. For the first time in years, they had to reconcile themselves to another environment outside of their accustomed social context. Accordingly, they also retired as soon as they reached the retirement age. The white collar workers also complained about the ambiguity experienced during the privatization process. The institutions to which they would be appointed were unidentified up until the end of sale. They were not informed neither about the institutions nor the places in which they would continue to work. They also claimed that the top-ranking officials did not give information as to the progress of the privatization process. This attitude was deemed as inconsiderate towards all the employees since they had to keep track of the events through the newspapers.

The blue collar workers asserted that the negative consequences of the sale hit them really bad. Indeed, all the workers who qualified for a pension were asked to retire. However, having received their severance pays, the rest were immediately dismissed. During the unemployment period, a certain amount of termination pay was paid to the workers considering their length of service since they were not allowed to look for a job in advance. The youngest of these workers was more than 40 years old. Claiming that finding an employment in a firm under similar conditions was impossible for most of them, they complained about working conditions at the private sector jobs. Enacted under the Social Support Project implemented by the Privatization Administration in 2004, some former Sümerbank workers were employed in the public sector as temporary staff after seven years. These institutions were hospitals, primary schools, courthouses, etc. Irrespective of their qualifications, to work as an unskilled worker drove them into despair. Seeing

themselves as the victims of privatization, they also complained about the cities to which they were sent. Indeed, instead of being appointed to a job in their native region, the majority were sent to the remote places.

Despite different procedures applied by the state to repair their financial damage, the white and blue-collar workers shared the view that the state was indifferent as to their future well being. They claimed that the state took no notice of their wishes to buy the houses in which they resided for years. Indeed, the sale of public housing to its tenants implemented for the first time in Britain in 1979 and made a major impact among workers.¹⁶⁹ Similarly, the unfounded rumors which were flying among Sümerbank workers before the sale gave them hope on a prospective sale of public houses. They expected that the houses would be sold to the workers at a given price. In this way, they would not leave their friends and surroundings. They expected that the state would do them a favor by selling these houses to workers in return for their services.

5.1.3 Union Activities at the Plant

As to the role of the trade union in the privatization process, most of the workers took a negative attitude toward the union at the plant. The workers claimed that the union did not fulfill its duties in the proper sense. However, since the last labour leaders remained unchanged in nearly twenty years, they were deemed as the people who make a career for themselves.

¹⁶⁹ Gamble, 1988, pp. 1–20

Accordingly, to obtain information on the role of the union during the sale, one should firstly look at the previous union activities at the plant.

Historically, the first union activity started with the Textile Worker's Union established at Ereğli Cotton Plant in 1943. Eight years later, it was affiliated to Textile, Knitting and Clothing Industry Workers' Union of Turkey (TEKSİF) immediately after its establishment on December 2, 1951.¹⁷⁰ The Technical Textile Industry Worker's Union won the elections against the Textile Worker's Union in the year of 1957. Due to its large membership, the Technical Textile Industry Worker's Union became the most powerful union in Ereğli. In 1961, both unions were dissolved and they came together under the roof of Textile Worker's Union. In 1978, about two-hundred workers quit the TEKSİF, and joined to the Confederation of Revolutionary Trade Unions of Turkey (DİSK). The workers mentioned that the political situation throughout the country was unstable. At that time political disturbances gave damage to the enterprise. The unions used different methods of struggle: these reflected the political cleavage in the country. Following the military takeover in September 1980, the military regime suspended the DİSK, and the TEKSİF remained as the union of the Ereğli Cotton Plant.

In the subsequent period, claiming that the unionists did not hand to uphold their cause, the workers generally held a negative attitude toward the TEKSİF. To support their standpoints, they put forward two main arguments. Firstly, they argued that union made preferential treatment in favor of some

¹⁷⁰ Sülker, 2004, p. 208

workers instead of struggling for the well-being of all their members. The majority claimed that the union leaders protected the interests of their own relatives and fellow townsmen. According to the workers, promotions were based on family and place of origin instead of merit and qualification. Rewards were also distributed accordingly. Secondly, they argue that unionists got too close personally to the managers. Collective bargaining was made behind closed doors and the workers learned what was happening at the last moment. To support their claim, the workers indicated that the union leadership had remained the same for years and by establishing close relationships with the administration. They were also intolerant of opposition. The development of a working class consciousness was hindered by the unionists themselves who did not attempt to challenge the established order. Against these the union leadership argues that what they did was to build strongholds to defend worker's interests. Arguing that opposing the state would have been futile, they state that the leadership sought appropriate solutions within the limits of their power. They also gave examples from previous collective bargaining in which they achieved huge wage increases for their members. They stress the previous efforts of the TEKSİF that made significant improvements on the working conditions and working hours. On the assumption that all other efforts would be labeled as disobedience against the state, the union leaders assert that they tried hard to hold workers outside of politics. They stated that only two of Sümerbank owned plants, Erzincan and Ereğli, did not go on strike on January 3, 1991 held by the Confederation of Turkish Workers' Trade Unions (TÜRK-İŞ) of which the TEKSİF was a

member. Thus, they claim that the wages of the workers were not cut down by the administration.

5.1.4 Resistance to Privatization

The workers whom I interviewed agreed on the point that privatization did not lead to a major resistance of the workers. The only action was organized by the union after the sale of the enterprise was completed. The workers gathered in front of the administration building and shouted slogans against privatization. For their passivity, the workers accused the labour union. They claimed that during the ten years between 1987 in which the Ereğli Cotton Plant had been taken into the privatization portfolio and in 1997 in which the privatization had been implemented, the trade union had not initiated any protest or opposition against privatization. In contrast, the unionists, they argue, have continuously disseminated the belief that the privatization was unavoidable. Accepting that they were unable to prevent the sale, the union leaders verified this claim. However, they insisted that to overact against the sale might also have damaged the workers' interests. Resistance was regarded by the union leadership as an unlawful act and thus unacceptable. To justify their attitude, the leaders mention the auction process. They had foreseen that the plant was purchased by a partnership which was made up of local people; some local stockholders attempted to buy the plant and promised workers that they would all continue to work without any change in working conditions and wages. Considering that the conditions would not change, union leaders approved the sale. The partnership indeed

was deemed as the most powerful candidate to get possession of the Ereğli Cotton Plant. However, they soon withdrew from the auction, thus, the other powerful candidate; Albayrak Group Companies was to become the preferred bidder for the plant.

The white collar workers argued that not only the unionists but also the majority of the workers supported the sale and they did not oppose privatization. They argued that the white collar workers advised the blue collar workers to oppose the sale. On their behalf, the white collar workers had nothing to do by themselves due to legal restrictions. Accusing the blue collar with being unconscious, they claim that the workers were interested in getting the compensations. According to the white collar workers, some workers also supported the sale since they supposed that the privatization would give rise to an upward pressure on their wages. Hence, the white collar workers criticize the union leadership by serving for their personal interests.

5.2 Production Process and Workforce

5.2.1 Productivity Before and After Privatization

One of the most popular explanations for the necessity of privatization was the elimination of hidden unemployment. Advocates of privatization argued that if five workers are being paid to do what three workers can do, it is not being "anti-labour" to stop this waste.¹⁷¹ To clarify this point, I have

¹⁷¹ Poole, 1983, p. 15

tried to provide a comparative analysis of the productivity mainly on the basis of workers' statements. Productivity was examined in two dimensions; output and labour productivity. Here, productivity refers to the efficiency of work expended on material production and it is determined by output per unit of product.¹⁷²

Contrary to other Sümerbank establishments, Ereğli Cotton Plant was an integrated plant that produced plain, dyed and printed fabrics out of cotton, polyester and viscose yarns. The workers stressed that in its heyday the plant had produced fabrics of more than two hundred different kinds. Indeed as years went by, the productive capacity of the plant consistently increased¹⁷³. Production of the plant in the first year was as follows; the daily yarn production was 4,117 kilograms, and the daily fabric production was 17,636 meters. In 1965, daily yarn production increased to 4,613 kilograms, and the daily fabric production to 24,200 meters. As for the means of production, in 1937, the number of looms at the plant was three hundred and thirty. In 1950, the number had increased to three hundred and eighty, and in 1955, one hundred and fifty-one old ones had been substituted with one hundred and seventy-nine new looms. With the modernization activities in 1974, the machine park was equipped with machinery compatible with processing blends of synthetic fiber mixtures. The last restructuring process took place in 1983 under the rationalization and modernization of cotton operations program. The daily fabric production capacity before the sale was forty thousand meters produced by two hundred and ninety four looms. The type,

¹⁷² Berdnikova and Ljamin, 2002, p. 52

¹⁷³ 30th Years: Sümerbank Ereğli Cotton Plant, pp. 101–103

number and the place of origin of the looms just before the privatization were as follows: sixty seven Dornier Eccentric (Mechanical and Chemical Industry Corporation), one hundred thirty seven Dornier Armured (Mechanical and Chemical Industry Corporation), and ninety units Saurer 400 (French). The last ninety looms were purchased in 1983 and the others mainly during the modernization activities of 1974.

Beginning in the 1990s, the productive capacity of the plant began to show signs of decline. The workers emphasized that the derogation of Sümerbank's privilege to produce for the Turkish Armed Forces (TSK) was one of the main reasons. Indeed, Sümerbank had exercised a sales monopoly over all textile products for years. Moreover, a significant decline in material resources was another major reason. The workers claimed that the demand for the products of Sümerbank looked still high but due to raw material shortage, the administration was reluctant to increase productivity.

Immediately after the sale, Albayrak Group Companies changed the name of the plant as Ereğli Integrated Textile Operations. The first task at the plant was to discard the two hundred and four looms. The rest were the relatively new looms purchased in the first half of the 1980's. Employers described the process as maintenance work. Meanwhile, the printing and clothing sections were established. Accordingly, in 2006, the daily fabric production capacity of the privatized plant was as follows; daily yarn production capacity was 12,000 kilograms, daily fabric production capacity was 18,000 meters, daily dyed fabrics capacity was 20000, daily printed

fabrics capacity was 40,000 meters, and clothing section had a production capacity of one millions units per year.¹⁷⁴

The workers claimed that Sümerbank operated at full capacity even during the weekends or the holidays until the mid-1980s. The current supply was closely adjusted to demand and the contracts obtained by biddings came mainly from the military and the police. One of the foremost complaints of the workers about the privatized establishment was the flexible production methods. To adjust supply to demand is a key element of Japanese production management which aims to produce the necessary products in the necessary quantities, of necessary quality, at the necessary time.¹⁷⁵ In the new plant however, the inventories and demand were both lower than in Sümerbank. The range of fabric was also limited in comparison to the previous establishment. As another distinct feature of the Ereğli Integrated Textile Operations, the workers also mentioned sub-contracting: production for another firm. In fact, the fundamental problem for the workers arose when the company could not obtain a new contract. At such times, it was common for the plant to stop production and stop paying wages to the workers for two or three months. During this period, workers were left without severance pay. The employers said as soon as a new contract was obtained they would be called back to work.

As for labour productivity, Sümerbank was running on a three shift operated from 8:00 am to 4:00 pm, 4:00 pm to 12:00 pm, and 12:00 pm to 8:00 am. The blue collar workers were categorized into two groups; while

¹⁷⁴ Albayrak Group of Companies: Textile Division, 2000, pp. 19–20

¹⁷⁵ Bratton, 1992, pp. 23–26

craftsmen, foremen, and sweepers were getting fixed fees, the workers who operated looms earned over the standard fixed fee rate when they exceed a certain quota. The wage differences emerged among the workers on the basis of the looms they operated. The flexibility of the fabric operated at that machine was a significant factor in the determination of the wages. In other words, the workers operating soft fabrics earned fewer wage. The craftsmen's notes on the active work period of the worker and the quantity of product were also significant indicators for the determination of gross wages. During the shifts, the machines were stopped and the craftsmen measured the length of fabric. Subsequently, the female workers were inspecting the quality of production. If a fault was identified, a certain amount was deducted from the wage of the worker. Workers who could not fill the quota were also transferred to other looms where they would earn less. The workers accused the foremen for doing favoritism. Since there is a wage inequality between different looms, some workers claimed that the foremen assigned favorite workers to high income looms.

Sümerbank did not recruit new staff for years, thus, workers gained skill and experience in the workplace. After the sale, the new employer offered employment to most of the workers including the retired ones and promised to pay the same wage as in the past. However, most of the retirees rejected the offer. They put forward two arguments for rejection. Firstly, some argued that the political view of the new employer was contrary to their standpoints, thus, the workplace relations would be unacceptable for them. Secondly, the workers mentioned their lack of trust in the ability of the managers. In fact, the Albayrak Group of Companies has a wide scale of

operation including construction, transportation, waste collection, waste transfer stations, fuel station operation, cleaning services, private security services, and personal computer purchase. They invested in the textile sector under their strategy of expanding the fields of operation by acquiring Ereğli Cotton Plant in 1997. Consequently, most workers had questioned the competence level of the new managers on textile production. They expressed that receiving orders from incompetent and inexperienced managers would not be acceptable.

The employer henceforth was obliged to rely mainly on a new labour force made up of inexperienced and young people. Hence, the former workers claimed that the lack of qualified labour force was the most significant deficiency of the new enterprise. Meanwhile, some of the Sümerbank workers accepted the offer of the new employer but immediately after they were qualified for a pension they left the job. As for the veterans recruited again, they also tended to leave for a number of reasons. Firstly, they could not adjust themselves to the new working conditions. Secondly, the wage increases were adjusted to the rises in minimum wage determined by the government, thus, making them vulnerable to the negative effects of inflation. Lastly, they were not allowed to join a trade union at the plant.

5.2.2 Skills and Education of Workers

The governments in Britain and the United States, as the leading privatizers of the world, have consistently emphasized the importance of training in the development of skilled workforce necessary for growth.¹⁷⁶ Similarly, the development of a skilled workforce for underdeveloped countries was regarded as a significant factor to increase efficiency. In that sense, the term “skilled” refers to those with more than a basic general education and usually employed in heavy and high-skill manufacturing industries and “low skilled” refers to those who have no more than primary or secondary education and are likely to be employed in labour-intensive manufacturing industries.¹⁷⁷

Ereğli Cotton Plant used to recruit workers by giving an exam prepared and implemented by the employer representative and three foremen. The exam was made up of three parts; general knowledge, manual skill, and physical abilities of the candidate. As the workers stated, the textile factories lay special emphasis on the physical abilities of workers. To carry out sophisticated manual work, a worker should have appropriate fingers. Weavers also have to be tall enough to use the loom. Beginning from 1970s, graduation from Vocational High School became one of the requirements. As an exception, the spouses or children of the decedent workers were recruited.

¹⁷⁶ Booth, 1993, p. 164

¹⁷⁷ Rudra, 2002, p. 437

Thus a kind of social support mechanism had conventionally been established at the plant.

When people took employment, they started to operate machines after a forty days training phase. The training involved: (1) pre-training, (2) on-the-job training, (3) seminars provided by the directory general, (4) trainings provided by other institutions, and (4) trainings abroad¹⁷⁸. The training process aimed at providing skills to use machines. The workers were expected to gain expert knowledge on repairing and maintaining all kinds of equipment. In the workshops, two times each year, the section managers worked together with the workers and answered their questions. To attend one-month management seminars was a precondition for promotion to foremanship. The subjects covered were the management strategies, motivation techniques, occupational safety and health, and even family planning.

Most workers described the high level executives as experienced people who serve in various positions in the management. The executives had high esteem among the workforce. However, some workers argued that politics and favoritism played a significant role in recruitment. They claimed that some trade unionists were particularly influential in this process. From the beginning of 1970's onwards, political attitudes had become more prominent. At that time, for the first time in its history, Ereğli Cotton Plant recruited new workers from the Eastern provinces of Turkey and mainly from Erzurum. The local workers argued that the new workers were mainly

¹⁷⁸ Sümerbank Personel Rehberi "Sümerbank Personnel Guide", 1976, pp. 70–71

selected among the right wing people. However, the former workers were recruited among the farming communities of Ereğli and its peripheral towns.

The workers claim that the recruitment process operated behind closed doors. According to the workers, the new staff was recruited via personal relations instead of an objective entrance exam. The workers argued that the employer was unfamiliar with the environment and thus tried to recruit workers with the assistance of some ex-unionists. These trade unionists tried to persuade people to work at the plant. They insisted that the employer derived benefit from the respectability of these unionists.

However, as previously mentioned, immediately after retirement eligibility, the experienced workers left and the new labour force who were mainly composed of the young and inexperienced people were recruited. Most of them were poor and uneducated. In comparison to the former labour force, as former workers claimed, the strong ties with the village land was one of the most distinctive features of the new labour force. They were particularly located in the rural neighborhoods of Ereğli. The workers considered that sooner or later the plant would close down and therefore the future of the new workforce was uncertain. Until then, the new workers continue to work since the employer covers their insurance. They anticipated that the high land price in the region where Sümerbank is located was one of the main reasons for the Albayrak Group Companies to acquire the plant. They argued that the new employer will eventually get rid of the plant and use the land for speculative purposes.

Comprehensive training programs conducted previously on a regular basis were not implemented after privatization. Instead of forty days training,

the new workers were settled down to work immediately after one day training by an experienced co-worker. Furthermore, the graduation from the Industry Vocational High School was no longer a requirement. Practical training provided the students of Industry Vocational High School included only technical training and knowledge about machines.

In contrast to the previous workers, new ones content for a number of reasons; firstly, the employer provided them with a job although they were not able to join unions; secondly, they received their wages despite the fact that it was paid on an irregular basis; and lastly, the employer provided them insurance. Considering their level of education, most of them thought that the employer gave them a job irrespective of their skills and background. As a labour reserve, the immigrant workers who come mainly from the eastern provinces caused a surplus of unskilled workforce in Ereğli. When asked to compare their skills with the new ones, former workers saw themselves as part of a highly qualified workforce in terms of their skills and education.

5.2.3 Commitment to Work

The term "commitment" refers to the strength of an individual's identification with his organization. It can be identified with three factors: (1) A strong belief in and acceptance of the organization's goals and values. (2) A willingness to exert considerable effort on behalf of the organization. (3) A definite desire to maintain organizational membership.¹⁷⁹ In case of

¹⁷⁹ Porter et al, 1974, p. 604

privatization, public sector restructuring may serve to erode employee commitment.¹⁸⁰ A comparative analysis, thus, might reveal the effects of privatization on commitment to work.

To put the case clearly, one should take two conflicting opinions into consideration. Firstly, some Sümerbank workers argued that they showed high level of professional commitment to their work whereas the new ones felt very little loyalty. They grounded their arguments on their relationship with the means of production and the product in itself. They expressed their commitment to work by emphasizing their meticulousness in attending the machines. To prove their devotion to work, they gave a detailed account of operating machines, their maintenance and repair. Other indicators on commitment were briefly stated as follows. Many former workers laid emphasis on their willingness to work for their plants. They also stressed that if the plant were not sold, majority would have continued to work in that establishment. They indicated that the majority cared about the fate of Sümerbank. On the other hand, they argue that the workers in the privatized plant exhibit less commitment to work. The reasons are given: a major problem with the production system was the lack of continuous production at the plant. In the meantime, the workers were forced to leave without any pay for almost three months. Thus to earn a regular income was impossible for them and as a result their commitment diminished. The workers were motivated solely by the insurance provided for them. The majority perceived the factory work as a subsidiary source of income. They derived a much greater portion of their income from farming and part time work at the service

¹⁸⁰ Heery, 2000, p. 105

sector; hence, to attend to work was not always possible. Furthermore, the current workers were deprived of the social facilities offered previously by Sümerbank. Thus, they perceived themselves as disadvantaged compared with the former workforce.

Secondly, some among the former workers of Sümerbank forwarded a counter argument that although they showed high level of commitment, many of their workfellows made mistakes. They argued that many were sleeping in the workplace during work hours. Hence, after privatization the new employer discarded many blankets and pillows that belonged to these indolent workers. The former workers also stated that many of their workfellows had expressed their hatred to the managers and the plant. The new ones, however, were careful not to talk against the employer and avoided to go to the restaurants selling alcoholic drinks worrying that the conservative employer might hear. Furthermore, former workers insisted that since the new ones did not have unionship rights, they might be dismissed arbitrarily. Accordingly, with the fear of being dismissed, the new ones devoted great energy to work.

5.2.4 Employment Effects of Privatization

The proponents of privatization have claimed that the employment rates increased in many countries after the large scale privatization.¹⁸¹ However, opponents have argued that it had stimulated informal sector

¹⁸¹ Bhaskar and Mushtag, 1995, p. 267; Svejnar, 1996, pp. 123–127

employment and ensuing insecurity in the labour market.¹⁸² According to the interviewed workers, Ereğli has recently faced an acute unemployment problem due to the lack of large scale industrial units which are able to fill up Sümerbank's place. As the large scale industrial establishment, except cotton plant, there was a sugar fabric in Ereğli. Opened in 1989, it employed 700 people. Ereğli was not enjoying any kind of government promotion in industry. The dairy farms were the main establishments in the town. As in 2006, Ereğli have eighty nine small and medium sized industrial establishments, each employing at most thirty people.¹⁸³ As of 2004, the percentage of the people who worked in the service sector was 31.04 % whereas for the industry the ratio was 10.46 %.¹⁸⁴

All the workers claimed that the privatization of Sümerbank hindered economic development in the town. They set forth three main grounds. Firstly, they claimed that without fresh money infusion supplied to the local market by Sümerbank workers, a period of economic stagnation have begun to be experienced in the town. Previously, when the workers received their salaries, the town had enjoyed a huge cash flow. The key indicator for most of the workers was the disappearance of street peddlers who deployed previously in front of the plant at rush hours. The artisans and small traders thus fell into deep financial troubles and they had to reconcile themselves to a life of poverty. Secondly, the town was deprived of the investment made by Sümerbank retirees. Previously, when the workers retired from Sümerbank,

¹⁸² Smith, 1999, pp. 193-224; Tokman, 1989, pp. 23-47

¹⁸³ <http://www.konya-eregli.gov.tr>

¹⁸⁴ Dinçer and Özaslan, 2004

they had invested money in real estate in addition to open new business that had moved the local economy towards full employment situation. They also gave another case in point that the new generations left their homes to look for a job in the other cities. The students who left the town to receive higher education did not come back due to the decrease in employment rates. Only a few among the workers stated that their children have worked in Ereğli. Similarly, Industry Vocational High School graduates could not find a job within the limits of the town as in previous years. Only a few consented to work to earn a bare subsistence in the small scale establishments that were located at the industrial zone of Ereğli. Without job security, they forced to accommodate flexible working hour's scheme. They also had to accept irregularly paid insurance fees. Ereğli Cotton Plant was hiring workers from the peripheral towns during 1930s whereas today it suffers from the lack of safeguards of employment for native population. Thirdly, workers attracted attention to the role of Sümerbank in female employment. After the sale, women had obliged to work mainly in the service sector and majority of them abandoned employment immediately after the marriage. Workers also focused on the fact that the increasing level of female unemployment estranged women from the social life. Today, recreational facilities in Ereğli have mainly served to male customers. They argued that Sümerbank, however, had paved the way for the economic freedom of women.

5.3 Welfare Provisions

Historically, the welfare state was the main institution equalizing relatively necessary resources at minimal levels which was impossible through market mechanism.¹⁸⁵ A broader definition of the welfare state, or state social provision includes provision of day care, education, housing, medical services, and other services.¹⁸⁶ Sümerbank, just like many other SEEs in Turkey, were burdened with so many welfare responsibilities. Welfare policies were also utilized to foster employee loyalty.¹⁸⁷ Workers argued that thanks to the social and economic facilities provided by Sümerbank, they became economically self-sufficient and passed undamaged through hard times such as the successive economic crises. Sümerbank had also provided the basic amenities for recreation. While these amenities were providing workers some common entertainment areas, they also helped to create a corporate identity. Welfare provisions of Sümerbank can be identified as follows; the public houses, factory nursery for small children, guesthouses for the children in higher education, and facilities for recreation, health, and education. Last but not least, Ereğli Cotton Plant workers likewise enjoyed a privilege over Sümerbank products.

¹⁸⁵ Ware and Goodin, 1990, p. 10

¹⁸⁶ Orloff, 1996, p. 52

¹⁸⁷ Wolf, 1986, p. 232

5.3.1 Public Houses

In the beginning of the 1930's, Ereğli had only a few buildings roofs of which were covered with tiles. The common method of construction was to build houses with adobe bricks and cover the façade with plaster. New fallen snow was cleared away with a shovel from the roofs. Sümerbank residences were built in the years 1934-1945 by German architects. They were indeed a huge breakthrough for the town. In fact, after the foundation of Republic, German architects and city planners were invited to Turkey to build German style neighborhoods designed mainly for the working class. The settlements built for Sümerbank workers were a clear example of this architectural design. They were constructed by using reinforced concrete technique. The site planning had been consisted of identical dwelling units constructed in accordance with the needs of a modern nuclear family. A sense of community was thus experienced through this modern residential neighborhood. These residences were erected at two different locations for the blue and white collar workers. Particularly, the blue collar workers' residences were widely known as the Stone Houses. They were the terraced houses which mean a row of houses having common dividing walls. They were comprised of a small living room and two bedrooms, a large kitchen, a storehouse for coal and firewood, a laundry room, and a bathroom with shower. All had a garden in which employees might produce raw fruits and fresh vegetables for their families. The majority of workers had also raised poultry in their gardens. However, claiming that they caused an environmental problem, hen houses were destroyed by the administration in the mid-1980s. As for the residences

constructed for managers and directors, they attracted attention with their large gardens.

Local people were restricted to enter the residence area without permission. The workers' residences were the examples which convinced people that another way of life is possible. They had been allured by the temptation that it might be possible to live in the Stone Houses if they were employed at the plant. Indeed, residing in those houses was a sign of prestige in the town.

Due to the limited number of residences available, some criteria had been established in order to determine who would reside. These were seniority and qualification. However, the interviewees complained that to establish intimate relations with the union leadership had become the third criterion particularly in the latest years of the plant. Majority claimed that some inexperienced workers, without waiting their turns, might be resided in the houses instead of their experienced and qualified co-workers.

The workers indicated that the residences had supplied various advantages. They firstly stated that the deductions that made from their salaries, in return for the house rent, electricity, drinking water, and heating cost, were petty amounts in comparison to the cost of other residents in the town. For example, at the end of the year 1997, gross civil servant salary was approximately three hundred million Turkish Liras whereas the deduction in return for all those services was approximately forty million Turkish Liras. In case the electricity consumption less than thirty three kilowatts, it was also free of charge in addition to the limitless irrigation water for gardens. Hot water was also available all day long in the civil servant's residences.

Secondly, social life and environment were regarded as the other distinctive features of this residential neighborhood. Peaceful coexistence of the people practicing the same profession with similar educational level brought the workers comfort and joy. When nightfall came out, they were entertaining with their friends. In the large parkland located among the Stone Houses, workers and their families had enjoyed musical performances of young musicians during summertime. Keeping their eyes peel, district guards had also given them a sense of security. The workers qualified the environment just like a heavenly place.

The workers, however, claimed that towards privatization, the order that was established for years was begun to be violated. They insisted that although the majority of workers bought a home of their own, they in contravention of the rules, still kept residing in the public houses. While the security was still provided by the district guards in the residences of civil servants, worker's residences were abandoned to their fate. In fact, before the expiry date determined by the administration to empty the houses, the majority of workers cut down trees in their gardens to use as firewood.

After the sale, the zone on which the civil servant's residences located was transferred to the state and the Stone Houses' zone was declared as the city museum by the municipality. In the election period, candidates for mayor promised that a multi disciplinary cultural center, comprising a theatre, cinema, conference hall and an art gallery would be constructed on this zone. The zone was to be out of repair for a long time. After the Kocaeli Earthquake of 1999, some survivors were invited to Ereğli by the municipality and housed to the previous Sümerbank residences. In fact, on 17 August 1999, Kocaeli

and Sakarya provinces were shaken by a magnitude Mw 7.4 earthquake. The official death count was more than fifteen thousand¹⁸⁸. However, after a while, all the survivors decided to move away. Subsequently, a group of unemployed people, immigrated mainly from the eastern provinces of Turkey, occupied the houses. Since the former heating system was dismantled after the sale, the new inhabitants made some modifications in order to accommodate a heating stove. At short notice, suffered from neglect, residences fell into ruin. Flowers and trees in the gardens died back due to the waterlessness. In the meantime, some criminal groups tried to dominate the area and people began to refrain themselves from wandering in there at night. Stone houses were vacated in the year 2002 in order to evaluate the area for a possible urban project. However, immediately afterwards, they were completely pulled down. Just before, all the doors and window ledges were dismantled and stolen by the faceless persons. As at 2007, the area of Stone Houses was still idle and the former residences of civil servants had let out to tenants in consideration of the payment of a sum.

5.3.2 Factory Nursery and Guesthouses

The factory nursery offered child care free of charge from birth to school age. Because of night shifts, it provided round the clock service. The main criterion to grant workers access to service was that the mother had to work at the plant. In accordance with the preset time intervals for dinner, game and sleeping, professional baby sitters had served to the workers.

¹⁸⁸ Bağcı et al., 1999, pp. 113–126

Mothers were also allowed to suckle their children within the prescribed time limits in a day. After the sale, the factory nursery was immediately abolished by the new employer without offering a solution to the female workers. Those interviewed claimed that the decline in the number of the females employed at the new plant was directly related with the lack of child care service.

The services provided to the children of workers were not limited to child care. The majority of workers were no doubt grateful to Sümerbank for its dormitories and guesthouses, provided to their children while receiving their higher education. The provision of accommodation was only depended on the availability of rooms and the fee was deducted from the salary of the student's parents. Eligibility for accommodation was conditioned upon enrollment at the university up to one year extension of regular education period. The workers indicated that in comparison to the state dormitories kept by the Higher Education Credit and Dormitories Institution, to reside in Sümerbank dormitories offered various advantages to their children. They claimed that cleanliness, heating, hot water, food, and standard rooms with at most four beds were of higher quality. Some workers also talked about the safety factor, specifying that they had not felt apprehension for their children's safety so long as they resided at Sümerbank dormitories. When the students obtained permission to visit their friends or relatives, the dormitory administration had kept their parents informed. The workers also mentioned that they did not fear that their children might be entangled in the meshes of political extremism since their circle of friends were still made up of the children of employees who practice the same profession and similar life styles at Sümerbank. However, as privatization gained speed, the accommodation of

students at Sümerbank dormitories was brought to a halt. They had to make a choice between the state dormitories and renting a house. The first option seemed more secure, however, the majority of students complained about the living conditions provided by the state dormitories such as crowded rooms, lack of privacy, limited hot water supply, and insufficient heating. The second option was an extra cost for workers' budget particularly considering their diminished household income after retirement, whereas, for the sake of their children, majority rented a house in university towns.

5.3.3 Recreation Facilities¹⁸⁹

Worker's statements about the recreational facilities are as follows:

Kuşadası Summer Camp: To benefit from the Kuşadası Summer Camp, the quotas for each Sümerbank establishment were sent by the Directorate General at the beginning of the year. The criteria to profit from this opportunity were seniority, age, and the salary level of an employee. However, some workers stated their grievances on favoritism. They claimed that the number of blue collar workers who enjoyed this service were very few. In other words, the summer camp in implementation was solely provided to white collar workers.

İvriz Picnic Area: Particularly for the daytime group picnics, the İvriz Picnic Area was a favorite place for workers. Sümerbank workers were the privileged group since the area was forbidden to local people. To enter the

¹⁸⁹ See Appendix B for detailed information on recreational facilities.

area, a gatekeeper had asked visitors for their identity cards. After the sale, the area was abandoned and transformed to a garbage dump for the fish restaurants located in İvriz village.

Civil Servants Club: The Civil Servants Club was the most popular recreation facility provided by the Ereğli Cotton Plant. Admittedly, it was tightly integrated into the modern lifestyle of the town. As an ideological sign of western type life style, Annual Republic Balls were held at this club with the participation of all white collar workers. Older aged workers expressed that women and men had a great time together for the first time in their lives on a non-discriminatory basis. They talked, drank, and played cards together in a small Anatolian town. Monthly dinner parties were also held at the club until its privatization. As workers claimed, to participate in activities at the club was esteemed as a privilege by the local people. Indeed, relationships that were established at the club also transformed the local customs charming to young people in particular. Food and beverages were provided to the employees below market price. Transferred to the municipality after the sale the club was transferred to the municipality and leased to the private sector to be run as a café and a wedding saloon in the summer. Comparatively, profile of the customers also changed and only a small number of young people stopped there to kill time. As those interviewed argued, people living in the district have consistently made complaints about the noisy wedding ceremonies held in the club.

Sümer Cinema: As the first cinema hall of the town, the most popular movies were screened at the Sümer Cinema. In the first half of the 1980s, however, the majority of the cinema halls had gone bankrupt in less than a decade. Video players superseded the cinema halls. In the meantime, Sümer Cinema was quietly closed down just like many others in Anatolia. Up until the privatization, the building was functioned as a wedding hall for the people and sometimes as a hall for traveling theater companies who put on plays for children. Immediately after the sale, the new owner had the building pulled down. The workers claimed that his intention was to build a supermarket in this area. Particularly new workers expected that they could buy all the goods at a discount. However, this idea would at short notice be shelved due to some legitimate reasons. During the interviews, the area was still lying idle.

Sümer Sporting Club: Before the establishment of Ereğli Cotton Plant, there was not any attempt of sports activity in the town. Simultaneously with the building and equipping of sport facilities, Sümerbank offered the majority of modern sports such as gymnastics, weightlifting, handball, tennis, basketball, volleyball, boxing, and football. Enhancing popular interest in sport, Sümerbank paved the way to success for youth in Ereğli. Trained in Sümerbank's facilities, the Ereğli team took part in the nationwide tennis championship in the 1950s. Another notable event of the time was the great success of Ereğli Wrestling Team in Turkey. The youth of the town also took first place in various national competitions. Up until the construction of a city stadium in the town, all the sports events were held at Sümerbank's stadium. Schools also participated in ceremonies in the national days with their

performances in this facility. In the course of time, the sports clubs in Ereğli increased in numbers and in conjunction with this improvement, Sümerbank lost interest in sports investments. Particularly in the late 1980s, sports activities diminished. Only by the football team remained. It held a place in the amateur league and football matches were arranged between the departments in the plant. Particularly the year 1989 was a turning point. Occupying too much space, a mosque was built on the corner of the football field. After the sale, a football team formed by workers was kept on; however, it would later be terminated by the administration since the team dropped into a lower league. Sports facilities built by Sümerbank suffered from neglect and some were broken down. Finally, a traditional Ramadan tent in which the poor people would break Ramadan fast at sunset was built by the municipality in the middle of Sümerbank stadium despite the grass still being green.

5.3.4 Facilities for Education and Health

Sümer Primary School: Immediately after the establishment of the plant, a primary school was set up. In addition workers' children, everyone was to draw benefits from the school for three generations.

Health Services: A full service hospital and a drugstore were put into use until their transfer to the Social Insurance Institution in 1967. Afterwards, health services were provided to civil servants at the medical department of the plant while the blue collar workers were sent to the Social Insurance Institution (SSK) Hospital. In the medical department, two physicians

supervised for two hours a day on a contractual basis. All the medical equipment required for diagnosis and treatment was available in the department. However, civil servants primarily visited physicians there for prescription. When serious health problems occurred, they went directly to the state hospital.

5.3.5 Workers' Privileges over Sümerbank Products

The workers had enjoyed their privileges through two main facilities; the Workers' Social Solidarity Cooperative and Sümerbank Retail Store. The cooperative was established in the 1940s as a kind of welfare mechanism for the workers. A great range of goods at a very reasonable price were provided to the workers. In addition to all kinds of clothing produced by the various Sümerbank factories, the variety was comprised of foods, firewood and coal, and even jewelry. Instead of cash, the workers could purchase such products via shopping cheque delivered monthly by the cooperative administration. Older workers also emphasized that during the 1960s, the cooperative had coined money for a stated term days. Gaining popularity among the townspeople, the shopping cheque or coined money had come to function as a substitute of money. They were valued and respected by everybody even in the gambling clubs. Saving these cheques to buy goods wholesale from the cooperative, the local tradesmen sold these goods at a profit at their own shops. Similarly, some workers bought goods wholesale in order to sell them in neighboring towns and villages. In the course of time, the cooperative lost its ground and closed in the first half of the 1980s. As for Sümerbank Retail

Store which was accessible to everyone, the employees were given a discount ticket for approximately 10% of each item. All the goods produced by Sümerbank could be accessed at this store. One could also find durable consumer goods such as refrigerators and ovens sold at a reduced price at the store. In the beginning of the 1990s, the product range was limited and immediately after the privatization of the plant, the store was also sold. At the end of the year 1987 when Sümerbank was taken into the privatization portfolio, the number of Retail Stores was four hundred and sixty five throughout the country.¹⁹⁰ Afterwards, Ereğli Retail Store carried on trading under the name of Sümerbank but benefited the store owner's own account. The goods sold at the store were also produced completely by the private sector.

Furthermore, in consequence of collective bargaining, the workers could receive some goods; shirts (twice a year), shoes (twice a year, one was suitable for use in the winter and the other in the summer), and a coat (biennially). The workers were sometimes given an allowance in kind, such as a towel and soap. As for the civil servants, using an informal solidarity mechanism, they could obtain the products of the other Sümerbank establishments. Some goods which were not offered for sale at Sümerbank Retail Stores due to their minor defects could be requested by a civil servant. The cost was deducted from the salary of applicant. The buyers afterwards paid for their shares to this person.

¹⁹⁰ http://www.tbmm.gov.tr/komisyon/tekstil/sonuc3_1.htm

5.4 Economic Consequences of Privatization for Workers

5.4.1 Changing Income Level

According to the statements on their income level after the privatization, three main tendencies could be identified among the workers; the first group claimed that their income level underwent a negative fall; the second indicated that their income remained basically the same; and the third stated that their income rose after privatization.

The first group was the majority and they depended solely on the employee pension. These former workers emphasized that they were obliged to receive quite a few services in return for ready money. The deprivation of the financial provisions provided previously by Sümerbank, such as the low-cost residences, privileged water supplies, electricity, and heating, created an extra burden for their limited budget. They also claimed that the majority of their co-workers were unable to recover from the financial blow. They could not adjust their finances to accommodate such changes after retirement. Former workers also argued that investing in property such as a new house, car, or a piece of land is henceforth impossibility for them. The workers insisted that they were not even able to maintain the furniture in their homes. The majority lived in houses purchased through their post-retirement gratuity or by paying a subscription to the housing cooperatives while working. Despite previously allocating a prodigious sum of money for the education of their children or hire-purchase debts to the mass housing cooperatives, the former employees asserted that they had previously enjoyed the higher living

standards. They explained the downward trends on the basis of their changing consumption patterns. In the past, the meat dishes were commonplace at the table, however, afterwards they predominantly nourished themselves with breads and seasonal vegetables. In the meantime, domestic labour gained ground once again. They began to produce their own foods instead of buying them from a food store as in previous years. Preparing tarhana¹⁹¹, vermicelli, jam, pickles, and dried vegetables in the home, they minimized their contact with the market as much as possible. Particularly female employees expressed that they, previously, could dine out whenever they wanted. From retirement onward, however, the majority of them began to prepare meals in their home with the techniques used by their mothers. Living in the strained circumstances, they had no vacation except visiting their relatives who lived out of town. The daytime group picnics on the weekend had disappeared and were replaced by home visits. The male workers expressed that previously they had competed with each other to pay the bill at the restaurants in which they all together reserved a table. Afterwards, they were not even able to pay for a round of drinks for their friends. Complaining about the lack of money, the former employees indicated that they had mostly spent their time in front of the television or playing cards in the coffee houses.

As for the second group, working after retirement had provided a second source of income. They argued that to maintain usual living standards, they were obliged to work in a new job to supplement their pension. They had simply started an enterprise in a line of business such as, woollen drapery, groceries, selling automotive replacement parts, driving taxis, and selling

¹⁹¹ A dried food stuff made chiefly of curds and flour (used for making soup)

crops at the local market. However, they stated that to protect their income level against inflation, they had to work harder with each passing day. In order to survive in the retail market, they had to keep their shops open all hours.

The third group claimed that their income rose after privatization. They had already held multiple jobs for a long time, such as commerce and farming. These former workers expressed that through such secondary jobs they had acquired apartments or land at a good time. Since their value improved as time went by, the average income of these people had arisen.

5.4.2 A New Job Environment

To keep working, some workers engaged in entrepreneurship while another party was occupying a position in various professions as salaried employees. To commence trading, the former employees raised additional capital through the severance pay that they had obtained from Sümerbank or their post-retirement gratuity. Interestingly, they had never taken credit from a bank. In the beginning, they were satisfied with their choice of occupation for a number of reasons. Firstly, they henceforth would not serve at the pleasure of managers. Secondly, and more importantly, they enjoyed a comfortable income particularly between the years of 1998 and 2001. However, the economic crises experienced in November 2000 and February 2001 were real shocks for the former workers just like the majority of small tradesmen in Turkey. In that process, they could not pull in enough cash during these difficulties to meet their debts. These former workers argued that their capital

was drastically reduced by the crisis and some of their co-workers closed up their shops. The others succeed in keeping their shops open through transferring resources from their pension. Facing a host of difficulties, these free enterprisers survived through increasing their work time. They began to open shops as early as possible and worked deep into the night. In order not to lose their customers, many of them worked even on holidays. Interestingly, they complained about their children since they did not receive any assistance from their children to sustain work. Former workers emphasized that their well-educated children preferred not to work at the shops of their parents even for a limited period of time. Workers would confess latterly that they found themselves completely exhausted on short notice. Making up some excuses such as their ages and rigid rules of work life in the private sector, some wound up their affairs. The rest of the former workers claimed that they had to keep working for a definite period for the sake of their family or to meet their debts.

As for the former workers who worked as salaried employees, these people indicated that it was difficult to adjust themselves to the labor arrangements, work tempo, and personnel relations in the private sector. Despite material benefits, they put Sümerbank before the private sector for a number of reasons. They complained about the ambiguous job descriptions, flexible working hours, and the lack of employment security as in the state institutions. They also claimed that money is an employee's sole motivation for working in the private sector. They yearned for old friendships and differential treatment at Sümerbank. Those interviewed accordingly indicated

that they were disappointed by the informal workplace relations and particularly by the arbitrary behavior of managers.

By the same token each party cared very much about the loss of their status in their new job. They claimed that as an employee working at Sümerbank, they were highly esteemed. In addition to everyday life, former workers confessed that they had enjoyed some privileges even in the public offices. For instance, they could settle their affairs free of turn. Many of them underlined that they afterwards were subjected to rudeness in their working life unlike the Sümerbank environment.

5.4.3 Safety Measures for the Future

The workers expressed that when they felt a need for money, they previously had appealed to four channels for help. The first one was the credit obtained from Sümerbank. The workers could obtain a personal loan upon application at a low rate of interest. They repaid the credit through small monthly deductions from their salaries. However, towards privatization this privilege was withdrawn and consequently was lost. Credit from the Pension Fund for Civil Servants was their second channel for help. Having remained basically the same for years; however, it was particularly vulnerable to the negative effects of inflation. Thirdly, some also talked about their investments such as apartments, cars, or property in land which they made through post-retirement gratuity. These workers indicated that in case of an emergency they would be obliged to sell these assets as a last resort. The last option was to depend on traditional solidarity mechanisms and the relatives were seen as the

primary sources of financial support. Expressing that previously their workfellows were the first people to demand assistance, former workers voiced their concerns about the conditions of their friends. Those interviewed underlined that they were also in a poor financial situation.

Ongoing health security provided by the state was insurance for the workers. While the blue collar workers derived benefits from the free medical facilities of the Social Security Institution, the white collar ones were treated at the state hospitals. Furthermore, in recent years, through the special contracts made between the Ministry of Health and private hospitals, the pensioners could use such medical establishments besides the SSK and state hospitals.

5.4.4 Future Prospect for the Workers

The workers first of all expressed that they had tried to save money to acquire a house. Their successive aims were to get possession of a car, a small piece of land, and a shop. However at short notice the majority accepted that they were no longer in a position to pursue all their aims, particularly through the retirement income. They stated that to carry on business, in a small way, had given them hope for a certain period of time. Such supplementary work served only to preserve their standard of living. Despite everything, they related the poor results with some causes. Some of them accused of their co-workers of being inexperienced. Difficulties of being a stranger in a new branch of business were seen to be especially crucial to failure in their enterprises. Interestingly, under similar circumstances, those interviewed

regarded their own failure as a result of the macroeconomic policies of successive governments. As previously mentioned, they held the economic crises, experienced in November 2000 and February 2001, accountable for their difficult situation.

Only small group of former workers stated that they managed to save money after retirement. They similarly went to work again as wage workers in the industrial regions of Turkey or abroad. Although they were comparatively in easy circumstances, almost all of them were forced to quit working because of breaking being overworked. They mainly complained about the flexible working hours exceeding their endurance. These people also indicated that working in the private sector often overburden employees and interfered with their lives. They invested their savings with interest in a bank as an assurance of their future.

Putting up the argument that they henceforth were too old to settle down in a new job, each group expressed their reluctance to work. The workers also indicated that they would have a bare minimum level of competence until the death. Nonetheless, calling attention to their efforts for their children's education, some of those interviewed expressed that they might appeal to their children for help in case of an emergency. They had hoped that their children would not be quite so irresponsible about supporting their parents.

5.5 Non-monetary Consequences of Privatization

5.5.1 Workers' Ties of Love with Sümerbank

The workers uniformly expressed that they always felt proud to be a Sümerbank member. They claimed that through Sümerbank the workers developed a sense of community and made many great friends. Some workers, particularly whose parents had also worked at the Ereğli Cotton Plant, indicated that they had long-established ties with Sümerbank. They had started a relationship with Sümerbank through the factory nursery in which the child care offered free of charge from birth to school age. A group of friends thus had learned how to behave in the society all together. They also claimed that they were milestones in the town that spread modern attitudes. While their parents were traditionally eating as sitting on the floor, they used to eat at dining table at the factory nursery. They were also familiar with other life styles through their friendship with the children of relocated workers. The workers claimed that they accordingly learned to see matters in a new light and their horizons were broadened.

According to workers, relationships between men and women were regarded as the most visible sign of a modernization process in their lives. They claimed that, thanks to Sümerbank, the workers adopted more egalitarian attitudes towards the opposite sex. They asserted that the men and women shared similar working conditions and social environments, and thus they acquainted with egalitarian behaviour patterns. Since women also made a

real contribution to the family budget, they had begun to be closely involved in decision making in the household. Furthermore, instead of the arranged marriages in which the parents choose their son's or daughter's future, the workers found it possible to meet and choose whom they wish to marry. Indeed, some workers voiced their gratitude to Sümerbank for their marriages.

The workers also talked about their special emphasis on the education of their children. They expressed that since its inception, university graduate Sümerbank employees had taught at the sole secondary school of Ereğli and contributed to the education of hundreds of people. Similarly, the condition for promoting popularization of the higher education in the town was strongly bound to the existence of Sümerbank. Indeed, children's education was seen as the sole avenue of success for many Sümerbank workers. The workers thus realized that their children might go up into a higher class instead of becoming workers just like their parents. The workers signified that instead their children finding themselves being told what to do; they might give orders to the others.

The workers also related their social status and respectability with Sümerbank. Thanks to their employment in Sümerbank, they were held in high esteem in the town similar to the people from prestigious professions, such as government officials, physicians, teachers, pharmacists and lawyers. However, after the privatization, they became aware of their previous privileges more obviously than before. The workers claimed that, in the course of time, to be a member of the previous Sümerbank lost its advantageous position in the town. They mainly gave example of how their retirement affected their relationships with the tradesmen. While the

tradesmen were previously acting with extreme punctiliousness towards Sümerbank workers and insisting that “I entreat you to bear it in mind whenever you wish, you might become indebted to me. You can pay as you feel inclined. Do not care about money. I trust you”, afterwards, however, they had just begun to ask the type of former workers’ credit card. The workers also indicated that they enjoyed some exclusive privileges at the local branches of state institutions. Particularly civil servants were offered tea or coffee and their affairs were generally settled free of turn. However later on they had to reconcile themselves to wait their turn just like the ordinary people. They were also invited to the activities held in the town such as theatres, concerts, and sports events whereas after the sale they were to be acquainted with those activities subsequently.

As in previous years, they were still talking about their concerns over Sümerbank in their circle of friends. When they heard news about Sümerbank via television or newspapers, they would immediately keep their former workfellows informed. In that sense they still felt strong loyalty and commitment to Sümerbank. Claiming that the directors of the establishment and politicians were fighting for their own interests and unconcerned about the workers’ future, workers showed their resentment to the individuals rather than the establishment. Since they were excluded from the decision making process which was critically important for their destiny during privatization, former workers claimed that the sale was implemented for the sake of a group of people.

5.5.2 Recreational and Cultural Activities

The majority of workers stated that they previously enjoyed the possibilities to contribute recreational activities more frequently than at any point after the privatization. They mainly related stories about Sümerbank's variety of services which were availability for a mere song. Claiming that after the privatization the expenditures for housing, heating, and water became heavy burdens on the family budget, they stated that their modest level of income did not enable them to make provisions for recreational activities anymore. In addition to the facilities provided within the factory environment such as social clubs, cinema halls, sports events, and tourism establishments, they previously spent substantial amount of money on the cultural activities and recreational amenities in the township. The workers claimed that as long-standing customers of the local clubs and restaurants, they were held in reputation by the store owners. However later on they had to hold their expenses down and limit their outdoor entertainment with some special days such as birthdays, and religious festivals. They also indicated that in return for carrying out such outdoor activities, they have to cut down some of their personal consumption expenditures.

They also claimed that, during the 1970s, television as a luxury good firstly began to appear in the sitting rooms of some Sümerbank workers in Ereğli. By the same token, when the color television broadcasts began in the 1980s, it became firstly widespread in the same environment. As for the cultural goods, workers stated that when they went shopping, booksellers kept

them advised of new novels and magazines just like their high-paying customers.

Comparing their previous cultural consumption patterns with the new ones, the workers were concerned most with their children's fortune. Particularly those who experienced their childhood in the surrounding countryside claimed that after retirement to follow the same pattern would be difficult due to financial hardship. They argued that if they were settled in the village, they would not be in difficulty. However, since their children were accustomed to a certain kind of life style, to hold young people in a small village for a while was regarded as blocking their intellectual development. These workers indicated also that in restricting their private spending, they made sacrifices for the sake of their children.

5.5.3 Family Life After the Privatization

The shared opinion of the workers who retired after the sale was that they spared more time with their families. This assumption was particularly valid for the people who did not work after retirement. Besides their willingness, they inevitably started to spare more time with their families since their previous social environment dispersed and their circle of friendship narrowed. Indispensability and loneliness were added to these factors. They insisted that the disappearance of the dinners, evening entertainments and cultural activities which they participated in with their wives, played significant role in their way of life. The couples who were both working in the same workplace and sharing the same social environment started to live their

loneliness together. The workers stated that they have watched TV all day long. Visits of relatives and neighbors became their almost only social activities.

Interestingly, the relatively more intimate relationships of the retired couples' brought a number of problems that they had not faced before. Some workers began to feel strong envy towards their spouse. Particularly male workers began to limit their wife's social relationships. They claimed that it was more likely to be a lack of confidence in the social environment instead of a personal problem. These workers argued that they previously were living in a familiar environment which made up of Sümerbank members whom they had every confidence in their honesty. However, retirement meant for them a new home, and learning to live in an unfamiliar environment. Male workers thus claimed that they had to be on the alert to protect their spouses from dangers. However, such attitude led a domestic incompatibility more than they had expected. Particularly the women complained about the loss of esteem and authority in their family. The women claimed that after the retirement they were in a subordinate or degraded position with respect to men. Indeed, very few women continued working after the retirement. They claimed that the men thus assumed themselves as the sole person who are working for their families and easily accommodated to the traditional domestic roles. They insisted that the burden of the housework began to be shouldered only by the women. In direct contradiction, the more conservative workers did not experience such problems. They had never taken their spouses to go to the activities held by Sümerbank. The family relations that were based on the authority of male continued in the same way. Similarly,

their social relationships that had already been limited with the visits to the relatives remained basically the same.

There were female employees who said that they could spare more time for their children which made them happier after the retirement. They were glad that they were closer to their children whom they had to entrust to nursery or nursemaid and could not look after deservedly while working. Another interesting peculiarity of this group was that the number of women who gave birth after they got retired was quite high. These women stated that they fulfilled their motherhood duty and responsibility with the children they had after the retirement. They all told that there are great differences between the children they had before the retirement and the ones born after the retirement. The way of their upbringing was quite different. They pointed out that their first children were more sociable and more successful in making friends.

Some workers had continued working in the other jobs after leaving the plant due to retirement or by getting their compensation. These people argued that their family lives were affected most negatively by the privatization. Particularly the people who have established their own business complained that they neglected their families in order to adapt themselves to the flexible working hours needed to survive in the market. They stated that it was not a voluntary but a compulsory work that they carry on to maintain their existing living standards. Couples complained that particularly during the religious holidays and the new- year's days, they have never seen each other due to the heavy workload of men. They also expressed that their talks started to focus on financial issues. Previously mentioned, some of the

workers, who were not qualified to be retired, had started to work in the Albayraklar Plant. These workers complained that they lost the respect in their families. They argued that their words were not taken seriously since they did not have the same monetary power as before. The workers who went to the other cities to work until getting the right to retirement or accumulated money for the future generally did not take their families with them. After a certain age, they would not dare to move their settled lives in Ereğli to another city.

After the sale, the number of children who return to Ereğli after graduating from the university decreased. The workers emphasized that Ereğli lost its competitive advantage in the market due to the change in its economic structure. Similarly, young people who did not have higher education and have to work in the service sector for minimum wage without social security, started to leave the town to work for better wages in other cities. Thus, a lot of former workers started to live alone with their spouses. Some of them sold their houses and assets in Ereğli and moved to the cities where their children live in.

5.5.4 Friendship

Some workers stated that their parents were also Sümerbank members and their circle of friends was also made up of the children of workers' and civil servants'. They claimed that particularly these young people transformed virtually every area in the town. The lifestyle of Sümerbank youth enabled a domain including music, literature, and theatre. They changed the fashion in

the town through their clothing style and way of acting. They expressed that the rotation of civil servants and managers was fostering interaction of youth with the people from different regions. The live musical and poetry performances represented by the youth enlisted public interest in artistic matters. The pop bands, founded mainly in 1960s, performed at the Gülbahçe Outdoor Cafe until the beginning of the 1980s. Similarly, for the companionship of people with shared interests, Hunters Club was founded around a nucleus made up of Sümerbank workers. The workers claimed that in Ereğli, founded before Christ among the hillsides of the Toros Mountain chain, nature sports such as the mountain climbing, shooting, and fishing gained a huge popularity thanks to this club.

Furthermore, one of the most common activities was sightseeing held by Sümerbank workers to the open-space areas around Ereğli. Some families had also gone on vacation together to resort towns. The workers stressed a significant point that such activities were crucial tools to improve group cohesiveness. They claimed that before the sale, many workers from the other cities did not return to their home after retirement since they enjoyed the lively social life in Ereğli. Indeed, the friendships naturally centralized around the work place had comprised the residences and civil servants club. The workers expressed that friends were sometimes closer than family to each other since they were the first people to ask for help to exchange advices and share hardships. When the workers experienced a problem in their family lives, they found relief at the plant. In case of the financial straits, the workfellows had collected contributions through establishing a mutual aid and

assistance network. The majority of workers stressed that they also made use of such assistance to set up a home, to get married or to buy a car.

Considering negative factors, the workers chiefly talked about two main problems with friendship. Firstly, they claimed that the friendships at the plant suffered from the discrimination on the basis of sectionalism. They also indicated that it seemed to be even more significant than political attitudes. They simply talked about the conflict of interests between the highlanders and the members of a former Turkmen clan called locally as Bekdikis. According to the claims, they had tried to keep the other outside of decision making mechanisms at the plant and put the interest of their fellow townsmen before the workers' rights. The workers argued that having the majority in number, either of the representatives of these groups had won the elections for the trade union for years. As previously claimed by the workers, the main determining factor in order to be promoted to a better position was the place of origin instead of merit and qualification. Accordingly, the majority of workers made a complaint about such protectionism as a barrier to promote relations of friendship and cooperation. Secondly, they were also affected by the clashes during the 1970s between the left and right-wing groups. Equally, workers formed cliques at the plant. Despite neither of the cliques gaining the upper hand, many workers started to feel hostility towards their workfellows who engaged in the opposite stand. They even started not to greet their neighbors in the residence area. The workers stressed that after the military coup in Turkey, on September 12, 1980, political conflict ended at the workplace; however, many failed to repair damaged friendships.

After the privatization, instead of making new friends, home population preferred to only keep in touch with their old friends. In the early days of retirement, they had tried to meet at regular intervals to hold common activities as in previous years. However such meetings started to dwindle over time. They bemoaned that it would take a great deal of time to gather together all their old workfellows who had scattered across the country. In the course of time, their relationships wore quite another aspect. The men began to gather most afternoons in coffee or beer houses whereas the women confined their social lives with the visits to their neighbors. In the meantime, the workers had begun to get news from their friends paying visits to the shops opened by their old workfellows. As for those who picked up a new business, they had a deep distrust of foreigners. They expressed that they could not delegate their workplaces to a person outside of their circle of friends, these workers argued that they learned this fact at their cost.

5.5.5 The Relationships with Neighbors

The workers seemed to be rather ambitious to reply in the affirmative when they were asked about the fundamental characteristics of the relationships with their neighbors at Sümerbank residences. It was very common for them to believe that people who had the same levels of education, similar age groups, and similar cultural levels get along well together. They also claimed that the solidarity and the sense of confidence among the workers at the workplace had also been experienced in their neighborhoods through the contribution of nonworking spouses. Parents

entrusted their children to the care of their friends. Notably, neighbors were the first people to tackle the problems within the families. They also expressed that shutting the door was generally seen as unnecessary when they came out of. In addition to the friendships established at the workplace, the gardens and parks that were located at the residence areas had extended the opportunities for friendships. They could also gain a sense of community regularly using spaces designated for recreation such as sports grounds and civil servant club next to the residences. At nightfall, neighbors chatted to each other over the garden fence particularly in the summertime. It was very common to invite the workfellows and their families to the barbecue parties held in the gardens of their residences. They had also shared the most delicious fruits grown in their gardens such as cherries, plums, apricots, peaches, and strawberries.

However, the notion of intimacy in the neighborhood seems to be readily equated with some problems. They complained that the gossip circulating around was a tool wielded by individuals to get personal advantage in the workplace. Some workers tried to fish for compliments of managers, and had betrayed their friends. Furthermore, to gain control over the work environment, gossip had been used as an important tool. Moreover, having a compliant against the top-level managers, the workers claimed that such people found themselves ranked at the top of neighborhood hierarchy. In other words, workplace hierarchy made its authority felt in the daily life. They argued that it was visible through different shapes. They expressed strong dissent that even a childhood dispute over playing might result in the lower echelon staff getting scolded by the father of a combatant who has superiority

in rank. The same case might also occur in case of a dispute between wives. Line authority had similarly exercised its influence at the civil servant club. There was always a seat in the garden reserved for director and his family. The others were disallowed to sit down at this table although the club was filled to capacity. Some waiters who have worked at the club were sometimes called to the director's residence to serve for his personal guests. The workers deemed such behavior as a sign of disrespectfulness against their individuality. The female workers claimed that the most passionate advocates of such hierarchy in daily life were the wives of some directors. Ascribed executive functions of their husbands to themselves in the social life, these women had thought themselves as superior to others. They even put themselves forward in the traditional meetings among women and decided on who would cook the cakes and the other meals. As an extreme example, some workers gave a case in point that the wife of a civil servant had regularly exercised the dog of director's wife as an affirmation of her authority. As an implicit recognition of the director's authority, the waiters would not serve during the dinner parties until the director arrived at the civil servants club even though he arrived behind schedule. The workers had also stood up whenever they saw the director as a sign of respect for his authority. To exchange greetings on the occasion of national and religious holidays, they were lined up just like soldiers in front of him. Particularly some white collar workers stated that to find themselves doing so damaged their self-esteem.

Despite everything, the workers persistently focused on how they long for the good old days. A majority bought a home of their own through housing cooperatives but they could not establish friendly relations with their

new neighbors except for a few families. The workers complained that in the apartments, they were exposed to potentially high levels of noise. However, they indicated that the workers were very humble to their neighbors at the public houses. They also talked about security problems. To live in an apartment instead of public houses, around which the night watchmen patrol regularly, bore extremely high theft risk. They also identified the lack of play space for their children as another key issue in contrast to the public houses area which was full of recreational spaces. Observing that traffic accidents were the leading cause of death for children, all have trouble with traffic flow.

5.6 Concluding Remarks

This study examines the social consequences of privatization by focusing on the Sümerbank Ereğli Cotton Plant case. In the privatization case study, five main issues are considered. These are: the privatization process; production process and workforce; effects of privatization to the welfare provisions; workers' economic conditions; and non-monetary consequences of privatization.

The first issue that I examined was the privatization process in itself. Prior to their plant being privatized, workers were not similarly opposed to the privatization. When it is asked what their reaction was towards privatization, particularly the white collar workers stated that the opposition to privatization had most deeply been felt amongst them. However, a group of blue collar workers were the carriers of a real faith in private sector provision. Whilst they were happy to accept a prospective sale and to work in the privatized

plant, the former unionists from the Revolutionary Trade Union Confederation (DISK) told me that they strongly disagreed with the principle of privatization. The unionists from the Textile, Knitting and Clothing Industry Workers' Union of Turkey (TEKSİF) were neutral but they would be prepared to tolerate privatization. It is possible that the workers' disagreement towards privatization reflects their personal anxieties about their own future. As Thompson stated, social class happens when some men, as a result of common experiences, feel and articulate the identity of their interests as between themselves, and as against other men whose interests are different from theirs.¹⁹² In that sense, Sümerbank workers had never developed a common identity. Instead, they adopted a pragmatic approach to privatization.

The white collar workers stated that they were satisfied with the prospects that offered by the state. These prospects were the retirement or appointment to other state institutions. The blue collar workers argued that they were the injured party in all respects. Indeed, all the blue collar workers who qualified for a pension were retired. Having received their severance pay, the others were immediately dismissed. However, my study lends stronger support to a different interpretation. The workers had a strong commitment to a lifelong state protection. Thus, they were disappointed by the provided provisions. In other words, they had higher expectations about what the state should provide to reduce their grievances.

Union activities and resistance against the sale also effected workers' attitudes to privatization. As for the organized labour's response to

¹⁹² Thompson, 1968, pp. 9–10

privatization, except union leadership, almost all the workers told that the trade union did not protect their rights. Union leaders, either believing the battle lost or unwilling to fight, focused their energies only to negotiate with the state officials to postpone privatization. Most of the workers believed that the union leaders were the people who make a career for themselves. We can conclude that the separation between the workers and trade unionism does not appear to be accidental. In fact, according to the Act Number 2821 on Trade Unions and Act Number 2822 on Collective Bargaining, Strikes and Lockouts, the trade unions were defined solely as organizations with economic and social functions. A strike called for political purposes, or a general strike or any solidarity strike were deemed as unlawful.¹⁹³ In that sense it can be concluded that the government made it clear that labour would have little veto over the process. Consequently, instead of organizing a resistance against privatization, the major subjects for the workers were the concern of the state upon their future financial conditions and their prospective labour standards.

Secondly, I examined production process. It was assumed by the neoliberal paradigm that the SEEs frequently employ more people than required for efficiency. It was also claimed that a more flexible workforce improves the efficiency of the industry. Appropriately, just before the privatization of Sümerbank Ereğli Cotton Plant, the problem of “overmanning” had already been tackled by the state. However, there is no evidence from my study to support the claim that privatization increased the

¹⁹³ <http://www.ilo.org/public/english/region/eurpro/ankara/legislation/act2822.htm>

overall efficiency of the plant. For the former Sümerbank workers, the term flexibility has negative connotations. It meant a greater freedom for the employer to dismiss workers easily in order to respond to economic demands. They claimed that the workers in the privatized plant were subjected to the lower severance pay, shorter notice periods, and short-term contracts. Furthermore, the scope for further productivity gains through new technology has been limited in the privatized plant. The first task at the privatized plant was to discard two hundred and four looms, however, the rest of the machines were not replaced by the new ones. Production was sustained with the old-fashioned looms of Sümerbank.

The skills and education of workforce were other significant variables specific to the characteristics of workforce. The characteristics of the workforce changed dramatically after the privatization. My study showed that this transformation was also a significant reason for declining productivity. The new employer suffered mostly with the shortage of trained workers. Another difficulty was the growing difficulty for the recruitment of educated young people. In order to sustain production, more vulnerable segments of the labour force such as immigrants, the young and elderly were recruited by the new management. They recruited via personal relations instead of an entrance exam.

I also examined the workforce considering their commitment to the work. Former workers said that they had more scope for showing personal commitment to their work. Almost all of them expressed satisfaction with their previous earnings. Particularly two foremen who typically exert more control over work than their low skilled workfellows told me that they were

satisfied with this aspect. They also reflected their satisfactions with their prospects for promotion. All the workers also stated that they were satisfied with the job security. However, some workers stated that their affluent workfellows did not show any commitment to work due to the job security provided by the state. Thus, they argued that seizing with fear of being dismissed, the new workforce devoted greater energy to work. Consequently, it might be concluded that the characteristics of the new workforce reflects some negative aspects of privatization; lack of career opportunity for the workers, erosion of merit system, and interruption of production process due to work stoppages.

A broad examination of the employment effects of privatization provides complementary data to understand overall composition of the workforce in Ereğli. The proponents of privatization have claimed that the employment rates increased in many countries after the large scale privatization. However, dissidents have argued that it had stimulated informal sector employment and ensuing insecurity in the labour market. In Ereğli case, three factors verified the second assumption. Firstly, privatization ceased fresh money infusion supplied to the local market by Sümerbank workers. Secondly, small scale investments of Sümerbank retirees were also ceased. Lastly, female employment in the industry reduced. It might be concluded that privatization has brought certain unanticipated negative consequences in the town. One of the most significant signs of unemployment was that the students who left the town to receive higher education did not come back due to unemployment. When I conducted interviews, the educated

children of those interviewed, except two workers, were living in the other cities.

Thirdly, I examined the welfare provisions provided by the Sümerbank. These were as follows: public houses; factory nursery and guesthouses; recreational facilities; facilities for health and education; and the privileges over Sümerbank products. After the privatization, all of these welfare systems of collective provision were replaced with more individual and privatized systems. Higher cost of many services in the market adversely affected the workers particularly those who experienced unemployment. The former workers said that in Ereğli case, the privatized plant did not make welfare provisions for the workers in order to make more profit. To pay wages and provide insurance were seen as sufficient measures. However, most of the former workers saw the situation as a result of free market mechanism. If the employer attempted to provide welfare provisions, instead of a continuous pursuit of profit, he could go bankrupt. In that sense, it is possible to say that neo liberalism has created an ideology by lowering workers' expectations about what the private sector should provide. In conclusion, the privatization of Sümerbank Ereğli Cotton Plant brought loss of welfare provisions. Instead of profits having been used by the state for the workers' interest, these profits went to private individuals.

Fourthly, I examined the effects of privatization on workers' economic conditions. The topics covered in this section were as follows; the changing income level, difficulties of accommodation to a new workplace, workers' already existing safety measures, and their possible prospective for the future. The overall impression from interviews was that the privatization of the

Sümerbank Ereğli Cotton Plant brought socio-economic insecurity for the workers. Except two workers who had already held multiple jobs, such as commerce and farming, material wealth of the former workers have deteriorated since privatization. However, all of them expressed satisfaction with their previous earnings. To keep working, some workers engaged in entrepreneurship while another party was occupying a position in various professions as salaried employees. Those who engaged in entrepreneurship were obsessed about a possible economic recession. They stated that to protect their income level against inflation, they had to work harder with each passing day. Similarly, those who worked in the private sector as salaried employees complained about excessive workload. They complained about the flexible working hours exceeding their endurance. Workers' safety measures were mostly limited with their pensions. In case of an emergency they would be obliged to sell their limited assets as a last resort. The last option was to depend on traditional solidarity mechanisms and the relatives were seen as the primary sources of financial support. Most of those interviewed had some fears about what the future might bring. In that sense, it might be concluded that social policy measures in Turkey were limited to labour market regulation and the social security system involving pension benefits and health care.¹⁹⁴ Indeed, the state attempted to redress workers' financial grievances in two distinct ways. First was the utilization of micro-credit projects that were directed at supporting small entrepreneurial initiatives. Second was to

¹⁹⁴ Buğra and Keyder, 2003, p. 18

delegate social security provisions to the private sector.¹⁹⁵ An attempt to turn former workers to small entrepreneurs was the first step of the World Bank funded projects which have been implemented since 1994. However, in the Sümerbank Ereğli Cotton Plant case, most of the former workers failed to sustain entrepreneurship. The lack of experience to cope with the market fluctuations was an impediment to trade for them.

Lastly, I examined the non-monetary effects of privatization on the lives of workers. For most of the workers, unemployment and early retirement brought loss of prestige and self-esteem. As Nam and Powers argued, an individual's occupation is generally the most visible aspect of his status configuration and it is a principle basis for placing the individual on the status ladder.¹⁹⁶ Indeed, most of the workers were too young to retire but too old to find a prestigious job that matched their qualifications. Nelson and Cooper provide an explanation for such situation. For them, those in positions of less control are likely to suffer the most negative effects of major organizational change, this being particularly acute when the change is one outside their control and, when the implications and consequences of the change are less clear as in the case of privatization.¹⁹⁷ For most of the former workers, early retirement or unemployment brought about the disintegration with the community life. Before the privatization, worker's off-duty social life had made up of their circle of workfellows. Indeed, the workplace was the most natural place for people to make friends and develop social networks.

¹⁹⁵ Buğra and Adar, forthcoming, p. 7–8

¹⁹⁶ Nam and Powers, 1968, p. 158

¹⁹⁷ Quoted in Harris, 1995, p. 225

Workers said that they lost their interest in participating in the common activities with their friends. They retreated into a passive and home-based life. They expressed that the anxiety about coping with financial worries made it difficult to concentrate upon alternative activities. A sudden interruption of their social intercourse with their workfellows, reflected by the sharp fall in the leisure activities, was accompanied by a loss of interest in making new friends. This process might be described as an unexpected product of social change for which the culture has not devised a suitable means of compensation¹⁹⁸. Early retirement or unemployment has some additional negative connotations for women. Where the women were without employment, gender roles in the household tended to be more traditional. Particularly female workers complained about the male dominance over the financial decision making after they lost their jobs.

¹⁹⁸ Ballweg, 1967, p. 277

CHAPTER VI

CONCLUSION

Thirty years ago, debates concerning the relationship between wealthy and poor nations could be summarized under the title of modernization versus dependency.¹⁹⁹ Modernization theory saw development as a staged process which less developed societies refer to the previous shape of the modern ones. Whereas dependency theorists argued that it was the penetration of capitalism in itself that prevents social development in the less developed countries. Beginning in the late 1970s, a neo-liberal discourse dominated literature. According to Friedman, one of the leading advocates of this approach, it is a historical fact that prosperous societies in history have organized the bulk of their economic activities through competitive private capitalism.²⁰⁰ In other words, it was only through liberating market forces that poor countries could catch up to the developed world.²⁰¹ The underlying requirement for development was the withdrawal of state from economic life. In that sense, privatization of the SEEs has been situated at the core of the debates.

¹⁹⁹ Babb, 2005, p. 199

²⁰⁰ Friedman, 1990, p. 33

²⁰¹ Babb, 2005, p. 200

However, a large scale privatization movement was accompanied by a number of social transformations. More precisely, the privatization of the large scale SEEs posed various social problems since the SEEs were also important instruments of social policies. Particularly, less developed countries had established the SEEs for a number of social and political reasons; to serve the social purposes of regional development; to act for the common good by securing the sale of goods and services at reasonably low prices to the poorer people; and to provide training for the labour force for the whole economy. Thus, industrial workforce in many countries had followed a well-established pattern until the privatization. The main elements of this conventional pathway were as follows; a guarantee of minimum standards, a settled income, social protection, and the provision of social services.

In the less developed countries, industrialization was the major avenue to achieve modernization and to raise the standard of living.²⁰² Accordingly, in Turkey, immediately afterwards the establishment of the Republic, the Kemalist project came to be identified with nationalist developmentalism.²⁰³ In the initial stages, however, industrial institutions suffered from the lack of incentives to attract workers such as high wages, social security, health services, and housing. In these circumstances, social policies were seen as a means of production in that they would improve the efficiency of workers and amount of output accordingly.²⁰⁴ In that sense, all these everyday life necessities were provided by the state to its employees.

²⁰² Harik, 1984, p. 43

²⁰³ Gülalp, 1995, p. 175

²⁰⁴ Makal, 2007, p. 126

One should stress, however, that social policy was never a solely economic phenomenon. Indeed, welfare provisions of the state produced a number of collective practices. They were tightly integrated into the modern lifestyle that was prompted by the Republican ideology. Republican elites in Turkey saw the cultural model of the West as a reference point. Thus, another requirement for social development was the modernization of attitudes. The SEEs were cornerstones in the countryside that spread modern attitudes.

However, the 1980 military intervention brought about a radical attempt to restructure the social and economic life. The successive governments took necessary steps to reduce the size and functions of the public sector. It was due to the huge foreign deficits experienced since the mid- 1970s, ongoing economic insufficiencies, and pressures of international organizations. Consequently, in the pursuit of greater efficiency, the state transferred the majority of the SEEs to the private sector.

The findings of the case study conducted in Ereğli in which one of the biggest SEEs was located reveals that the social consequences of privatization are certainly negative. Just before the sale, a discourse about the cost created by the SEEs had dominated public opinion in the town. Already existing differences among workers were manipulated by the enthusiasts of privatization. Thus, employees could not form a consensus about the possible implications of privatization. The majority of the employees relied upon severance pays and some personal savings for the future. However, successive market fluctuations made these savings vulnerable to the negative effects of

inflation. Corruption of the labour union was another factor facilitating privatization.

The positive impact of privatization on higher levels of productivity has not been proven in this case. In contrast, statements show that previous productive capacity could not be sustained after the sale. Indeed, productive capacity of the Sümerbank was deliberately reduced before privatization. All those interviewed claimed that the demand for the products of Sümerbank looked still high but due to raw material shortage, the administration was reluctant to increase productivity. Furthermore, although the importance of training in the development of skilled workforce has consistently been emphasized by the leading privatizers, in Ereğli case training was seen as a real cost for the new owner. Due to the low wages, privatization also led to a high rate of labour turnover that give rise to more inexperienced worker. As for the commitment factor, those interviewed insisted that the new workforce lacks a definite desire to maintain organizational membership in the privatized plant. Industrial workmanship was seen as a subsidiary source of income due to the widespread small-scale land ownership. Accordingly, many workers returned to their land in the summer. Thus, employment creation as one of the main promises of privatization has not been matched by the performance of private sector in Ereğli case. In order to solve labour force question, in its initial years, Sümerbank had carried out a social policy comprising public houses, higher wages, and benefits in kind such as meal, breed, and clothes. However, considering a huge reserve army of labour in the town, the new owner did not need to provide any social service for the employees. Consequently, it should be concluded that if governments sell off institutions

with welfare features, they should substitute new systems of welfare for the people affected by privatization instead of delegating social responsibilities to private concerns.

Concerning economic consequences of privatization, particularly low wage employees could not accumulate enough funds to maintain previous living standards. Indeed, the governments in less-developed countries have lacked an outline to cure the negative social consequences of privatization. In Turkey, two World Bank funded projects were seen as adequate measures. However, privatization process necessitates an active involvement of the state to guarantee previous living conditions for the employees. If it is inevitable, privatization should be carried out with the idea of securing an adequate income for the people affected by the implementation. One can conclude that the state should at least lay special emphasis on the social services which would be provided by the private sector. It should designate new laws to secure employees' welfare because the private sector is eager to take over social services in case they promise a profit.

Neighborhood solidarity, mutual aid societies, social clubs, and enterprise specific forms of leisure were some common elements of social life in Sümerbank Ereğli Cotton Plant. They were also deemed as cultural expressions of the modernist attitudes. In fact, industrial modernity cannot be evaluated considering only its economic aspects. It is rather related to social action, to new aims, and to new sorts of social relations which determine interpersonal relations as set forth in the writings of Durkheim and Marx.²⁰⁵ In

²⁰⁵ Göle, 1993, p. 102

that sense, it is not difficult to come to the conclusion that privatization has been associated with a number of fundamental and seemingly irreversible social transformations.²⁰⁶ Here, Bourdieu's concept of habitus is a useful tool for understanding these modernist practices in that habitus allows people to make sense out of the social world.²⁰⁷ Destruction of this habitus by privatization has uprooted former employees. More precisely, the habitus acquired in a state enterprise would not allow the employees to cope with difficulties in the private sector. Their social environment changed irreversibly with the erosion of the welfare mechanisms. In fact, the employees expected that the houses would be sold to the workers at a given price. In this way, they would not leave their friends and surroundings. They expected that the state would do them a favor by selling these houses to workers in return for their services.

In conclusion, in this case study, concerns about employment conditions and social equity raise skepticism about privatization. However, it was assumed by the policy makers that the privatization would result in better pay, conditions, and employment opportunities for the workers. Although the first attitudes of workers to privatization were not identical, in the course of time, they began to see the implementation as a mistake. The reasons could be identified as follows: (1) Productivity could not be increased; (2) Skilled workers experienced difficulty to find a job that matched with their qualifications and unskilled ones were forced to work in the informal sector;

²⁰⁶ Babb, 2005, p. 216

²⁰⁷ Ritzer, 1996, p. 404

(3) Workers were deprived of the welfare provisions; (4) They experienced economic difficulties to meet their fundamental needs; (5) Their social relationships were destructed. Findings from in-depth interviews suggest that the employees find themselves in a precarious situation after privatization. Thus, it can be concluded that a large scale privatization without computing social returns damaged the welfare of communities in which it experienced. Indeed, every country has its own social dynamics that constitute a different model of development. Dictating the same solutions for the economical problems to different countries, might destroy already existing social protection schemes. As Kiray emphasized, there is a huge discrepancy between the realities of a social environment in which people live and assumptions of the national or international projects.²⁰⁸

In that sense, the results of this thesis have highlighted further investigations that may aid in understanding privatization. Thus, suggestions for further research must begin with investigating differences between the various privatization cases in terms of social consequences. It will be worthwhile to support these studies with a set of empirical data. Such a study should be conducted to reveal whether there is a difference between the consequences of privatization implementations in different sectors, different regions, or different countries. It might also be interesting to show how employment rates in the informal sector are affected by privatization. Other significant research might also be conducted to reveal what labour statistics tell us about trends in employment rates after privatization in a particular region.

²⁰⁸ Kiray, 1998, p. 91

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APPENDIX

A. Interview Questions

- 1-** What was your reaction when you learn the privatization is to become definite?
- 2-** What is your opinion about productivity before and after privatization as comparatively?
- 3-** Did privatization pave the way for well-educated and qualified people?
- 4-** What is your opinion about the degree of commitment to work before and after the privatization?
- 5-** What were the effects of privatization to unemployment in the town?
- 6-** Was the state concerned about employees' future during and after privatization?
- 7-** Did trade union assert employees' rights during privatization process?
- 8-** Has there been a workers' resistance to privatization?
- 9-** Did you reside in public houses provided by Sümerbank?
- 10-** What were the facilities for recreation, health, and education?
- 11-** Did Sümerbank concede some privileges to the employees for its products?

12- Did you draw benefit from factory nursery for your small children and from dormitories or guesthouses for your children in higher education?

13- Did your income level undergo a change?

14- How do you assess your new job environment in comparison to Sümerbank? (If you keep working)

15- Could you reserve money for unforeseen contingencies?

16- Do you feel secure about your future?

17- Did you bound to Sümerbank with ties of love?

18- Considering your contribution to recreational and cultural activities, did your standards of living change?

19- Has there been a change in your family life after the privatization of Sümerbank?

20- What were the fundamental characteristics of your friendship relations? Did you experience difficulty to adjust yourselves to a new social context and to make new friends?

21- What were the positive and negative sides of the relationships with neighbors in Sümerbank residences?

B. Recreational Facilities of Sümerbank

Kuşadası Summer Camp: In 1957, a summer camp was established seven km away from Kuşadası²⁰⁹ which is located in a gulf in the Aegean region of Turkey and is famous with its sea, bright sun, and sandy beaches. The employees took advantages of the camp during 15 days in a season. The services provided at the camp were described as; lunch and dinner, animations, pleasure trips to historical places around Kuşadası, a private beach, and sports facilities.

İvriz Picnic Area: Sümerbank provided a picnic area to its workers in İvriz village, 12 km south of Ereğli. Located on the shores of the İvriz River, the area is surrounded by the Toros Mountains to the south. The Picnic area also harbored traces of the ancient Hittite Empire. As a hot spot for foreign and domestic tourism, particularly the famous Hittite Monument of İvriz aroused interests of many people including scientists from various disciplines.

Civil Servants Club: The club was made up of two dining halls, a meeting hall, a recreation room, and a private room for the director. Food and beverages were provided to the employees below market price. Transferred to the municipality after the sale the club was transferred to the municipality and leased to the private sector to be run as a café and a wedding saloon in the summer.

²⁰⁹ Sümerbank Personel Rehberi, 1976, pp. 87–88

Sümer Cinema: As the first cinema hall of the town, the audience capacity was five-hundred people in addition to its open-air cinema with a capacity of one thousand people. In the 1960s, two other cinema halls were opened in the town but the Sümer Cinema's popularity persisted. In the first half of the 1980s, however, all the cinema halls had gone bankrupt in less than a decade.

Sümer Sporting Club: Before the establishment of Ereğli Cotton Plant, there was not any attempt of sports activity in the town. Simultaneously with the building and equipping of sport facilities, Sümerbank offered the majority of modern sports such as gymnastics, weightlifting, handball, tennis, basketball, volleyball, boxing, and football.