

**TRANSFORMATION OF THE TURKISH WELFARE REGIME:
THE ROLE OF THE INDIVIDUAL PENSION SYSTEM AND ITS EFFECT ON
WOMEN’S WELFARE**

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ABSTRACT

TRANSFORMATION OF THE TURKISH WELFARE REGIME: THE ROLE OF THE INDIVIDUAL PENSION SYSTEM AND ITS EFFECT ON WOMEN’S WELFARE

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The aim of the thesis is to analyze the transformation of the Turkish welfare regime in the framework of the social security reforms and the effect of the individual pension system on both this transformation and women’s welfare considering the gender gap in retirement. While there is a growing literature on Turkey’s social security reform, there are only few studies on the gender dimension of social security and the gender effects of the reform. This study aims to contribute to this literature by examining the gender gap in recently introduced individual pension system (2003) in Turkey from a sociological perspective. The literature review focuses mainly on Esping-Andersen’s welfare regime typology and its critics to categorize the current welfare regime of Turkey. The Southern European welfare regimes are examined particularly to construct a theoretical framework for the Turkish welfare regime and its transformation. Furthermore, the literature on gender inequality and social security is examined to discuss the gender gap in private pension systems. This thesis based upon some statistical and actuarial analyses to explore the gender gap. By using ‘actual data’ the effects of some socio-demographic and socio-economic factors on the participation and the contribution rate to the individual pension system are examined. Besides, gender gap in benefits that arise from the defined contribution schemes in a serious of projection using a stochastic

actuarial model is analyzed. The study is supported by the interviews made with three experts and decision makers about these issues.

Keywords: gender gap, individual pension system, social security reforms, Turkey, welfare regimes

ÖZ

TÜRKİYE’NİN REFAH REJİMİNDEKİ DEĞİŞİM: BİREYSEL EMEKLİLİK SİSTEMİ’NİN BU DEĞİŞİMDEKİ ROLÜ VE KADININ REFAHINA ETKİSİ

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Bu tezin amacı, Türkiye’nin refah rejimindeki değişimi sosyal güvenlik reformları bağlamında incelemek ve bireysel emeklilik sisteminin bu değişimdeki ve kadının refahındaki etkisini ‘toplumsal cinsiyet ayrımcılığı’nı (gender gap) göz önünde bulundurarak araştırmaktır. Türkiye’nin sosyal güvenliği ile ilgili literatürün giderek genişlemesine rağmen, sosyal güvenliğin toplumsal cinsiyet boyutu ve yapılan reformların toplumsal cinsiyet ayrımcılığına etkisini tartışan çok az sayıda yayın vardır. Bu çalışma, Türkiye’de 2003 yılında yürürlüğe giren bireysel emeklilik sistemindeki toplumsal cinsiyet ayrımcılığını sosyolojik bir bakış açısıyla inceleyerek mevcut literatüre katkı sağlamayı amaçlamaktadır. Literatür taraması Türkiye’nin mevcut refah rejimini sınıflandırmak amacıyla özellikle Esping-Andersen’in refah rejimleri tipolojisine ve bu tipolojinin eleştirilerine yoğunlaşmıştır. Türkiye’nin refah rejimi ve bu rejimdeki değişim için teorik bir çerçeve oluşturmak amacıyla özellikle Güney Avrupa refah rejimleri gözden geçirilmiştir. Ayrıca, özel emeklilik sistemlerindeki toplumsal cinsiyet ayrımcılığını tartışmak amacıyla toplumsal cinsiyet eşitsizliği ve sosyal güvenlik literatürü incelenmiştir. Bu tez, toplumsal cinsiyet ayrımcılığını araştıran bazı istatistiksel ve aktüeryal analizlere dayanmaktadır. Birtakım sosyo-demografik ve sosyo-ekonomik faktörlerin bireysel emeklilik sistemine katılımındaki ve sisteme yapılan katkı miktarındaki etkisi ‘gerçek veri’ kullanılarak analiz edilmektedir.

Bunun yanında, belirlenmiş katkı esaslı emeklilik planlarından kaynaklanan, emeklilik maaşındaki toplumsal cinsiyet ayrımcılığı, stokastik aktüeryal bir model kullanılarak yapılan bir kaç projeksiyonla incelenmiştir. Bu çalışma, konuyla yakından ilgili üç uzman ve karar mercii ile yapılan görüşmelerle de desteklenmektedir.

Anahtar kelimeler: toplumsal cinsiyet ayrımcılığı, Bireysel Emeklilik Sistemi, sosyal güvenlik reformları, Türkiye, refah rejimleri

To the most special woman in my life, my mum
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CHAPTER I

INTRODUCTION

This study mainly concentrates on the transformation of the Turkish welfare regime; particularly the recent social security reforms (in 1999 and 2006), the Individual Pension System (Bireysel Emeklilik Sistemi, BES) which is introduced as a complementary to the state pension system and the gender gap in this system. The main aim of the thesis is to analyze the transformation of the Turkish welfare regime in the framework of the social security reforms and the effect of the BES on women's welfare considering the gender gap in retirement.

The Turkish welfare regime has been analyzed in terms of the Esping-Andersen's well-known welfare regime typology and its critics. According to Esping-Andersen, there are three ideal types of welfare states; a liberal, a conservative and a social-democratic one by looking at their positions on two fundamental dimensions of welfare statism. First one is the degree of de-commodification, i.e. the degree to which a (social) service is rendered as a matter of right, and the degree to which a person can maintain a livelihood without reliance on the market. Second one is the kind of social stratification and solidarities, i.e. which social stratification system is promoted by social policy and does the welfare state build narrow or broad solidarities.

The 'liberal welfare regime' has been described as being based on means-tested assistance with strict entitlement rules and the role of the market in the provision of welfare is significant. Thus, there is a low level of de-commodification and little redistribution of incomes. The 'corporatist welfare regime' has been based on the preservation of status differentials and traditional perceptions of family and gender. The state is the main provider of welfare and there is a moderate level of de-commodification. Finally, the 'social democratic welfare regime' is highly de-commodified in which the entitlement to the services and benefits is based on

citizenship. There exists universal social security programs and the state outweighs the market as a provider of welfare.

Two important critics of the Esping-Andersen's typology are crucial for this study: First one is the misspecification of the Southern European countries as a subcategory of the 'corporatist' model. In recent years, there have been serious problems in social security system because of the fragmented and decentralized structure of the services in Turkey. The social security institutions have deficits since the early 1990s. There are significant differences in the main parameters of different pension schemes such as minimum contributory period, lump sum payments and these applications deepen the inequality between the different pension scheme participants. Two major reforms (in 1999 and 2006) were proposed to solve these problems. The 1999 reform covered only the pension system and beside an increase in the retirement ages, an extension of the minimum contributory periods was intended. The 2006 reform, however, was much more comprehensive and a shift from currently multiple public insurance schemes to universal one which was proposed by the current Government, Justice and Development Party (Adalet ve Kalkınma Partisi, AKP). The government claimed that the new system would operate on the principles of solidarity and risk pooling, and provide coverage to the entire population.

Although the stated aims of the reform seem to be very constructive, some provisions of newly introduced system concerning the retirement age, participation payment in health insurance and stretched duration of premium payments caused wide range of public protests against the reform. Some of the leading unions such as Turkish Confederation of Revolutionary Trade Unions (Devrimci İşçi Sendikaları Konfederasyonu, DİSK), Confederation of Public Employees Trade Unions (Kamu Emekçileri Sendikaları Konfederasyonu, KESK), Union of Chambers of Turkish Engineers and Architects (Türk Mühendis ve Mimar Odaları Birliği, TMMOB) and Turkish Medical Association (Türk Tabipler Birliği, TTB) participated and moreover lead these protests. The Government's approach to the problems in social security has been criticized by being a mixture of neo-liberalism with social conservatism.

This study examines the Turkish welfare regime and its transformation to find an answer to the research question: *‘Can the current transformation of the Turkish welfare regime be classified into the Southern European Model of welfare?’*. The similarities between the current implementations and the ongoing reforms in the social security system of Turkey and the Southern European model of welfare will be discussed by comparing the main features of these welfare regimes.

Second, Esping-Andersen’s typology does not include gender dimension of the welfare regimes. Whilst this study categorizes the Turkish welfare regime as a Southern European welfare regime, it argues the neo-liberal features of the recent social security reforms which encourage the private sector to provide welfare and emphasize the ‘individualism’ in the pension system. Since the early 1980s, the public policies of many countries have undergone major transformations (for example some Latin American countries especially Chile). This transformation has two principle features: the liberalism and the marketisation. The liberalism can be defined as the view that citizens are autonomous individual actors whose interests are best served when they are free from coercive government interventions into individual action while marketisation is the belief that free markets are arenas which best enable individual autonomy and produce efficient economic outcomes. These principles define ‘neo-liberalism’ (Western et al., 2007). The shift from defined benefit (DB) to defined contribution (DC) pension systems as an indication of the neo-liberal tendencies in the social security reforms which will be discussed in the next chapters also shapes the gender inequality. This thesis analyzes the individual pension system (BES) in Turkey as an example of the neo-liberal policies to discuss its role in the transformation of the Turkish welfare regime and its effect on gender gap to show the drawbacks of these kinds of policies in terms of gender inequality. Therefore, the research questions underpinning in this part are: *‘Is the introduction of the individual pension system a step towards a neo-liberal welfare state’* and *‘What are the effects of BES on gender gap in Turkey and women’s welfare?’*

Gender-aware analyses such as Andrew (1984), Fraser (1994) and Quadagno and Fobes (1995) note that the unequal conditions for women and gender-biased social relations are reproduced by means of the welfare state. Women are at a disadvantage as citizens of the state. Women are in general given social rights as a mother or wife, rather than as a citizen (Elveren and Hsu, 2007). Benefits are tied to the reproductive roles of women, in which they are seen as dependent upon the “male breadwinner.” The neo-liberal social policies make women more vulnerable. As Estes (2004) explains, the main problem is that the private social security systems do not recognize reproductive labour and favor the “male breadwinner” model. Gender division of labour (unpaid family work and informal paid work), wage discrimination against women, intermittent working life and greater longevity of women are some main factors which increase the gender inequality and should be taken into account in the implied social policies.

While there is a growing literature on Turkey’s social security reform, there are only few studies (Elveren and Hsu, 2007; Elveren, 2008b, 2008c) on the gender dimension of social security and the gender effects of the reform. This thesis aims to contribute to this literature by examining the gender gap in recently introduced BES (2003) in Turkey from a sociological perspective and to discuss the effect of this new system on women’s welfare. This work discusses the effect of some socio-demographic and socio-economic factors such as sex, age, education, marital status, occupation, social security, income and province on the participation and the contribution to the BES. By examining these factors which play a key role in participation to the system using some statistical analysis on both gender neutral and gender specific data and examining the gender gap in benefits that arise from the DC schemes in a series of projection using a stochastic actuarial model, this thesis discusses whether there is a gender gap in terms of retirement incomes in the BES.

The process of conducting the research is constituted in three parts. Firstly, a literature research is done in terms of the related concepts such as ‘social policy’, ‘welfare state’ and ‘welfare regime’ and welfare regime typologies of different scholars, especially Esping-Andersen. The critics of the stated typologies and alternative classifications are

discussed briefly to describe and categorize the current welfare regime of Turkey. The Southern European welfare regimes are examined particularly to make a comparative analysis and to construct a theoretical framework for the Turkish welfare regime and its transformation.

Second, beside the secondary analysis of the scientific literature described above, interviews were held with the three experts and decision makers about these issues in 2008: Dr. Adem Yavuz Elveren, an economists who is specialized on the social security system in Turkey and gender dimension of the reforms, Ali Haydar Elveren, an economist and actuary and the former head of the Department of Private Pensions, Undersecretariat of Treasury (between 2001 and 2007) and Kemal Kılıçdaroğlu, an economist, former head of Social Security Organization of Craftsmen, Tradesmen and other Self-Employed (Esnaf ve Sanatkarlar ve Diğer Bağımsız Çalışanlar Sosyal Sigortalar Kurumu, Bağ-Kur) and Social Insurance Institution (Sosyal Sigortalar Kurumu, SSK) and currently an MP and the vice chairman of the Republican People's Party (Cumhuriyet Halk Partisi, CHP). The aims of these interviews are to discuss the government's attitudes towards the reforms and the individual pension system and the long term goals of the government in introducing this new system, to analyze whether BES is a step towards a neo-liberal welfare regime and to discuss the effects of BES on gender gap and women's welfare. Furthermore, the interviews held in 2006 with Kemal Kılıçdaroğlu, head of the Ankara Regional Agency of DİSK, Tayfun Görgün and secretary for law, collective agreement and international relations of KESK, Kamuran Karaca for the final assignment for Soc 518, *Social Movement and Civic Action* and Soc 647, *Power, Status and Social Rank* courses in 2006 have also been referred to discuss the reactions against the social security reforms. The interviews with Kemal Kılıçdaroğlu, Tayfun Görgün and Kamuran Karaca were face to face, interviews with Dr. Adem Yavuz Elveren and Ali Haydar Elveren were held by e-mail. The interview made with Ali Haydar Elveren was the only structured interview and it is presented in the Appendix.

Third, some statistical and actuarial analyses applied to explore whether there is a gender gap in BES. Generalized Linear Modelling approach is used to examine the actual data obtained from the Pension Monitoring Centre (Emeklilik Gözetim Merkezi, EGM) which includes information of the participants by the end of 2007. The objective of this analysis is to examine whether there is a significant difference between the regular contribution rates of females and males. The analysis also determines which factors are important in terms of the contribution rates. Furthermore, an actuarial analysis is performed to assess the impact of BES on gender gap by simulating the retirement incomes for males and females under three different scenarios using a stochastic investment model.

CHAPTER II

WELFARE REGIMES

Before discussing the Turkish welfare regime and its transformation, it is important to be familiar with the related concepts and the literature. The objective of this chapter is to summarize the literature on welfare regimes, classifications and the features of these regimes to provide a guide for classifying the Turkish welfare regime and its transformation. By explaining the terms ‘social policy’, ‘welfare state’ and ‘welfare regime’ we aim to emphasize the difference between these concepts and to make the distinctions clear between them because the boundaries of the definitions of these terms are crucial for examining the transformation of the Turkish welfare regime in terms of the political actions and the institutionalization of these actions.

2.1. Introduction of the basic concepts: ‘social policy’, ‘welfare state’ and ‘welfare regime’

The term 'social policy' is used to apply to the policies which governments use for welfare and social protection. In a broader sense, it stands for a range of issues extending far beyond the actions of governments - the means by which welfare is promoted, and the social and economic conditions which shape the development of welfare.

Social policy aims to improve human welfare and to meet human needs for education, health, housing and social security. Marshall emphasizes the ‘imprecise boundaries’ of the term ‘social policy’ and suggested a ‘conventional approach’ for defining it by asking which areas of government action are generally accepted as belonging to the social policy sphere (Marshall, 1975). In 1952, International Labour Organization (ILO) suggested that social policy includes maintaining income during sickness, unemployment allowance, old age allowance (pension) and family allowance. Furthermore, ILO defined the nine branches of social security as the minimum

standards for its member countries in the 'Social Security (Minimum Standards) Convention (No. 102)' in 1952. These branches are: medical care, sickness benefit, unemployment benefit, old-age benefit, employment injury benefit, family benefit, maternity benefit, invalidity benefit, and survivors' benefit. Social policy may thus be described as consisting of three main components: social security (or social insurance), social assistance and social service. Benefit provisions during illness, unemployment, time off due to accidents in the workplace, and old age may be termed 'social insurance' and are benefits built up by the individual during time in employment. Since it is based on the insurance principle, individuals pay premiums to obtain these benefits. The term 'social assistance' refers to grants made on the basis of a means test, and includes minimum incomes provided to the long-term unemployed, the disabled and the elderly who may not have worked, or whose social-insurance-provided pension is insufficient. The term 'social service' is used for the help in form of aid-in-kind, not in form of cash, and it is made on the basis of a means test, too.

The 'welfare state' is the state which plays a key role in protecting and promoting the economic and social well-being of its citizens. It is based on the principles of equality of opportunity, equitable distribution of wealth, and public responsibility for those who lack the minimal provisions for a good life. According to this definition, a basic feature of the welfare state is social insurance, intended to provide benefits during periods of greatest need such as old age, illness and unemployment.

The phrase 'welfare state' emerged after the Second World War, and was first used to describe the complex of social policies enacted under the Labour government in Britain after 1945. The development of the welfare state has been linked to the processes of rationalization, and the development of bureaucratic authority and the emergence of social clients, in Weberian understanding (Johnson, 2005).

Some earlier definitions, such as Briggs (1961), characterize the welfare state as a state in which organized power is deliberately used (through politics and administration) in an effort to modify the play of market forces in three directions- first, by guaranteeing

individuals and families a minimum income, second, by providing some safety mechanisms against social contingencies (sickness, old age and unemployment) and third by ensuring some equality concerning social services.

Through the expansion of the services provided by the welfare state in the twentieth century to cover a widening range of risks, the welfare state has partially incorporated and partly replaced other institutions that formerly accepted responsibility for welfare: the individual, the family, the church, local organizations and charities, and the firm (Flora and Heidenheimer 1981).

The welfare state, in its historical and institutional context, can be linked to the development of capitalism and the market economy. It has also been described as ‘the process of humanizing industrial society’ (Johnson, 2005).

Logue defines the welfare state as a state which is “democratic in form, interventionist by inclination, and eager to manage the capitalist economy to achieve steady economic growth and maintain full employment” (Goldberg, 2002).

In his book, *The Three Worlds of Welfare Capitalism*, Esping-Andersen writes that, “a common textbook definition (of a welfare state) is that it involves state responsibility for securing some basic modicum of welfare for its citizens” (Esping-Andersen, 1990). According to Esping-Andersen, the ‘welfare state’, with the ‘family’ and the ‘market’, is one of the three resources which control the social risks. The term ‘welfare state’ describes those institutionalized forms of social protection that secure its citizens from the risks of modern society on the basis of social rights (Esping-Andersen, 1990). He defines the ‘welfare state’ considering how the risks are pooled by the state: means tested and minimalist or comprehensive and institutional. The welfare state emerged between 1930s and 1960s as a specific historical structure and what it promised was not only to redistribute the major risks and to alleviate the social illnesses but also to rewrite the social agreement between the state and the citizen. He also emphasizes the difference between the three terms ‘social policies’, ‘welfare states’ and ‘welfare

regimes'. If there are some political actions which indicate the social risk, we can talk about the existence of social policies. On the other hand, the term 'welfare state' brought up a new 'political commitment' and the rewritten social agreement between the state and the citizen. This includes, as Marshall pointed out, the approval of the social rights of the citizens and to eliminate the differences between the social classes. Thus, the welfare state cannot be considered apart from this historical context (Esping-Andersen, 1999).

In relation to the above definition of the term 'welfare state', the term 'welfare regime' denotes the fact that legal and organization features of the welfare state, the family and the economy are systematically interwoven (Grütjen, 2007). The concept of "welfare regime" is defined in terms of the different roles that institutions such as the state, the family and the labour market play in sustaining the livelihood of the individual in society. The qualitatively different arrangements between these institutions make us to find a clustered welfare state variation. Therefore, the term 'welfare regime' stresses that cross-national clusters in welfare arrangements unveil not only regarding social policies but a variety of social structures (Esping-Andersen, 1990). The 'welfare regime' can be described as the process of production and distribution of the welfare between state, market and the family (Esping-Andersen, 1999).

2.2. Esping-Andersen's "The Three Worlds of Welfare Capitalism"

Since its publication, Gosta Esping-Andersen's *The Three Worlds of Welfare Capitalism* (1990) has been one of the seminal works in the comparative analysis of the welfare states of Western Europe and other advanced capitalist economies. "Few studies influenced social policy analysis to such a degree as this path breaking work". Focusing on cross-national variations in social legislation and welfare-state configuration in 18 OECD countries, he observes that qualitatively different arrangements between state, economy, and family are not distributed linearly, but clustered by different regime-types (Grütjen, 2007).

According to Esping-Andersen there are three interacting factors behind the regime differences: the nature of class mobilization (especially of the working class), class-political action structures, and the historical legacy of regime institutionalization (Esping-Andersen 1990). Thus, he describes three ideal types of welfare states, a liberal, a conservative and a social-democratic one by looking at their positions on two fundamental dimensions of welfare statism: First one is the degree of de-commodification, i.e. the degree to which a (social) service is rendered as a matter of right, and the degree to which a person can maintain a livelihood without reliance on the market. Second one is the kind of social stratification and solidarities, i.e. which social stratification system is promoted by social policy and does the welfare state build narrow or broad solidarities (Arts and Gelissen, 2002).

2.2.1 De-commodification in social policy

The level of de-commodification as a first dimension of the welfare state encompasses the social rights granted to citizens. According to Esping-Andersen, “de-commodification occurs when a service is rendered as a matter of right, and when a person maintains a livelihood without reliance on the market”. Social rights de-commodify the individual from market forces if they have the legal and practical status of property rights, if they are inviolable, and if they are granted on the basis of the citizenship rather than performance. By concentrating on social benefits in the fields of pensions, sickness and unemployment Esping-Andersen operationalizes the term de-commodification by comparing three elements of social policy: a state’s eligibility rules and its restrictions on entitlements, its level of income replacement, and the range of entitlements (Esping-Andersen, 1990).

2.2.2 The welfare state as a system of stratification

The second dimension characterizing welfare states is the kind of stratification system promoted by social policies. Esping-Andersen defines the welfare state as a system of stratification which intervenes in the structure of inequality and as an active force in the

ordering of social relations (Esping-Andersen, 1990). The services and benefits provided by welfare states have a direct impact on the social solidarity, divisions of class, and status of differentiation within a society. As such the status of citizenship competes with or even replaces the class position of the individual (Grütjen, 2007).

The three welfare regimes Esping-Andersen defined have certain characteristics of stratification. While he identifies the corporatist model as showing a highly fragmented system of social insurance and large variations in benefits and with the effect of etatism, characterized by distinct privileges of civil servants, liberal model reflect in a social system with a strong private sector and a high emphasis on the financial responsibility of the individual. Socialist ideas on the other hand manifest in a universal system of social security with little benefit differentials (Esping-Andersen, 1990).

The welfare state variations he found are not linearly distributed but clustered by regime-types. To define the characteristics of the three distinct regime-types to which the historical forces lead, Esping-Andersen argues that although the mentioned dimensions are conceptually independent, according to his 'theory' he would expect that there is sufficient covariation for distinct regime-clusters to emerge (Esping-Andersen, 1990). In accordance with this theoretical expectation, he succeeds in empirically identifying three ideal types of regimes on both the stratification and the de-commodification dimension and taking the third element, the market's and the family's role in social protection, into account. There appears to be a clear coincidence of high de-commodification and strong universalism in the Scandinavian, social-democratically influenced welfare states. There is an equally clear coincidence of low de-commodification and strong individualistic self-reliance in the liberal Anglo-Saxon nations. Finally, the continental European countries group closely together as corporatist and etatist, and are also modestly decommodifying (Arts and Gelissen, 2002).

2.2.3 The Liberal Welfare Regime

In the liberal welfare regime, as presented by the Anglo-Saxon countries, means-tested assistance, modest universal transfers, or modest social insurance plans predominate. Besides modest benefits, entitlement rules for social services are strict. Encouraged by the state, the market plays a significant role in the provision of welfare. Thus, the liberal type of welfare capitalism embodies individualism and the primacy of the market. There is little redistribution of incomes within this type of welfare state and the realm of social rights is rather limited. As a result, the liberal regime keeps the level of de-commodification low, contains the realm of social rights and erects a system of stratification that is characterized by a relative equality in poverty of welfare-recipients, market differentiated welfare among the majority and a class political dualism between the two (Esping-Andersen, 1990; Grütjen, 2007). The operation of the liberal principle of stratification leads to division in the population: on the one hand, a minority of low-income state dependants and, on the other hand, a majority of people able to afford private social insurance plans. In this type of welfare state, women are encouraged to participate in the labour force, particularly in the service sector (Arts and Gelissen, 2002).

Countries which have been classified as members of the ‘liberal regime’ cluster rely on the market to provide for the ‘social needs’ (not rights) of its citizens. The State should provide for a minimum amount of social services if they provide any at all. In a ‘liberal regime’, social services are directly associated with the individual participating in the market. The “survival (of the individual) is contingent upon the sale of their labour power”. In other words, people are commodified (Scholnick, 2005).

In short, the main ideology is that everything is up to the individual; there is a strong belief in the self-regulatory power of the free market and, therefore, competition. The state’s role is confined to merely providing a general framework, since failure in the market is seen as one’s own fault. Integration of individuals happens through and by the market.

2.2.4 The Corporatist Welfare Regime

This regime type clusters nations such as Austria, France, Germany and Italy. A central characteristic of the Corporatist Regime, predominantly found in continental Europe, is its emphasis on the preservation of status differentials. Social rights and services are attached to the individual's class and status and their redistributive impact is limited. The state functions as the main provider of welfare services and, as such, the market plays a marginal role. Besides, the Church was a major shaping force of the Corporatist Regime, preserving traditional perceptions of family and gender (Esping-Andersen, 1990; Grütjen, 2007).

The conservative-corporatist welfare states can be typified by a moderate level of de-commodification. This regime type is shaped by the twin historical legacy of Catholic social policy, on the one side, and corporatism and etatism on the other side. This blend had three important consequences in terms of stratification. First, the direct influence of the state is restricted to the provision of income maintenance benefits related to occupational status. This means that the sphere of solidarity remains quite narrow and corporatist. Moreover, labour market participation by married women is strongly discouraged, because corporatist regimes –influenced by the Church– are committed to the preservation of traditional family structures. Another important characteristic of the conservative regime type is the principle of subsidiarity: the state will only interfere when the family's capacity to service its members is exhausted (Esping-Andersen, 1990; Arts and Gelissen, 2002).

2.2.5 The Social Democratic Welfare Regime

The social democratic regime enforces highly de-commodified and universal programs also extended to the new middle classes. In contrast to the liberal type of welfare states, this model crowds out the market and, consequently, constructs an essentially universal solidarity in favour of the welfare state. The entitlement to the services and benefits granted at a very high level is based on citizenship. A strong policy of emancipation has

a great impact on the role of the family and the market in the provision of the welfare. Social policy within this type of welfare state is aimed at a maximization of capacities for individual independence. Women in particular –regardless of whether they have children or not– are encouraged to participate in the labour market, especially in the public sector. Countries that belong to this type of welfare state regime are Scandinavian countries such as Sweden, Norway, Denmark and Netherlands and they are generally dedicated to full employment. In summary, the cost of familyhood is cushioned by welfare programs, the level of labour participation of women is high, and the state outweighs the market as a provider of welfare (Esping-Andersen, 1990; Grütjen, 2007; Arts and Gelissen, 2002).

2.2.6 Two Main Critics on “The Three Worlds of Welfare Capitalism”

Several authors have developed alternative typologies or added one or more types to existing classifications for greater empirical refinement since ‘The Three Worlds of Welfare Capitalism’. Some of these alternative classifications relate to two important criticisms of Esping-Andersen’s typology. The first criticism is the misspecification of the Mediterranean welfare states; and the second is the neglect of the gender dimension in social policy. These criticisms are also major importance for the analysis of the Turkish welfare regime and its transformation.

2.2.6.1. Lack of Gender and Family Dimension

This section summarizes the critics on Esping-Andersen’s typology in terms of the gender and family dimension. Family is important to explain the transformation of the Turkish welfare regime while gender is crucial for discussing the gender gap (in terms of retirement income) in Turkey.

Esping-Andersen emphasizes the role of family as an actor in every welfare regime (Esping-Andersen, 1990). The family takes a central position especially in the “Corporatist Welfare Regime” in his typology. Its formal structures of social security

are committed to the preservation of traditional family life, manifested in the “Male Breadwinner Model” and the prevalence of the “principle of subsidiarity” (Grütjen, 2007).

Feminist critics argue that Esping-Andersen’s typology implies that class related dimensions of welfare regimes determine gender relations. As such, his typology misses the chance to promote an explicitly gendered analysis of welfare states (O’Conner, Orloff, Shaver 1999). The core feminist criticism of “The Three Worlds of Welfare Capitalism” is that it neglects women’s work unless it is significantly visible in the formal labour markets. Although women are guaranteed full political and civil rights, they are still discriminated with regards to their social rights, as their position in the labour market is gendered (Arts and Gelissen, 2002).

By explicitly incorporating gender, several authors have tried to reconceptualize the dimensions of welfare state variation. Subjecting the mainstream welfare state typologies to an analysis of the differential places of men and women within welfare states would, according to them, produce valuable insights. This does not mean, however, that the characteristics used to construct the typologies are exhaustive (Sainsbury, 1996). Gender analysis suggests that there are whole areas of social policy that Esping-Andersen simply misses. A systematic discussion of the family’s place in the provision of welfare and care seems to be particularly lacking. Not only the state and the market provide welfare, but also families. A further omission is that there is no serious treatment of the degree to which women are excluded from or included in the labour market. Instead of employing the all-or-nothing words ‘inclusion’ and ‘exclusion’ to gender differences, it seems sensible to stress the importance of partial citizenship (Bulmer and Rees, 1996). Women obtained full civil and political rights a considerable time ago, but with regard to social rights, women are still discriminated against, sometimes formally, and nearly always informally because of different labour market positions, linked to different gender roles. According to many feminist authors, it is the sexual division of paid and unpaid work - especially care and domestic labour –

that needs incorporating in the typology (Lewis, 1992; O'Connor, 1993; Orloff, 1993; Sainsbury, 1996; O'Connor et al., 1999; Arts and Gelissen, 2002).

According to Ostner and Lewis (1995), focusing on the relationship of state and economy, and respectively the relationship between work and welfare, implies an a priori perception of labour is paid work and of welfare as policies that protect labour from the influence of the market. They also claim that using the “level of de-commodification” as an indicator for welfare analysis disregards the importance of women’s unpaid labour, especially within the family, as a structuring element of welfare regime. Although a greater number of women entered the labour market, this division of unpaid labour does not change. “While Esping-Andersen’s writes of de-commodification as a necessary prerequisite for workers’ political mobilization, the worker he has in mind is male and his mobilization may depend as much on unpaid female household labour. De-commodification for women is likely to result in their carrying out unpaid caring work; in other words ‘welfare-dependency’ on the part of adult women is likely to result in the greater independence of another person, young or old (Grütjen, 2007).

Ostner and Lewis (1994) suggest an alternative categorization of welfare regimes which basically takes the division of unpaid work and the female participation in formal labour markets as an indicator. Their typology is based on gender division of work and the dominance of the male breadwinner/family wage model as a proxy measure. According to their categorization, three different gender arrangements exist: In those countries with a strong male breadwinner ideology, such as Britain and Germany, women are basically perceived as carers; in the moderate male breadwinner state, such as France, female participation in the formal labour market is accepted to a certain degree; and in the weak male breadwinner states, such as Sweden, paid and unpaid work is split equally between men and women.

Ostner and Lewis’s work started a rich academic debate on the role of gender in welfare states. Several studies focused on the cross national variations in gendered social

policies after the claim that gender relations are encoded in social policies and that “all institutions” are gendered (O’Conner, Orloff and Shaver, 1999).

“Care” is a crucial dimension of the classification of welfare states according to Daly and Lewis (1998). They argue that different arrangements in welfare state can evolve around how care work is organized and supported. With respect to another issue, social care, Daly and Lewis argue that different styles of social policy have incorporated the key element of social care differently. They identify certain tendencies concerning care in specific welfare states. For example, Scandinavian countries form a distinct group in that they have strongly institutionalized care for both the elderly and children. In the Mediterranean welfare states, care tends to be privatized to the family, whereas in Germany it is seen as most appropriately a function of voluntary service providers. In France, a strong distinction is made between care for children and for the elderly, with a strong collective sector in the former and little voluntary involvement. Another form is found in the Beveridge-oriented welfare states – Great Britain and Ireland – where a strong distinction is also made between caring for children and caring for (elderly) adults. In the former – as opposed to the latter – little collectivization has taken place. Although they do not really classify welfare states into actual clusters, Daly and Lewis (2000) make a strong case for using social care as a critical dimension for analyzing variations (Arts and Gelissen, 2002).

On the other hand, Siaroff (1994) argues that the existing literature does not pay enough attention to how gender inequality is embedded in social policy and welfare states. He focuses on the question how welfare structures enforce engagement of women in the formal labour market. In order to arrive at a more gender-sensitive typology of welfare state regimes, he examines a variety of indicators of gender equality and inequality in work and welfare. He compares the work-welfare choice of men and women (i.e. whether to take part in the welfare state or to engage in paid labour) across countries. This allows him to distinguish among a Protestant Social-Democratic, a Protestant Liberal and Advanced Christian-Democratic and a Late Female Mobilization welfare state regime. Although the labels are different, this typology also shows a strong overlap

with the Esping-Andersenian classification. Only the latter type – the Late Female Mobilization welfare state regime – is an addition, which resembles the Mediterranean type of welfare states that will be discussed in the next section.

Millar (1996) outlines that welfare states might treat mothers differently, depending on their marital status. She argues that three different welfare arrangements exist regarding the treatment of single mothers: First category is that the countries which encourage both, married and single mothers, to engage in the formal labour market via the employment rights, parental leave periods, equal pay policies and benefits. Second category is that the countries that prevent married and single mothers from fully entering the labour force by providing lower levels of support, and benefits and forcing women into part-time workers. And finally, countries that lack any kind of services or benefits, and as such force single mothers to enter the labour market (Grütjen, 2007).

Another feminist criticism of welfare literature claims that most comparative studies focus on state-market relations and neglect the importance of the family as an actor and a provider of social services (Daly and Lewis, 1998; Daly and Rake, 2003; Orloff 1993). Esping-Andersen acknowledged this criticism by including the concept of defamilialization and familialism in his typology. Thus he recognises the importance of the household economy – ‘perhaps the most important social foundation of post-industrial economies’. To accommodate this he has taken, developed and operationalised the idea of ‘de-familialisation’: the extent to which an individual’s welfare is independent of kinship. This is a direct parallel with de-commodification and independence from the market. Familialism describes a system “public policies [that] assumes – indeed insists – that households must carry the principle responsibility for their member’s welfare” (Esping Andersen, 1999). Familialism is becoming increasingly unproductive in post-industrial societies, he argues, through its effects on low female participation in the formal economy, poverty, the waste of women’s human capital, falling fertility rates, and the fiscal vulnerability of welfare states. But the household as actor adapts to different welfare regimes in different ways, which tend to preserve different patterns of familialism. O’Connor et al. (1999) prefer to speak of ‘the

capacity to form an autonomous household', arguing that 'defamilialisation' entails an individualist notion of 'autonomy without families'. However Esping-Andersen argues the opposite (in a personal communication). If members of today's families demand greater autonomy and independence, as women clearly do, then this requires the socialization of the burdens, costs and responsibilities that make family life difficult to pursue. Defamilialisation entails a socialized conception of families (Gough, 1999).

Esping-Andersen argues that taking the level of defamilialization and familialism into account, welfare states in Europe are still grouped around the same regime types. In the "Scandinavian Welfare Model" welfare arrangements have been defamilialized, intending to strengthen the family by unburdening it from obligations and increasing individual independence. As a result, the Scandinavian countries were able to adjust the labour market to the higher participation rates of women and buffer the social consequences of changing gender arrangements. In the "Liberal Welfare Regime", state support for families is low and defamilializing services and benefits are often commodified and work-conditional. In consequence, families with low incomes are left without state support, excluded from care services and at a higher risk of poverty. Finally, the highly familialistic "Continental Model" puts a strong emphasis on the security of the male breadwinner. Its social insurance system amplifies this role, as it secures those with stable and life long employment, but leaves those with a discontinuous work history, which traditionally applies to women, as dependently insured. In short, the familiarity model of welfare found in continental Europe is less prepared to face the challenges of the post-industrial world. The outcomes of demographic change, shifts of employment structures, rising marital instability and non-conventional households leave a growing number of citizens out of social protection schemes. Nevertheless, as the family has absorbed many risks of social exclusion little efforts have been made to allow women to leave their traditional roles within the family (Grütjen 2007).

As far as the gender gap in earnings is concerned, Gornick and Jacobs (1998) found that Esping-Andersen's regime type do capture important distinctions among contemporary

welfare states. Their results showed that the size of the public sector, the extent of the public-sector earnings premium and the impact of the public-sector on gender differentials in wages all varied more across regimes than within them. In this way, they showed the fruitfulness of emphasizing the gender perspective in Esping-Andersen's classification of welfare states. Moreover, Trifiletti (1999) incorporated a gender perspective into Esping-Andersen's classification by showing that a systematic relationship exists between the level of de-commodification and whether the state treats women as wives and mothers or as workers. The latter is also an important dimension identified by Lewis (1989).

2.2.6.2. Misspecification of the Southern European countries

One important criticism of Esping-Andersen's classification is that he did not systematically include the Mediterranean countries. Specifically, in *The Three Worlds of Welfare Capitalism* Italy belongs to the family of the corporatist welfare state regimes, whereas Spain, Portugal and Greece are not covered by his typology. Although he admits that these countries have some important characteristics in common such as a Catholic imprint (with the exception of Greece) and a strong familialism – he seems to include them in the continental/corporatist model. From the early 1990s onwards, a number of scholars focused on the similarities of welfare arrangements in the Mediterranean countries. Although some authors (Castles, 1995; Katrougalos, 1996) support Esping-Andersen's position by arguing that the Mediterranean countries do not form a distinct group but rather a subcategory of the Corporatist model, there are other commentators (Leibfried, 1992; Castles, 1995; Ferrera, 1996; Bonoli, 1997; Trifiletti, 1999) who find logical to express the South European countries as a separate cluster. These scholars have developed classifications of European welfare states which try to show the existence of a separate 'southern model' of social policy. By referring Arts and Gelissen (2002) and Grütjen (2007) we will explain the classifications described by these authors in the next section.

On the other hand, this critic is important to underline the similarities between Turkey and Southern European countries in terms of social insurance policies, institutions and the role of the family providing welfare. In chapter 5, we will refer this section while discussing the Turkish welfare regime and its transformation.

2.3. The Southern Model of Welfare in Transition

Leibfried was the first scholar who stressed the similarities of the Southern European countries and distinguished four social policy regimes within the countries of the European Community: the Scandinavian welfare states, the ‘Bismarck’ countries, the Anglo-Saxon countries and the Latin Rim countries which comprises Spain, Portugal, Greece, to some extent Italy and, to the least degree, France (Leibfried, 1992). According to Leibfried, the “Latin Rim”, which he also labels as the “Rudimentary Welfare State”, is characterized by a lack of social rights. In these countries social rights are rarely institutionalized and implemented on a very low level. Instead, certain social security programs, such as disability pensions in southern Italy, function practically as basic income measures. In addition, these countries lack a full-employment tradition; show a dominance of agricultural labour, and the discrimination of women in terms of access to the official labour market. Leibfried also stresses the role the church plays in the provision of social services and benefits.

A more comprehensive definition of a “Southern Welfare Model” was offered by Ferrera in 1996. He concentrates on four dimensions of social security systems: the rules of access (eligibility rules), the conditions under which benefits are granted, the regulations to finance social protection and, finally, the organizational- managerial arrangements to administrate the various social security schemes (Ferrera, 1996). Based on these dimensions, he makes a distinction between the Scandinavian, Anglo-Saxon, Bismarckian and Southern countries. According to his typology, the Scandinavian countries are characterized by universal coverage for the risks of life. The right to social protection is attributed on the basis of citizenship as does in Esping-Andersen’s classification. The Anglo-Saxon family of welfare states is also characterized by highly

inclusive social security coverage and the full universal health coverage is only in the area of health care. Moreover, the flat-rate benefits and means testing play an important role. In the Bismarckian group of countries, the relationship between social security entitlements, a person's labour market status and role within the family is still clearly visible. Contributions play an important role in financing the various schemes. Almost everybody has social insurance coverage through their own or derived rights. Finally, the social protection systems of Southern countries are highly fragmented and although there is no articulated net of minimum social protection, some benefits levels such as old age pensions are very generous. Moreover, in these countries health care is institutionalized as a right of citizenship. However, in general, there is relatively little state intervention in the welfare sphere (Ibid, 1996).

On the other hand, Ferrera does not deny that the similarities between countries in the south and in Continental Europe exist. As in the "conservative" countries, income maintenance is based on occupational status, the degree of institutional fragmentation is very high, and cash benefits, especially pensions, play a significant role. He argues that the emphasis on the rudimentary character or the strong impact of the Church on the welfare regimes in the southern OECD countries is misleading. Nevertheless, in contrast to the continental welfare regimes the Southern Model is characterized by a "polarized" scheme of protection. While for certain groups in society, such as state officials, the level of protection is very high, other groups cannot claim social benefits at all (Ibid, 1996).

As it will be discussed in the next section this fragmented structure which is obvious in retirement benefits of the Southern Model is one of the common features of the Turkish welfare regime. While the pensions of typical wage earners with a full-employment career are far higher in Italy, Greece, Portugal and Spain than in other OECD countries, the minimum retirement benefits are much lower. Unemployment benefits in Southern Europe correspond to those in the continental European countries, but entitlement depends on contribution periods that are far longer than European average. As a result, the majority of workers in Southern Europe are not entitled to unemployment benefits

since workers in the informal labour market and those without a long record of formal employment are excluded. Moreover, Ferrera emphasizes that in Greece, Spain and Italy, young unemployed have no right to unemployment benefit at all.

Another characteristic outlined by Ferrera is the existence of universal health systems. Since the 1970s, the Southern European countries have implemented their constitutional commitments to universal health care by establishing national health services. In the early years of their existence, these national health systems were based on individual contributions and only slowly shifted towards stronger reliance on taxes. Unlike Britain and Scandinavia, the state-provided health care in Southern Europe did not result in a clear separation of the public and the private medical care. Hence, the Southern states render a high degree of health services to private providers. This combination of public and private actors and institutions, which becomes especially visible in the health sector and goes hand in hand with a low level of state penetration in the social sphere in general, constitutes another distinct trait of the Southern Model (Ibid. 1996).

Finally, the Mediterranean countries stand out their high degree of clientelism and corruption. In this context, social benefits and services are often hijacked and misused by officials to serve clientelist interests. Especially during times of election, welfare is often used to trade votes for individual benefits (Ibid. 1996).

According to Ferrera, the Southern European countries show three similar traits in socioeconomic and cultural-political development. Welfare rights in Southern Europe are not embedded in a mature political culture of institutional autonomy, transparency and universalism. He explains the emergence of a distinct model of welfare as the outcome of “power games” resulting from the structure of Southern European polities, which he argues are characterized by weak state-institutions in terms of bureaucratic professionalism and autonomy, the predominance of parties as political actors, the lack of an influential civil society, and finally, a highly polarized party system and a fragmented left.

Bonoli (1997) uses the Mediterranean countries – among others- to develop the final classification. He is especially critical of the de-commodification approach. According to Bonoli, it does not allow one to discriminate effectively between the Bismackian and the Beveridgean approaches to social policy. As an alternative, he combines two approaches to the classification of welfare states. One concentrates on the ‘how much’ dimension (emphasized in the Anglo-Saxon literature) and the other on the ‘how’ dimension of the social policy (emphasized in the Continental-European or French tradition). As an empirical indicator of the first dimension, he uses social expenditure as a proportion of GDP, and of the second dimension the percentage of social expenditure financed through contributions. These indicators lead him to identify four types of countries: the British countries, the Continental European countries, the Nordic countries and the Southern countries, thus giving credit to the proposal of a ‘Southern model’ (Bonoli, 1997).

By examining the combined arguments of Leibfried, Ferrera and Bonoli, it appears that a strong similarity exists among their first three types and those of Esping-Andersen. However, all three authors add a fourth – Mediterranean – type of welfare state regime to the original classification. Using empirical evidence, they argue that this is a prototype rather than a subcategory of the continental/corporatist model.

Different from the other scholars, Gough (1996) includes Turkey in Southern European model which has common features in welfare regimes. He points out that all Southern states lack national income safety nets and an institutionalized commitment to full employment. According to Gough, this cannot be explained with “stage of development” argument, as the Southern European nations show a large diversity regarding their level of industrialization. Instead, he argues along with Ferrera that a mixture of socio-structural and political-institutional factors determine policy outcomes in Southern Europe and slow down the development right-based assistance schemes.

Bugra and Keyder (2003) summarize the distinguishing features of the Southern European welfare regime by referring Ferrera, 1996, Mingione, 2001, Guillen and Matsaganis, 2000, Saraceno, 2002. First of all, the countries belong to this classification

have a labour market structure in which employment provided by small employers, self-employment, and unpaid family workers is very important. Second, there is a high rate of undocumented economic activity and unrecorded employment. Third, the social security system is highly fragmented and social rights are unequally distributed. The system has corporatist tendencies and the universal health insurance is absent or introduced later comparing with the other European countries. Fourth, the state plays a limited role within the formal social security system. Fifth, except unemployment insurance, social policies applied in these countries do not aim at combating poverty and exclusion. Finally, the family, local government, and religious or non-religious local institutions help the individual to deal with risk situations.

Grütjen (2007) argues in his thesis that the Southern Welfare States cannot be classified as an underdeveloped subcategory of the Continental Model. The thesis assumes that the ideal type of the “Continental Model”, as described by Esping-Andersen, cannot be employed to sufficiently filter the key characteristics of Southern European welfare. Especially the role the family plays in the Southern Welfare Regime vis-à-vis the state and the market differs in distinctive traits from the role of the family in the Continental Regime and its Male Breadwinner Model. Instead of focusing on state- or market-centered provisions of welfare only and reducing family services to an indicator of underdevelopment, he considers the role of the family and the unpaid work of women within as a central element in Southern welfare arrangements and an important subject of research.

CHAPTER III

WOMEN’S WELFARE: GENDER INEQUALITY AND SOCIAL SECURITY

This chapter aims to construct a theoretical framework to analyze the effect of BES on women’s welfare through gender gap. Although the gender dimension of welfare regimes has been discussed shortly in Chapter 2, we will focus on the gender inequality in the social security in this chapter by examining the related literature in the world and in Turkey.

It is widely recognized that gender relations play a systematic role in the division of labour, work, income, wealth, education, productive inputs, publicly provided goods and the like. In most societies, women work longer hours than men when paid and unpaid work are included and have lower earnings, education, wealth and access to credit. Patterns of work such as paid and unpaid are systematically influenced by gender relations. According to Çağatay and Ertürk, (2004), gender is also the basis for the most pervasive and basic division of labour in most societies: the division between “productive” and “reproductive” activities. The “productive” activities refer to income-generating activities which are generally linked to markets, while the “reproductive” activities relate to the care and development of people and their capacity to work. In most societies, reproductive activities are carried out largely by women under conditions of unpaid domestic labour, while men specialize in “productive” activities under conditions of paid work. Thus, much of the work carried out by women remains invisible, as it is unpaid work.

3.1. Gender Inequality and Social Security in the World

The relative advantages of DB and DC plans are the crucial part of the social security reforms literature. Gender has been recognized as an important analytical category in

these analyses due to the gender division of labour, including unpaid family work and informal paid work which make women more likely to be excluded from social protection and have fewer benefits.

In this literature, it has been also recognized that social security reforms that do not consider the differences between men and women in terms of their pension eligibility requirements or gender differences in the demographic profile and labour market participation create unequal results for women. Gender segregation in the labour market, wage differentiation, and fewer working hours for women, all of which are the result of gender-specific constraints related to women's reproductive work, have a considerable negative impact on women's earnings in private pension schemes (Elveren and Hsu, 2007¹).

Gender bias in the welfare state has been an ongoing and important topic of discussion for scholars. Gender-aware analyses such as Andrew (1984), Fraser (1994) and Quadagno and Fobes (1995) note that there exist unequal conditions for women and gender-biased social relations are reproduced by means of the welfare state. Women are at a disadvantage as citizens of the state. Women are in general given social rights as a mother or wife, rather than as a citizen. Benefits are tied to these reproductive roles, in which women are seen as dependent upon the "male breadwinner." In this situation, the adult male household member - usually the husband - works for pay, while the adult female household member remains at home to care for children and/or elderly as an unpaid worker. In addition, for the welfare state, the unit of distribution is the family, rather than the individual; and a variety of family laws and policies ties women's rights to those of men.

Estes (2004) explains why privatization is harmful to women in her discussion of the social security privatization. The main problem is that the private social security systems do not recognize reproductive labour and favor the "male breadwinner" model,

¹ Elveren and Hsu (2007) provides a comprehensive literature review in the gender gap in social security which we used as a guide in this chapter.

in which women rely upon men's higher income to provide their livelihood both before and after retirement. This imposes a penalty on women who labour within the home, who are entitled to a share of their husbands' retirement income. Moreover, women who are in the labour force tend to earn less than men, partly due to wage discrimination against women, and end up with lower retirement income. Greater longevity for women also means that women are more likely to become widows during their lifetime, and to become financial dependents of the state.

Since privatization makes "male breadwinner" bias more explicit by failing to recognize the reproductive work of women and by allowing the government to absolve itself from responsibility for the financial welfare of aging women, who are often the most disadvantaged members of society. Estes (2004) also points out that the impact of longevity, lower wages, divorce or disability upon social security in a privatized system can worsen the financial status of women, since women receive benefits based on their own contributions and lose some rights to benefits in widowhood. She criticises the policy which is supposed to be gender neutral as an outcome of being gender biased in practice.

Reforming the social security system does not just lead to a change in responsibilities of the state and the market but also to a change in gender dependency, household labour, and caregiving. The distribution of the responsibility for caregiving and dependency is directly affected by the structure of the social security reforms since the cuts in social benefits by the state lead to a higher burden for women. In order to maintain the family's life standards, women shoulder the extra responsibilities both in the household and in the labour market due to mentioned cuts. Evidence from many countries shows that even in the most developed countries, about 80% of care is provided by family systems (O'Connor 1996).

Proponents of privatization of social security consider mostly the economic and financial efficiency as the main objective. Therefore, governments, in order to promote competitiveness and attract foreign direct investment, loosen the regulations in the

labour market in favor of employers, lower the shares of employers' contributions in public pension schemes and cut income security programs, which has been referred as "social dumping" by some scholars. This type of reform obscures the primary objective of the social security systems, which should be to increase people's well-being, rather than to target financial sustainability (Elveren and Hsu, 2007).

Another result of ignoring the human dimension of pension reforms is that entitlement to benefits, particularly by women, is neglected. Reforms are undertaken in a context where women are disadvantaged already in terms of available work roles due to pregnancy, child birth, breastfeeding, and socially ascribed roles and responsibilities such as caring for children and family. Women essentially become "secondary earners." Undertaking a huge proportion of unpaid care labour causes women to remain in full-time employment for less time than men. This translates into lower real earnings that result in a significantly smaller pension in privatized pension schemes (Williamson and Rix 1999).

Female wages during working years, and therefore in retirement, are also jeopardized by the existence of the informal sector. Evidence shows that a substantial proportion of female employment in developing countries is in the informal economy, where they earn low incomes (Sabates-Wheeler and Kabeer 2003). Informal work includes short-term contract labour, casual work, part-time work, and home-based piece work. Women remain in the informal sector because of poverty, lack of skills and education, and employer preferences for informal labour. Confinement to informal labour is one of the main reasons for the income vulnerability of women, as well as for their job insecurity and placement in the lower rungs of the labour market. This, in turn, makes women more dependent on men since they earn less (because although their total work time is higher than men, since unpaid work consists of a large part of it they earn less and they are paid less than men for the same job). This issue has major implications, particularly for private pension schemes. Because women are less likely to have and remain in full-time employment, they pay a smaller premium into the private pension systems and receive a lower return than men do (MacDonald, 1998).

Another disadvantage of the privatization for women is that since they tend to live longer than men, their life expectancy is three to five years greater than men make them more likely to become widow than men to become widowers Public systems (i.e. PAYG) which treat men and women equally by using “unisex” life tables redistribute income in favor of women. On the contrary, any given DC accumulation yields lower annual benefits for women, especially if gender-specific tables are used, as in Latin America. Since women have a higher life expectancy even if they have the same capital accumulation through their working years compared to men, women’s retirement income will be lower because the total amount is distributed during a longer time period. Therefore, joint annuity² regulations have an important role as a redistribution mechanism from men to women (James et al 2003).

This is one the main implications of the new pension regulations in Latin America, in which benefits are calculated not only based on one’s age and sex but also on that of dependents (Bertranou 2006).

Privatization also hurts women since they tend to be more risk-averse as investors than men, which may affect women negatively due to the differences between public and private schemes as discussed earlier. Women who prefer less risky portfolios will have smaller returns. So, under the assumption that women continue to be more risk-averse, it is argued that this will hurt women over the long run (Williamson and Rix 1999). Some studies also conclude that it is not gender alone that determines investment decisions, but also marital status and the ability to share risks within the household (Stahlberg et al. 2006).

The high penalty for early retirement and the administration costs are other features of DC plans which affect women worse than men. Women who have to leave the workforce in order to care for their families are likely to lose more of their benefits under a privatized scheme. In addition, since individuals’ contributions into the system

² Annuity that makes payments for the lifetime of two or more beneficiaries, often a husband and a wife. When one of the annuitants dies, payments continue to the survivor annuitant in the same amount or in a reduced amount as specified in the contract.

are invested in capital markets by insurance companies, administrative costs raise as an important issue in private pension systems. Considering that administrative costs are one of the important factors in providing lower returns in defined contributions schemes, as observed in Chile, the UK and some other Latin American countries, it can be argued that this cost is even higher for women since they have smaller accounts (Williamson and Rix 1999).

Prizzia (2005) summarizes the lessons from the privatization of social security in Chile, Sweden, Great Britain and the United States and recommends the inclusion of gender variables in designing and implementing policy change for social security and the workforce in general. Because women, on average, earn less than men, they rely on social security's progressive benefit structure to ensure that they have an adequate income in retirement. The progressive benefit structure means that lower earners have a higher proportion of their pre-retirement earnings replaced by social security than higher-earning workers. This is especially important since women lose an average of 14 years of earnings due to time out of the workforce to raise children or to care for elderly or spouses, and they generally have a higher incidence of part-time employment. In addition, women live longer than men, so they must make retirement savings stretch over longer periods of time. Consequently, women depend on social security's life-long benefits, which are fully protected against inflation. No privatization proposal can prevent individual account balances from being eroded by inflation. Social security resolves this problem by adjusting benefits each year through an automatic cost-of-living adjustment that is tied to the annual increase in the Consumer Price Index, the official measure of inflation. This feature of social security along with other benefits would be lost with the privatization of social security.

In Chile, a 1999 study showed that privately managed pension system increased gender inequalities (De Mesa et. al., 1999). Women are worse off than they were under the old PAYG system of social security. Currently, benefits are calculated according to individuals' contributions and levels of risk. Such factors as women's longer life expectancy, earlier retirement age, and lower rates of labour-force participation, lower

salaries, and other disadvantages in the labour market are directly affecting their accumulation of funds in individual retirement accounts, leading to lower pensions, especially for poorer women. The 1999 study caused a debate on a critical but neglected aspect of the privatization of the social security system in Chile: its effects on the welfare of women. According to Prizzia (1999), previous studies of social welfare in Latin America have either ignored or paid insufficient attention to the gender dimension of inequality and currently, when several countries in the region are striving to reform their social security systems, many questions relevant to the social protection of women remain unanswered. For example, is the social security system compensating for the disadvantages that women experience in the labour market? To what extent are social benefits for older women reflecting conflicts between women's roles as workers and caregivers? These questions have become more pressing in the last decade because more women are qualifying for retirement pensions due to increases in their participation in the paid labour force (Prizzia, 2005).

James et al. (2003) investigated the impact of pension reform on men and women in Chile, Argentina and Mexico, in which countries switched from defined benefit PAYG systems to defined contribution individual accounts. Since the new systems are not yet mature, James et al. construct scenarios based on a "typical" man and woman in the system by using cross-sectional data providing current behavior to proxy the lifetime employment, wage, and contribution trends. They assume that labour force participation and wage growth (assumed to be 2% in the economy) will remain the same over time, and the real rate of return on investment is taken as 5%. The authors use national data sets for urban areas since social security coverage is very limited in rural areas. Looking at the link between contributions into the system and benefits, they state that women accumulate only 30 to 40 percent of what men accumulate in terms of retirement funds and private annuities. However, the total lifetime retirement benefits for women reach 60 to 80 percent of those for men, with the help of some redistribution mechanisms, particularly targeting low earners and joint annuity requirements in Chile, Argentina and Mexico. A similar gender gap is identified in the Australian private pension scheme.

Furthermore, Jefferson and Preston (2005) show that the scheme generates a 35 percent smaller return for women than men due only to gender earnings differences. They indicate that when one considers other differences that affect lifetime earnings, such as gender differences in occupation and promotion, this gap is likely to be much higher.

Finally, Bardasi and Jenkins (2004), points out that older women in Britain receive considerably less private income than older men, on average. They analyse this differential by examining differences between the sexes using regression based decompositions and show that the gap is associated with gender differences.

3.2. Gender Inequality and Social Security in Turkey

Privatization of social security, which is an essential part of the welfare state, is a crucial issue that has been discussed since it started to be argued that the economic crises was caused by high welfare expenses which causes budget deficit and decline in economic growth. In line with this argument, the remarkable cuts in welfare state benefits and partial or full privatization of social security were seemed as a solution. The ongoing social security reforms in Turkey too reflect some of these features and there is sizable literature on the economic and financial dimension of the reforms. However, Elveren (2008c) points out that the “human dimension” of the social security reforms is ignored.

It is basic characteristic of Turkish society that the extended family plays important role in supporting individuals against some contingencies. However, it is argued that development in socio-economic life has changed this phenomenon deeply. First, in case of extended family, they do not have sufficient income to support its members; and secondly, traditional extended family is being replaced by a nuclear family (Bugra and Keyder, 2003). What did not change, however, is the role of women in the household. Therefore, social security policies should consider the fact that there is inequality not just between households but in household as well. That is, because family members do

not have equal access to resources, a social policy ignoring intra-household redistribution may not give appropriate results for women (MacDonald 1998).

There is gender segregation in the labour market, with lower earnings for women than men. Esim (1996) shows that marital status, ratio of time spent in non-market work over market work, childcare arrangements, location of business, and working in traditional sectors were significant gender-based factors in determining women's income in Turkey. She finds that even in the same subsectors, women earn less than men.

Çağatay and Berik (1990), Selim and Ilkcaracan (2002), and Kasnakoğlu and Dikbayır (2002) show that there is gender segregation in economic activity in general, as women are over-represented in the food and textile industries and non-production activities, export-oriented sectors and are usually employed as unskilled workers. Segregation in the public sector is greater than in the private sector. The possible reason behind this is the persistence of the traditional male bread winner model in society. And the reason why females are concentrated in unskilled jobs is due to women's limited education and experience. In addition, women mostly work in the informal sector and have part-time jobs, in which wage rates overall are lower and they are paid less than men for the same job after controlling for age and education (Tansel 2000 and Tan et al 2001).

The literature on Turkey provides some clues on gender differences that would lead to a gender gap in pension benefits. As elsewhere, women in Turkey, particularly married women in urban areas, have a shorter working history in paid-work due to the gender division of labour. Women tend to participate in the labour market at early ages and then drop out. Women have the highest participation rate between the ages 20 and 24, which declines as a result of marriage and childbirth in the thirties. On the other hand, most of the women under social security coverage has been passively covered which means that they are spouses, mothers or children of the insured people. Only 16 percent of the women under social security coverage is actively covered Elveren (2008b).

Beside wage difference, other factors such as risk aversness and part-time jobs increase the difference between the retirement incomes of females and males. It has been showed that retirement benefits for women reach 55 to 75 percent of those for men when based on a number of assumptions, such as differences in working years, full or part time jobs, and varying rates of investment return (Elveren and Hsu, 2007).

Considering above facts, it is unavoidable that transition to a partly privatized earning related pension system such as DC plans would increase the gender gap in Turkey. It is necessary for these types of programs to take the gender bias into account. This study shows that the private pension segment in Turkey is gender-biased, as has been shown for other countries.

CHAPTER IV

THE TURKISH WELFARE REGIME

4.1. A Brief History of the Development of the Turkish Welfare Regime

The emergence of the Turkish welfare regime goes back to Ottoman times in which the welfare policy was closely interlinked with some Muslim institutions so-called “Vakıf”. In mid 19th century, following the path of Western industrializing countries, the Ottoman state introduced a number of “Retirement Funds” (Tekaüd Sandıkları) for the military, civil state officials and workers in the public sector. Although social security had been provided partly in the Ottoman era by different funds, modern social security has not had a long history in Turkey. Social policies in the Ottoman Empire evolved significantly from the beginning of the 19th century toward being a welfare state. Since the Ottoman Empire did not experience the industrialization stage, social security in its contemporary meaning cannot be seen until the late 19th century. Besides, the social security system was totally influenced by Islamic values (Şen, 2002, Özbek, 2006).

Since this thesis aims to analyse the evolution of welfare regime in Turkey based on the development of social security institutions and social security reforms, we will not go back to Ottoman times or early Republican era to trace the evolution of the Turkish welfare state from a historical perspective. Rather, we will discuss the issue considering the transition of the modern social security institutions developed since 1960s.

It was in the post-World War II period that Turkey established the modern social security institutions, as German scholars who escaped from Nazi Germany followed developments in the European welfare state and made a great contribution to the Turkish welfare regime. Therefore, Turkey adapted the Bismarckian model which is associated with public pension expenditures with a smaller fraction of private pension. During the second half of the twentieth century, certain international standards intended

to be accepted by all social security systems were created. The most important ones are the “Universal Declaration of Human Rights”, dated 1948; “Convention No. 102 on the Minimum Norms of the Social Security,” accepted in 1952; other conventions of the International Labour Organization (ILO); and the European Social Security Code approved by Turkey in 1976 (Elveren, 2008a).

4.2. Social Security System and Social Security Reforms in Turkey

According to the 1982 Constitution, Turkey is a welfare state (or “social state”); every individual entitled to social security and the state has the obligation to take the necessary measures for providing this security and establishing the mechanisms that will serve this aim.

The social insurance system covers those with a formal employment status and their dependents. However, the system in Turkey is different from those built in developed countries on the basis of regular waged employment. The Turkish system has evolved over time to provide insurance for people employed in types of employment other than the regular waged employment (Arın, 2002).

4.2.1. Social security institutions

There are three main institutions which provide social security services in Turkey: Government Employees’ Retirement Found (Emekli Sandigi (ES)), Social Insurance Institution (Sosyal Sigortalar Kurumu (SSK)) and Social Security Organization of Craftsmen, Tradesmen and other Self-Employed (Esnaf ve Sanatkarlar ve Diğer Bağımsız Çalışanlar Sosyal Sigortalar Kurumu (Bağ-Kur)). Most of the covered labour force falls under SSK, the system that covers private sector workers and those public workers who do not qualify as civil servants. Civil servants are covered separately under ES, and the self-employed and farmers are covered by a third scheme, Bağ-Kur. There is a small noncontributory pension scheme available to those who reach age 65 and have no means of support. This noncontributory scheme is administered by ES, but

is financed by general revenue transfers to ES. Finally, various groups of workers are covered by separate occupational schemes. These usually are voluntary, and additional to the existing public schemes.

4.2.1.1. Social Insurance Institution

The Social Insurance Institution (SSK) was set up in 1946 for blue-collar workers employed in the public sector and all workers in the private sector. By far the largest system, SSK entitles contributors to the following benefits under special requirements.

Work injury and occupational disease insurance: The following benefits are provided to insured persons who suffer a physical or mental disability as a result of work injury or occupational disease: medical care, artificial limbs, medical care and treatment in another place, within or outside the country when necessary, temporary disability allowance during the period of incapacity, permanent disability pension, survivors' pension payable to the dependents of the insured person in case of death, payment of funeral expenses.

Sickness insurance: Entitles the insured person who suffers an illness, apart from work injury or occupational diseases, to the following benefits: medical care, artificial limbs, medical care and treatment in another place in the country or abroad when necessary, sickness allowance during the period of incapacity. The scheme also provides medical care in the case of sickness of the insured person's spouse or children; spouse, children and parents receiving income or wages from the Institution. The persons receiving work injury, disability or old age pensions also enjoy medical benefits.

Maternity insurance: Entitles the insured woman or the wife of an insured person to the following benefits in cases maternity: medical and maternal care, nursing grants, medical care in another place in the country when necessary, maternity allowances for insured women.

Disability insurance: Entitles the insured person who loses the capacity to work to a disability person.

Old age insurance: Entitles the insured person to an old age pension provided that they have paid contributions for a specified period and have reached a specified age. Persons whose length of service is less than the specified period receive a lump-sum payment upon retirement.

Death insurance: Entitles the survivors of an insured person to the following benefits: survivors' pension or lump-sum payments payable to the relatives (widow or widower, children, parents) of the deceased, payment of funeral expenses (Turkey's Statistical Year Book, 2007).

4.2.1.2. Government Employees Retirement Fund

The Government Employees Retirement Fund (ES) was set up in 1950 and provides social benefits within a retirement system for government employees and military personnel. ES entitles the contributors to the following benefits:

Retirement Pension: Pension payable to a person who has completed a specific period of service.

Job disability pension: Pension payable to people who have suffered a disability arising from when they are on duty according to the degree of disability. Veterans disabled in war are also included.

Disability pension: Pension payable to persons who have to leave their job due to a mental or physical disability and who have completed at least 10 years of service.

Survivors pension: Pension payable to the relatives (widow, widower, children or parents) of persons, who die having completed specified period of service, and whose death is caused by reasons arising from duty and retired or disabled pensioners.

Retirement bonus: Grant payable to a person who retires because of old age, disability or job disability and has completed a specified period of service. This grant is also paid to the survivors of persons who die having completed a specified period of service.

Death grant: Grant payable to the survivors of a pensioner or to any person nominated by the pensioner before his death.

Marriage bonus: Grant payable to a widow or a female orphan whose pension is discontinued because of marriage.

Lump-sum payment: Payment made to a person or to the survivors of a person who no longer works because of death, disability, old age incorrect behaviour, etc. And whose length of service does not fulfill the requirements for a pension.

Repayment of contribution: Repayment of the contributions collected in the fund to the person who leaves a job because of resignation, penalty, lay off or other causes and whose period of service is between 5-10 years.

Birth and death grants, children's allowances and medical benefits payable to employees covered by the Government Employees Retirement system are regulated by the law on salaries (Ibid, 2007).

4.2.1.3. Social Security Organization of Craftsmen, Tradesmen and other Self-Employed

Social Security Organization of Craftsmen, Tradesmen and other Self-Employed (Bağ-Kur) was established in 1971 to cover the self-employed outside the coverage of the Social Insurance Law such as craftsmen, artisans and small businessmen, technical and professional people who are registered to a chamber or professional association and shareholders of companies other than co-operatives and joint stock companies and some farmers.

Bağ-Kur entitles the contributors to the following benefits:

Disability insurance: Entitles an insured person who has lost at least two-thirds of his working capacity to a disability pension.

Old age insurance: Entitles the contributors to the following benefits in old age: old age pension payable to an insured person who has completed a specified period of service, an insured person of pensionable age who leaves his job but not entitled to a pension will have the right to receive, on a claim, a lump-sum payment corresponding to the total amount of contribution paid by him.

Death insurance: Entitles the survivors of an insured person to the following benefits: pension payable to the survivors of an insured person who dies having completed a specified period of service or a retired or disabled pensioner, if any survivor is not entitled to a pension, a lump sum payment will be distributed among the survivors, in case of the death of an insured person or a pensioner, a lump-sum payment will be made to the person who undertakes the funeral expenses.

Health insurance: Those under actual insurance coverage and their wives or husbands, dependent children and parents; those receiving old age and disability pensions and their wives or husbands, dependent children and parents; and survivors receiving pensions are entitled to take advantage of health insurance benefits. Health insurance benefits cover expenditures upon medical examination, diagnosis, treatment and or hospitalization at health institution (Ibid, 2007).

4.2.2. Pension system in Turkey: the structure, deficiencies and the reform

Turkey has a highly fragmented social security system with benefits and contributions dependent on a person's occupation. Overall, 42 percent of the labour force is contributing to one or the other of the pension schemes, with the most of the coverage in SSK. Among the covered labour force, 48 percent are covered in SSK, 22 percent each

in ES and in the self-employed scheme under Bağ-Kur, and an additional 8 percent in the farmers' scheme under Bağ-Kur. The total number of contributors to all schemes is around 11 million (Turkey: Joint Poverty Assessment Report, 2005).

According to the statistics published in the Joint Poverty Assessment Report (2005) for Turkey, on the beneficiary side only 29 percent of the population over age 65 is receiving an old-age pension from any of the public schemes. 47 percent of this receives pensions from SSK, 18 percent from ES, 30 percent from the self-employed scheme in Bağ-Kur, and only 5 percent from the farmers' scheme in Bağ-Kur. A total of 1.2 million people over age 65 are receiving old-age pensions, with about 25 percent more receiving survivor and disability pensions. The differences in distribution between beneficiaries and contributors among the schemes largely arise from evasion in Bağ-Kur, where individuals frequently do not pay contributions until just before retirement, and then make a large lump sum payment that is supposed to represent the cumulative value of all past-due contributions.

Aside from the evasion in Bağ-Kur, the major problem with the Turkish pension system is the abolition of the minimum retirement age in 1969 and in 1992. Together with the minimum contributory periods in SSK of less than 15 years, and only slightly longer periods in ES and Bağ-Kur of 25 years for men and 20 years for women, individuals were able to retire at very early ages; as early as age 38 in SSK, and as early as age 40 in ES and Bağ-Kur (Ibid, 2005). Table 4.1 shows that the retirement ages which were determined based on the actuarial calculations at the beginning have been changed under the effect of "populism" in time and caused serious problems in the solvency of the social security schemes (Kılıçdaroğlu, 2005 in Şahin, 2006c).

Table 4.1 Retirement ages in Turkish pension system

Law Number	Issue Date	Retirement Age	
		Woman	Man
5417	01.04.1950	60	60
6391	01.04.1954	60	60
6900	01.06.1957	60	60
506	01.03.1965	55	60
1186	01.03.1969	38*	43*
1992	26.05.1976	38**	43**
3246	10.01.1986	55	60
3774	20.02.1992	38**	43**
4447	25.08.1999	58	60

* There is no minimum age requirement for retirement for the participants who have been in the system for 25 years and contribute to the system for 5000 days.

** There is no minimum age requirement for the retirement for the participants who have been in the system for 20 (for females) or 25 (for males) years and contribute to the system for 5000 days.

Source: Banger, 2003.

The founding balance of the public pension system depends on the ratio, called the active/passive ratio, between the number of pension recipients and the active contributors. The value of the ratio determines whether the revenue is equal to the expenditure of the scheme. Table 4.2 shows the active/passive ratios which are 1.9, 1.6 and 2.1 for SSK, ES and Bağ-Kur respectively in 2007. The average is about 1.9 which means that every two active workers finance one retiree; a decrease in this ratio would make sustaining the system difficult.

Table 4.2 Active/ passive ratio

Years	SSK	ES	Bağ-Kur
1999	2.2	1.9	2.6
2000	1.9	1.9	2.6
2001	1.7	1.8	2.5
2002	1.8	1.9	2.4
2003	1.7	1.8	2.3
2004	1.7	1.7	2.3
2005	1.8	1.7	2.1
2006	2.0	1.6	2.1
2007	1.9	1.6	2.1

Source: <http://www.sgk.gov.tr>, 2008.

The 1999 reform was introduced to solve this problem by reestablishing a minimum retirement age. However, the reform is to be phased in extremely slowly, with the retirement age as low as 38 for women and 43 for men for the first cohorts retiring after the reform. According to this reform, the retirement age would eventually be 60 for men and 58 for women, but these ages would not apply to cohorts retiring before 2034. Both the 1991 law and the retirement age aspect of the 1999 reform applied to all three pension systems, although the impact on SSK was far greater than on the other systems, since its shorter minimum contributory period had resulted in such low retirement ages initially (Turkey Joint Poverty Assessment Report, 2005).

As a result of the fragmented structure of the pension system, there are significant differences between the main parameters of different schemes such as minimum contributory period, amount of salary used for calculating pensions and existence of lump sum payments. These different implementations resulted in deepening the inequality between participants of different pension schemes. On the other hand, in recent years, there has been an increase in the number of people who survive to the retirement age and furthermore people in larger numbers have managed to live for much longer periods in retirement. Thus, it leads to an increase in retirement payments. This is one of the reasons why the pension sector is always in deficit.

Table 4.3 Life expectancy at birth in Turkey (1994-2006)

Years	Male	Female
1994	65.2	69.8
1995	65.6	70.2
1996	65.9	70.6
1997	66.3	70.9
1998	66.7	71.3
1999	67.1	71.8
2000	68.1	72.8
2001	68.2	73.0
2002	68.4	73.2
2003	68.6	73.4
2004	68.8	73.6
2005	68.9	73.8
2006	69.1	74.0

Source: Türkiye İstatistik Kurumu, 2008.

Table 4.3 displays the life expectancy at birth in Turkey both for males and females for different years. The increase in life expectancy among years together with the arrangements in retirement age caused not only an increase in the number of retirees but also in the number of survivors who live longer in retirement. Besides, the payments which are made without collecting premiums such as “sosyal yardım zammı”, also deepened the existing deficit in the social security system.

To the AKP government, insufficiency of the current system to reduce the poverty and negative effects of the financial debts of the current social security institutions on the economy are some of the reasons to make a more comprehensive reform on social security. Moreover, the government claims that the demographic transition, aging population and insufficiency of the current system to protect retirees against poverty are the main problems current pension system faced with (Sosyal Güvenlik Reformu, 2008).

According to the new Social Security Law which has been introduced under the 2006 Social Security Reform, in order to ensure actuarial equilibrium in pension scheme, the

Government's proposed implementations are to unite three distinct social security institutions; to determine the retirement age as 58 for women and 60 for men and increase it gradually up to 65 for both after 2036 (Table 4.4); to increase the contributory period gradually from 7000 to 9000 days (100 days increase every year after the law come into force for SSK members) for full retirement, from 4500 to 5400 days for partial retirement, from 1800 to 3600 days for disability benefits; to decrease the replacement rates to 2 percent in SSK and Bağ-Kur, 2 percent for civil servants who start working after the Law came into force; to take the average salary of employment duration instead of the average of last few years' salary used for calculating pensions and to increase the premium rates for the civil servants about 5 percent by collecting health premium (Sosyal Güvenlik Sisteminde Reform, 2005; Sosyal Güvenlik Reformu, 2008). A summary of the comparison of the 'old' and 'new' systems can be seen in Appendix B.

Table 4.4 Retirement ages determined by the 2006 reform

Years	Woman	Man
2005-2035	58	60
2036-2037	59	61
2038-2039	60	62
2040-2041	61	63
2042-2043	62	64
2044-2045	63	65
2046-2047	64	65
2048	65	65

Source: Sosyal Güvenlik Reformu, 2008.

Buğra and Keyder (2006) emphasized the high ratio of pension recipients to active contributors, despite the relatively young population of the country as a major problem. In 2001, the population aged 65 and above comprised only 5.6 percent of the population compared to an average of 16 percent in OECD countries. "The problem does not, therefore, stem from the demographic realities of an ageing population, but has other

determinants among which the young retirement age, presented as an outcome of the past legacy of populism, has received a lot of attention”.

Figure 4.1 shows the budget transfers to the social security institutions which have presented a deficit since the early 1990s. It is important to indicate that the financial crisis of social security system in Turkey is not simply due to the aging of the population as in developed countries. Rather, the crisis is caused by some structural problems of the economy.

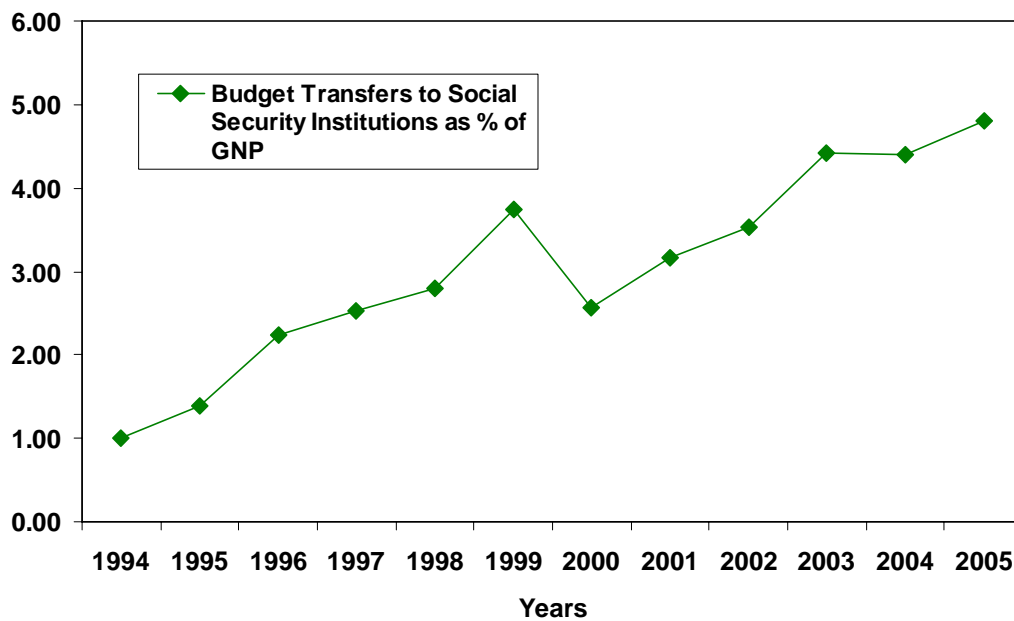


Figure 4.1 Budget transfers to the social security institutions as % of GNP from 1994 to 2005.

Source: Ergökmen, 2006.

CHAPTER IV

INDIVIDUAL PENSION SYSTEM IN TURKEY

The future prospects regarding the pension systems in Turkey indicate that the governments are willing to reduce the share of social security while increasing the role of the private pension schemes in financing the citizen's retirement. Up to now, the current problems of the Turkish social security system and the proposed reforms to solve these problems have been discussed. This chapter aims to discuss the private pension in Turkey, particularly the individual pension system (BES) which has been introduced in 2003 as a part of the 1999 reform. The historical development, the features, regulations and supervisions, tax incentives and the participant profile of the system will be discussed in detail.

5.1. The Shift from Defined Benefit Plans to Defined Contribution Plans

In recent years, there has been an increase in the number of people who survive to the retirement age and furthermore people in larger numbers have managed to live for much longer periods in retirement. There have been significant improvements in medical science and living standards. As a result, the mortality rate in many countries was reduced. These improvements also resulted in an increase in the average age at which people are likely to die. Thus, today large numbers of people live for much longer periods in retirement. The effect of this change also increases the ultimate cost of pension scheme benefit. To overcome the difficulties faced in providing benefits, most countries developed new pension schemes which operate based on the defined contributions.

For many years, the defined benefit (DB) plan was the main type of pension plan offered by the employers. As it can easily be concluded from its name, the employer

defines and guarantees a specific pension amount to the employee. The benefit is designated according to a formula the computation of which is based on the employee's salary and years of service. In return to some specified deduction from the employee's salary, the defined benefit plan guarantees a fixed retirement benefit per year for life. This plan specifies a minimum time of employment to be served before the employee has a right for the retirement benefits. In this plan, employees feel secure, because they are promised specific benefits during their retirement period. This traditional pension plan is especially common in public sector. The social insurance in the world mainly operates on the pay as you go (PAYG) system. PAYG refers to an unfunded system in which current contributors to the system pay the expenses for the current recipients. In a pure PAYG system, no reserves are accumulated and all contributions are paid out in the same period.

On the other hand, defined contribution (DC) plan is based on the contributions and investment returns. Besides the employer, the employee, too, may make contribution to the fund at regular intervals in this plan. Rather than guaranteeing a specific benefit at retirement, the DC system specifies the amount that is contributed by the plan's sponsor based on final average salary level. At the time of retirement, the employee has an account balance which completely depends on how much has been put into the fund and how these contributions have grown over time as they had been invested. The amount of benefit is determined at retirement date based on the amount of the accumulated contributions and investment earnings, and the interest and mortality rates that apply at that time. Therefore, DC plan which based on the funded system is the opposite of a PAYG system. DC plan is common in private sector (Şahin, 2005).

5.2. Private Pension Schemes in Turkey

5.2.1. First-pillar substitute private pension funds

The social security law excluded institutions in the service sector such as banks, insurance companies, reinsurance companies, and chambers of commerce from

participation in the mandatory social security system. In response, these institutions have set up their own DB type occupational pension plans which are commonly known as first-pillar substitute funds.

The 2006 social security reform contained the provisions aiming to transfer the first-pillar substitute private pension funds to the public social security system within 2 years (İçöz, 2005).

5.2.2. Second-pillar type pension schemes

According to the available data, there are two mandatory second pillar-type schemes in which membership is mandatory, for the armed forces (Oyak) and for the employees of the state-owned coal mining enterprise (Amele Birliği). These schemes operate under separate legislation and combine defined benefit and defined contribution elements.

Additionally, numerous private sectors corporate run non-profit foundations based occupational pension funds that operate either as a DB, DC or a combination of both, on a voluntary basis, for purposes of enhancing the benefits available under the state social security system. The individual pension system which will be discussed in the next section allows the members of such schemes to transfer all their vested rights to the new system (Ibid, 2005).

5.3. Individual Pension System (BES)

5.3.1. History of the BES

The Individual Pension Savings and Investment System Law (see Appendix A) was adopted in the Turkish National Assembly on March 28, 2001 and published in the Official Gazette no 24366 on April 7, 2001 as a part of the 1999 social security reform.

It is introduced as a complementary to the state social security system on the basis of voluntary participation and the defined contribution principle to provide a supplementary income during retirement. These individual savings to investment also aimed to contribute to economic development by creating long term resources for the economy and thereby increase employment. After the law and some other legislation that strengthens the base of the system, Turkish Individual Pension System commenced on October 27, 2003 with the contribution of six pension companies. At present there are eleven pension companies in the system. As a requirement of the law no. 4632, Prime Ministry Undersecretariat of Treasury authorized the ‘Pension Monitoring Center’ (‘Emeklilik Gözetim Merkezi’) in order to ensure that the Individual Pension System operates in a safe and efficient manner, and rights and interests of participants are protected (Individual Pension System 2004 Progress Report, 2005; <http://www.egm.org.tr>, 2008).

5.3.2. Features of the BES

The aim of introducing such a private pension system is stated as to enable individuals to keep their life standards in their retirement by directing their savings during the active working period to long term investments. Individuals can participate in the system on a voluntary basis and have an additional income over the pension provided by the social security system (Individual Pension System 2004 Progress Report, 2005).

The main features of the BES are as follows:

- Pension rights are specified based on the defined contribution system, i.e. on the total amount of the contributions and their returns.
- The savings are tracked in individual accounts and are safekept by a custodian (Custodian and Settlement Bank of Turkey (Takasbank)) approved by the Capital Markets Board (SPK).
- Pension mutual funds are managed by specialists of the portfolio management companies established within the Capital Markets Law.

- Efficient monitoring and supervision infrastructure was established with the contribution of the Undersecretariat of Treasury, SPK, EGM, Takasbank, independent audit firms and internal audit departments.
- Participants have alternatives at every stage of the system to make choices about their investments.
- Participants are provided with tax incentives at the stages of saving, investment and retirement.
- Participants become entitle for the retirement after 10 years of contribution and age 56.

Other requirements related with the system and pension companies can be summarized as follows:

Pension companies may deduct up to 8% from the premiums as administrative costs. The pension company can also charge a fund management fee, which should not exceed 0.01% of the portfolio. The share of foreign stock cannot exceed 15% of the portfolio and at least 30% has to consist of public domestic debt bonds, i.e. treasury bonds. One cannot invest more than 15% of the funds in a portfolio that has more than 80% foreign assets. Similarly, the participant is required to invest at least 30% of his or her funds in a portfolio in which 80% consist of government bonds. The goal of these requirements is to prevent high fluctuations in returns and high amounts of investment in foreign assets. (<http://www.egm.org.tr>, 2008).

5.3.3. Regulation and supervision of the BES

As mentioned before, the system is fully funded, DC type, voluntary, and based on individual retirement accounts. The employers can make contributions to the private pension accounts of their employees and deduct these contributions from their corporate tax base as business expense. Such arrangements are called “Group Personal Pension Plans”.

According to the Law No. 4632 on the Private Pension Savings and Investment System, only the licensed pension companies are entitled to sell personal private pension products and collect personal pension contributions in Turkey. The collected funds in this system should be invested through the investment vehicles called pension mutual funds, which are mutual funds founded by the pension companies exclusively for the investment of pension monies. Also, the investment of these pension mutual funds can only be managed by the portfolio management companies and not by the pension company itself. The pension company pays a commission to the portfolio management company for the fund management service.

The Treasury (General Directorate of Insurance Department for Private Pensions) and the Capital Markets Board (SPK) are the main governmental supervisory bodies in the system. These are the institutions that make the relevant arrangements about the system and supervise whether other elements are in accordance with such arrangements, and ensure the safe operation of the system. The Individual Pension Advisory Board, established to determine the individual pension policies and to make recommendations about the measures to be taken for the implementation of such policies, consists of the Undersecretary of Treasury as the president, and representatives at least at the general manager level assigned by the Ministry of Finance, Ministry of Labour and Social Security, The Undersecretary of Treasury and SPK.

Moreover, the system has two daily monitoring and supervision mechanisms which are utilized by the institutions mentioned above to ensure effective and efficient off-site supervision. The first is the Pensions Monitoring Center (Emeklilik Gözetim Merkezi (EGM)) that is a private entity in which the Treasury has a golden share. This institution is basically responsible for making the relevant data available and providing relevant services to the Treasury to allow e-monitoring and e-supervision of the system on a daily basis. The second mechanism is the Takasbank, which is under the supervision of the Capital Markets Board. This institution acts as a custodian for the funds in all the individual pension accounts within the personal private pension system. Also, the Capital Markets Board has the opportunity to e-monitor and e-supervise the activities in

the pension mutual funds on a daily basis through this mechanism. As the pension mutual fund assets are safekept at Takasbank separately from the assets of the Pension Companies, the security of the fund assets are ensured. EGM, mainly, is another checkpoint where Pension Companies' operations are monitored on a daily basis and reported to the public authorities as well as generating and providing information to the public and the participants.

The pension accumulations of the participants are kept in their individual pension accounts. All the pension monies in the individual pension accounts of the participants are kept in the Custodian and Settlement Bank of Turkey and so, these accumulations are not the assets of the pension companies. Thus, the pension accumulations of the participants are fully protected in case of a bankruptcy of a pension company (İçöz, 2005).

The participant and the pension company have a central position in the system, and the central element of the system is the pension contract made between the participant and pension company. Through the portfolio management contract made between the pension companies and portfolio management companies, pension mutual funds are managed by professional portfolio managers.

5.3.4. Tax incentives³

The individual pension system provides participants with tax advantages in three different ways: Advantages that are secured when contributions are paid, advantages that are secured during investment period and advantages that are secured when a participant leaves the system (Individual Pension System Progress Report 2005, 2006).

³ No such tax incentives are granted to the pension schemes other than the personal private pension arrangements.

Tax advantages that are secured when contributions are paid:

The contributions of the plan participants are deductible from the income tax base up to a limit of 10 percent of the gross monthly income. Besides, the total deduction in a year is not allowed to exceed the threshold of annual minimum wage level. In the case of group personal pension plans, the total of employee and employer contributions is subject to the same limits.

The contributions made by the employer on behalf of their employees are deductible from the corporate tax base as business expense.

Tax advantages that are secured during investment period:

The appreciations in the value of pension funds are non-taxable. However, the investment returns from the single investment instruments are subject to withdrawal tax.

Tax advantages that are secured when a participant leaves the system:

If the participant has been contributing to the system for less than 10 years during the time of withdrawal the distributions are taxed at an income tax rate of 15 percent. If the participant has been contributing to the system for more than 10 years but is below age 56 during the time of withdrawal, the distributions are taxed at an income tax rate of 10 percent.

If the participant has been contributing to the system for more than 10 years and is at least age 56 during the time of withdrawal, the distributions are taxed at an income tax rate (İçöz, 2005).

5.3.5. Participants of the BES

The participant profile of the BES is a crucial element of this thesis. Beside gender, some socio-demographic and socio-economic characteristics such as age, education, province, occupation, marital status, social security and income level can affect not only

the participation but also the regular contribution rates to the system. We will analyze the evolution of the participant profile of the system since 2004 by using the information related with the above factors provided by the Individual Pension System Progress Reports for 2004, 2005, 2006 and 2007.

Since the BES was introduced, there has been a steep increase in the number of the participants of the system. Figure 5.1 shows the number of participants of the system for each year. We used the year-end data to illustrate the increase in the participation rate. While there were about 315 thousand people in the system by the end of 2004, this number doubled by the end of 2005 and reached to 666 thousand. The participation rate continued to increase and around 400 thousand more people were involved in the system every year since then.

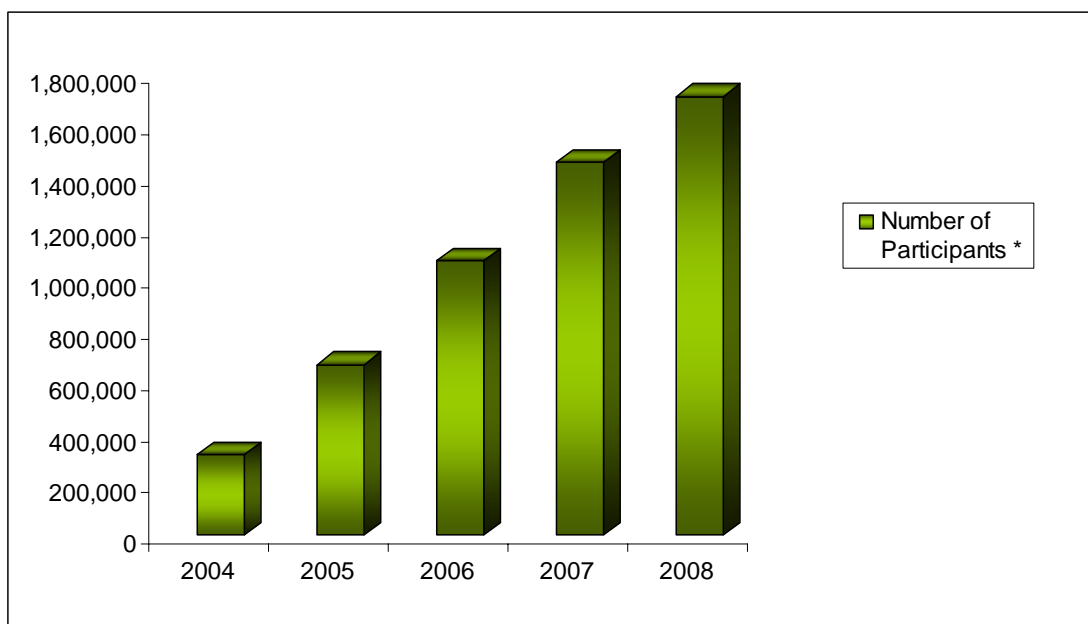


Figure 5.1: Number of participants

Source: Pension Monitoring System, 2008, egm.org.tr.

* Analysis includes the year-end data for 2004, 2005, 2006 and 2007 but for 2008 the latest data were until 31.10.2008.

The rapid increase in the number of participants can be explained in terms of *demand* and *supply*. Beside being a complementary pension system, BES has been seen as an investment vehicle too. As the system became familiar, more people participated to the system and the insurance companies introduced various products considering the socio-demographic factors such as occupation, gender, age to supply the increasing demand. Actually, this variation in the products is another reason for the increase in the number of participants. On the other hand, when the system was introduced, some of the participants invested great amount of money which are equal to 30,000 YTL as a monthly contribution. Participating to the system with these huge amounts also shows that the system serves as an investment instrument.

Figure 5.2 shows the number of participants for each year according to their ages. It is observed that most of the participants are younger than 45 years. BES Progress Reports state that in 2004, 85% of the participants were younger than 45. This ratio was 83% in 2005, 82% in 2006 and 84% in 2007.

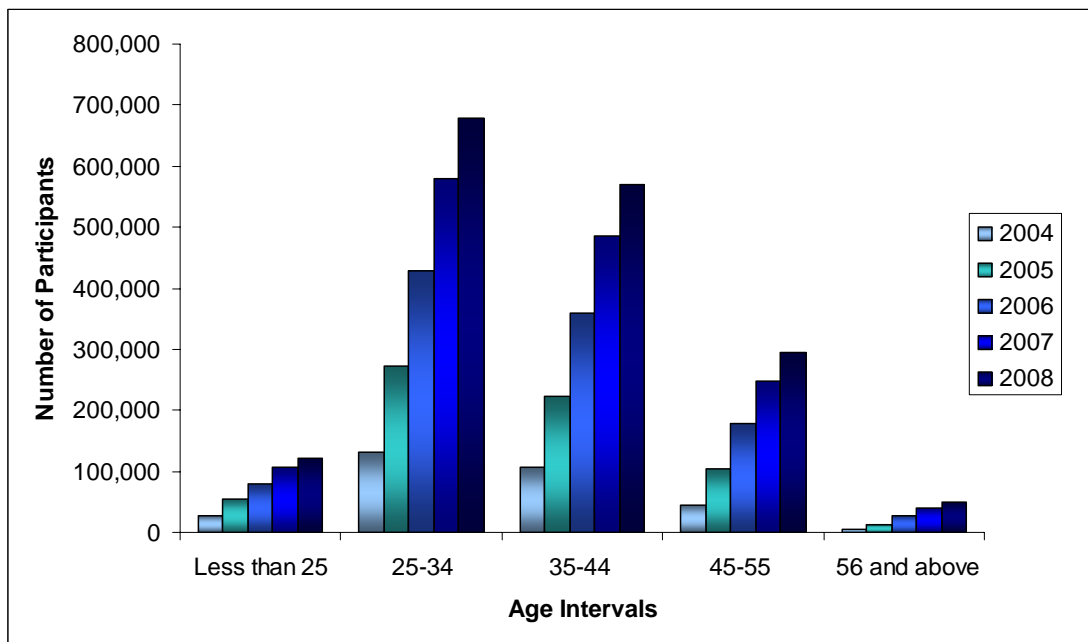


Figure 5.2: Age distribution of the participants using year-end data (overall data) (for 2008 we used the data until 31.10.2008)

The age distribution displayed in Figure 5.2 shows that the participants of the system are from *working age* group (between 25 and 45). This again shows that there are more than one policy for introducing the BES, i.e. people invest their money to the system in order to make savings beside getting a retirement income. Furthermore, the popularity of BES among *working age* group shows that this new system serves as a *workfare*⁴ instead of *welfare*.

For other socio-demographic characteristics we will use only the last three years 2005, 2006 and 2007 BES Progress Reports to give the descriptive statistics because in 2004 Report most of the information we need was not supplied.

Table 5.1 shows the distribution of the participants according to their sexes in percentages. Surprisingly for these three years the distribution of the female and male participants are stationary and the ratios are 39% and 61% respectively.

Table 5.1 Distribution of participants according to sex (%)

Sex	2005	2006	2007
Female	39	39	39
Male	61	61	61

Table 5.2 shows the ratio of participants of year-end data according to their level of education. It is seen that there is a great number of participant whose education level has not been known (26% for 2005 and 2007 and 18% for 2006). One of the reasons of the significant amount of missing data in education (or other socio- demographic factors) may be that the insurance companies have different policies in which they ask for different information about the participants. Since the participants are not required to

⁴ Workfare is an alternative model to conventional social welfare systems. Under workfare, recipients have to meet certain participation requirements to continue to receive their welfare benefits. These requirements are often a combination of activities that are intended to improve the recipient's job prospects (such as training, rehabilitation and work experience) and those designated as contributing to society (such as unpaid or low-paid work).

give all of this information, they do not answer most of the questions about the socio-demographic characteristics.

According to the available data, we can conclude that the level of education of most of the participants is high school and university. They constitute more than half of the participants, i.e. the sums of these two ratios are 51% for 2005, 53% for 2006 and 51% for 2007. Similar to the distribution of the sex, the distribution of the level of education is also quite stable over these three years.

Table 5.2 Distribution of participants according to level of education (%)

Education	2005	2006	2007
Primary-Secondary	18	16	19
High School	26	35	28
Vocational Schools/ Associate's Degree	2	1	1
University-Bachelor's Degree	25	27	23
Master's Degree	3	3	3
Other-Unknown	26	18	26

Although there is limited available data, the social security institution of the participants is another information we have in the Progress Reports. Table 5.3 reveals that most of the participants who specified their social security institutions are registered to SSK. Second largest group are registered to ES and the third largest group are registered to Bağ-Kur. As the below table shows, 44, 62 and 65% of the participants did not give their social security information in the years 2005, 2006 and 2007 respectively. This may indicate that the informal sector workers who do not have social security participate to the system to get a retirement income. For those people, the BES is the main provider of the retirement income rather than a complementary system to the public pension which excludes the informal labour.

Table 5.3 Distribution of participants according to social security (%)

Social Security	2005	2006	2007
Bağ-Kur	11	8	6
ES	8	9	8
SSK	28	15	15
Vakıf	9	6	6
No Social Security-Unknown	44	62	65

Table 5.4 gives the distributions of participants of contracts in force according to their ‘level of income’ as year-end data. Analysis includes data of 35% for 2005, 52% for 2006 and 51% of the participants whose income data are available. “Income” indicates the “net income amount” declared by the participant at the beginning of the contract. Among the participants who have available income data, most of them (45% for 2005, 39% for 2006 and 42% for 2007) has an income amount between 2 and 3 times of gross minimum wage. The second largest group is the participants who have income between the gross minimum wage and 2 times of this wage. The data also indicates that there is significant number of participants whose income is less than the gross minimum wage which is quite doubtful because the people in the BES are supposed to be the ones who have enough money to invest to an additional retirement fund. If someone earns less than the gross minimum wage she cannot have enough money to invest to the BES. This may indicate that people tell only their salary (including retirees) when they are asked for their income. They may have some additional incomes such as an income from a rented property. Moreover, it is quite possible that the participants working in the informal labour market do not give the correct information about their income. Considering these facts, we can say that the income information is not very reliable and we should keep this in mind while interpreting the analysis we applied to the data.

Table 5.4 Distribution of participants according to income (%)

Income	2005	2006	2007
Income \leq GMW*	14	18	17
GMW < Income < GMW*2	19	26	22
GMW*2 < Income < GMW*3	45	39	42
GMW*3 < Income < GMW*6	7	7	8
GMW*6 < Income < GMW*10	11	8	9
GMW*10 < Income	4	2	2

* GMW= Monthly Gross Minimum Wage

Another important demographic factor is the province of the participants. BES reports give the distribution of the contracts or the contribution rates according to the regions rather than the distribution of the participants. Although the number of contracts is not equal to the number of participants since about 7% of the participants own two or more contracts, it can provide a good estimate of the distribution of the province of the participants. Therefore, we can observe from the data that Marmara region has the highest proportion of the participants with about 45%. 16% of the participants live in Aegean and 15% lives in Central Anatolian regions. When we look at the first ten cities which have the highest participation rates to the BES, we see that İstanbul is the first with 567,851 participants, Ankara is the second with 172,967 participants and İzmir is the third with 72,223 participants. Antalya, Bursa, Adana, Kocaeli, Muğla, İçel and Aydın are the other cities in which most of the participants live.

Finally, ‘occupation’ is one of the most important characteristic which may affect the participation or the contribution rate to the system. However, we have a serious problem related with the information gathered for this factor because the categories specified in the BES reports are overlapping and it does not provide clear information. Furthermore, according to the 2007 BES Progress Report, only 41.3% of the participants have occupation data available. Due to these drawbacks, we re-categorized the occupation data considering the tax incentives applied to the BES and therefore we used the categorization of the Revenue Administration (Gelir İdaresi Başkanlığı) which is

subject to the income tax. Thus, we put the possible overlapping categories specified in the reports together and renamed them by referring the Revenue Administration's income elements (<http://www.gib.gov.tr>, 2008). On the other hand, in the categorization we also take the sociological dimension into account and separate 'housewife' from the 'student/unemployed' since the former provide welfare with an unpaid labour which is named as 'reproductive activity'. We will introduce the occupation categories in the next chapter.

CHAPTER VI

TRANSFORMATION OF THE TURKISH WELFARE REGIME: CRITICS, REACTIONS AND THE PRIVATIZATION ATTEMPTS

This chapter discusses the transformation and the classification of the Turkish welfare regime in the light of the information provided by the previous chapters. Therefore, we will examine this transformation mainly considering the social security reforms, critics on and reactions against these reforms, emphasizing the similarities of the Turkish welfare regime with the Southern European welfare regimes and discussing the role of the BES on this transformation by referring the interviews we made with some experts and decision makers.

Elveren (2008a) discusses the social security reform in Turkey from a critical perspective and he underlines the handicaps of the main social security privatization attempts in the world overall, arguing that the same problems may be more severe for Turkey. It is argued that the decades following World War II created a “new capitalism” with a permanent and growing social welfare sector. It was “new” in the sense that “winners still took a lot, but losers increasingly were compensated” (Goldberg, 2002). The two main reasons for the growing welfare state were that for about three decades between World War II and the early 1970s, the capitalist world experienced a “long boom”, and communism was a big threat with its powerful parties in Europe. It is also argued that the welfare state is a product of capitalism, a product designed to stabilize the capitalism itself. Elveren (2008a) also discusses the welfare state according to Marxist theory, as being an attempt to deal with specific problems of capitalist development, class conflict and recurring economic crises and as an entity that makes an effort to integrate the working classes without fundamental challenge to the institution and distribution of private property. Therefore, orthodox Marxist state theory argues the public policy is formed according to the interest of capital. Since there is

conflict between classes in capitalist systems, equality among citizens cannot exist. In this sense, the welfare state creates its own contradictions.

Although it is widely stated that the welfare state had both fiscal and legitimization crises, Elveren (2008a) argues that it is more appropriate to explain the fall of the welfare state by legitimization crisis rather than fiscal crisis. It is observed that the welfare state has been restructured in an age of neo-liberalism since the early 1980s. Especially with an aging population, adequate grounds were created for privatization of the social security system, which is an essential part of the welfare state. The absence of the Soviet Bloc, where the capitalist world had to “compete with Communism’s combination of full employment and comprehensive benefit systems” during the Cold War made it easier to retrench the welfare state (Goldberg, 2002). In this ongoing period, the “global economy” has been given as a reason, or an excuse, for cutting back social expenditures and for the privatization movement in general. Although Turkey has its own specific motivations behind restructuring of its social security system, we cannot ignore the global dimension of the reforms and the effects of the International Money Fund (IMF) and the World Bank (WB) on this process.

There are several studies which analyses the Turkish welfare regime but Buğra and Keyder (2003; 2006), Grütjen (2007), Elveren and Hsu (2007), Elveren (2008a; 2008b; 2008c) and Kar and Elveren (2008) are crucial for this thesis. We will discuss the transformation of the Turkish welfare regime in three main parts: First, although it is beyond the subject of this thesis, we will briefly mention this transformation from the poverty and social assistance perspective. Second, we will focus on the current discussion on the reform and the reactions against it. Finally, we will discuss whether the individual pension system is a step towards a welfare state which has a neo-liberal structure additionally referring to the interviews we made with Dr. Adem Yavuz Elveren, Ali Haydar Elveren and Kemal Kılıçdaroğlu.

6.1. “New Poverty”, Social Assistance and the Southern Model

Bugra and Keyder (2006) analyse the ongoing discussion on social security system based on mainly two problems which reflect the nature of the Turkish welfare regime: the unsustainability of the existing social security system and the challenge of new poverty. They argue that the present government’s (AKP) approach to these problems reflects a “liberal residualism, flavoured with social conservative values that are premised upon the centrality of the family and the significance of communal solidarity”. They describe the AKP’s attitude towards social policy as a mixture of neo-liberalism with social conservatism.

Formal social policy in Turkey has basically involved the provision of state-provided free education at primary, secondary and tertiary levels, and a combined public health and pension system associated with employment status.

There are three main headings of the new social security reform: pensions, health insurance and social assistance. In all three, there are similar arguments concerning fiscal constraints, the new balance that is to be struck between the state’s role and the market, and the level of the basic coverage which should be provided by the state as a universal grant. These arguments, the proposals for reform, and the terms of the debate are similar in content to the discussion going on in other countries. Furthermore, the intervention of the WB is often significant. Nonetheless, there are particularities deriving from Turkey’s conservative-corporatist history of social policy and the “specific ideological mix which pits the Islamic liberalism of the government against the leftist modernism of most of the opposition” (Bugra and Keyder, 2006).

In the *New Poverty and The Changing Welfare Regime of Turkey*, Buğra and Keyder (2003) aimed to study new forms of poverty that are the results of a series of structural changes in Turkey and around the world, with specific reference to Istanbul. They also looked at the role of the Turkish social security system with regards to the new class of poverty they defined and proposed a required social policy change. They observed the

similar trends with the European Union, especially the Southern European countries which formed the background to their proposals for social policy changes in Turkey.

Bugra and Keyder (2003), describe the concept of “new poverty” by referring another concept “social exclusion” which is mostly used in EU countries. They emphasize on some assumptions based on the historical experience of Turkey’s development which have lost their validity. They summarize the major assumption in this regard, which is thought to be especially true for Southern countries and is often repeated in Turkey as below:

Social protection provided to the individual by the extended family is still very important for the society. Because of this, crisis situations are easily overcome: When people are unemployed and require support, they can be taken in and helped by members of their family, and therefore do not become destitute in the absence of formal social welfare mechanisms (Ibid, 2003: 9).

Although, they believe that there is an important degree of truth in the above statement, this mechanism has functioned until recently, and that in crisis situations. However, the circumstances have changed and the family became insufficient to cover these risks. According to Bugra and Keyder (2003) there are two reasons of the insufficiency of the familial support mechanism: first one is that conditions leading to poverty are no longer transitory. Second, the new poor that they spoke of do not have extended families or social support mechanisms which can offer help.

On the other hand, Kalaycıoğlu (2006) discusses the diversity of the family/kin⁵ strategies and how they are supported by other social networks which surround the family. Although such family strategies are widely found in many Third World

⁵ By using the term ‘family/kin group’ Kalaycıoğlu defines an extended family/kin group which does not live under one roof, but has three sub-groups: households lives in the village of origin, another consists of migrant households in the metropolitan cities, and the third sub-group lives in the developed countries abroad, as workers.

countries, the specificity of them in Turkey is the social safety nets surrounding the family, which increase their strength. According to Kalaycıoğlu (2006), the existence of such safety nets makes the poor much more vulnerable rather than eliminating the poverty. Besides, although they create a buffer mechanism for the individual members of families not to fall into poverty, it also creates greater inequalities and the possible risk of a lack of collective solidarities in the society. The major argument of Kalaycıoğlu (2006) is that, in the Turkish experience, existence of such family/kin and other social networks may be effective in preventing their members from falling into absolute poverty⁶, but relative poverty⁷ will persist, for dependence on such networks is itself an indicator of relative poverty. Furthermore, from a gender perspective, family/kin support systems forces both women and men to feel dependent to the family/kin in all aspects of life.

Buğra and Keyder (2003) also discuss the problems such as inadequate nutrition, illness, lack of security and progressive loss of social relation which the persistent poverty brings about. Another cost associated with poverty is the burden of poverty to children. They found in the interviews they conducted that the cost of education is an important burden for poor families. These families do not send their children to the school not because of they require the income or labour that their children can provide but the cost of education. If children cannot attend school due to these costs, then social policy must first of all concern itself with this problem, which can be addressed with measures that are relatively easy to conceive and design. During the AKP's first year in office, elementary school textbooks were made available to all students free of charge. This constitutes an important step taken to eliminate one of the worst consequences of poverty: the interruption of children's education because poor families could not pay for school supplies. Perhaps more significantly, through this measure, the state assumes

⁶ Absolute poverty is the situation in which a household or an individual can not reach the welfare sufficient to continue their lives. The rate of absolute poverty is the ratio of those who can not reach this welfare level to the total population.

⁷ Relative poverty is the state in which the individual is below the average welfare level of the society. For this respect, the households having incomes and expenditures below a specified line compared to the general population shall be defined to be the poor in a relative meaning.

responsibility for making a theoretically free social service accessible, in practice, to all citizens, with or without means (Buğra and Keyder, 2006).

The third preconception that Buğra and Keyder (2003) discuss is the influence of *neo-liberalism* on the social policy. They opposed the idea that what could be done in the area of social policy is limited by the fiscal constraints facing the state. Their observations in the research suggest that seemingly unimportant sums can have a great significance for families living in poverty. They suggest that “at most 1 percent of the Turkish GNP would be sufficient to solve the most pressing problems of poverty and social exclusion”.

Another widely held belief challenged by their study is that poverty exists because of the economic crisis and will disappear once the crisis over. The “new poverty” they described, however, is not of a nature to disappear with better performance of the economy or higher growth rates because as it has been observed in many European countries, the unemployment and economic exclusion continue beyond periods of recession. This observation has given rise to the concept of “jobless growth”. The reasons behind this are that the current process of technological change may create less and less employment and labour-intensive jobs are being exported to low income countries with lower costs of labour as a result of globalization. Since when there is an economic growth in Turkey, the sectors that contribute most to this growth are export-oriented, the forms of employment in these sectors are based on the informal use of labour: i.e. female and child labour, work done at home, and employment without social security benefits on a non-contract basis. Therefore, even when inhabitants of poor areas have access to newly created employment opportunities, they are not guaranteed a way out of poverty. This means that when the crisis ends and economic growth resumes, there is no guarantee that poverty will disappear. Buğra and Keyder (2003) emphasize that this argument does not undermine the importance of economic growth which is crucial in terms of creating the funds necessary to combat poverty. Rather, it is absolutely necessary to employ social policies directly aimed at increasing the incomes of the poor through social assistance.

The perceived need for reform in social policy basically stems from the lack of compatibility between the corporatist character of the formal social security system and the current structure of the labour market. The formal system of social security was designed when the urban population was a minority and could fairly be assumed to enjoy the benefits of employment. Peasants were supposed to take care of their own risks through traditional means. With de-ruralization and urbanization, however, the prevailing reality became that of the informal and sporadically employed urban worker, for whom employment status could not be counted upon to lead to stable social security coverage (Ibid, 2003).

According to their study, the characteristic of Turkish welfare regime is similar to the Southern European model. “This is why Turkey’s welfare regime has been examined as a Southern European welfare regime in some studies, e.g. Gough, 1996; Saraceno, 2002”. The social security reforms in Turkey which was discussed in the previous section have some common features with the reforms which the Southern European countries had. There were various factors which investigated these reforms. These factors include economic and demographic changes such as the dissolution of rural structures and the increasing pace of rural-urban migration, aging of the population, the advent of flexible production relations in industrial structure and declining opportunities of industrial employment in the context of changes towards post-industrial society that have taken place simultaneously with de-ruralization. These developments resulted in permanent poverty for some segments of the population, and social policy reforms were proposed in order to combat the threat of social exclusion.

While reflecting the specific situations of those societies, such developments were certainly not independent of similar transformations in Europe and throughout the world. A new period of social reform had thus begun, in which the challenges in labour markets and family structures were handled within the framework of a new conception of “social Europe” which suggests that social rights are regarded as citizenship rights. As such, this new conception concedes the assumption that all men with the capacity to work could definitely find jobs and provide for their families which was forming the

basis of older welfare state policies. It is also recognized that the traditional structure of the family, too, had changed. Under these new circumstances, income support policies such as “citizenship income” became important. As its name suggests, the object of this policy was to reintegrate those, who had been excluded from the system by market relations, to the society (Ibid, 2003).

This understanding has played a significant role on determining the social policy in all European Union members. Southern European countries have begun to examine the unequal, fragmented character of their social security systems and have moved towards instituting universal health insurance in order to satisfy this expectation. Until recently, the health insurance system in these countries had been similar to Turkey’s system (before 2006 social security reform) and different arrangements existed for different groups. In all Southern European countries that have moved in this direction, the percentage of social security spending in national income has increased, but the governments, by introducing increases in premium, have tried to make sure that this increase would not lead to budget deficits (Ibid, 2003). At the same time, attempts were made to solidify the social policies, which had been neglected until then. In Spain and Portugal, minimum income support policies for the poor have already been initiated while Italy is trying to introduce a central government-financed universal social assistance scheme, and in Greece, too, this process has begun.

As stated before, the Turkish welfare regime exhibits a similarity with the Southern European type. Buğra and Keyder (2006) explain these similarities by giving some examples. First, in Turkey, as in Southern Europe, an elaborate system of a corporatist character (i.e. highly fragmented and hierarchical) provides combined health and pension benefits to formally employed heads of household according to their status at work. Second, this system coexists with a labour market structure where self-employment, unpaid family labour, and informal employment practices are very important. Given these features of the labour market, the formal social security system remains inadequate in its ability to provide social protection. In the absence of meaningful social assistance schemes, many have no choice but to rely on family ties in

risk situations. This centrality of the family in the welfare regime constitutes another similarity with the Southern European model (Ferrera, 1996).

Beside family as a pillar of Turkish welfare regime, the state, too, has historically played an important role as employer and provider. However, in the post-1980 period, with the implementation of outward-looking, market oriented strategy, both the nature and the scope of state-created rents changed, with ‘corruption’ rather than ‘populism’ becoming the more appropriate term to describe the economic dimension of state-society relations according to Buğra and Keyder (2006). Similar to the case of Central and Eastern European states, the fiscal constraints have a central place and the public budget is overburdened by debts accumulated during the highly corrupt 1990s. Since the Turkish economy is under close supervision by the IMF and the terms of the stand-by agreement in 2006 include a promise to maintain a 6.5 percent surplus in the primary budget for purposes of interest payments, serious constraint under social reform attempt had to proceed. These attempts are carried out under the guidance of the World Bank with the alleviation of the burden of social transfers on the budget as the ultimate objective. Buğra and Keyder (2006) analyzed the possible direction in which Turkey’s welfare regime might evolve under constraints described above, and within the opportunity space opened up through EU candidacy. They conclude that this picture indicates parallel trends with both the post-communist new member states of the EU and Southern European countries.

Up to now, we discussed the Turkish welfare regime from a wider perspective emphasizing to the poverty and ‘social assistance’ which comes into a residual category by referring to Buğra and Keyder (2003, 2006) and Kalaycıoğlu (2006). Since the aim of this thesis is to analyze the transformation of Turkish welfare regime by considering the social insurance rather than social assistance, we will focus on the social security reforms and the motivations behind them in the next sections.

6.2. Current Discussion of the Social Security Reform and the Reactions against It

In this section, the debate on mainly pensions partly health, which have been two contenders in the formal welfare regime are considered. To discuss the transformation of Turkish welfare regime emphasizing the role of private pension system, we will focus on the social insurance as social policy.

Some provisions of newly introduced system concerning retirement age, participation payment in health insurance and stretched duration of premium payments caused wide range of public protests against the proposed Social Security Law in 2006. These protests began with the attempts of four leading unions, Turkish Confederation of Revolutionary Trade Unions (Devrimci İşçi Sendikaları Konfederasyonu, DİSK)⁸, Confederation of Public Employees Trade Unions (Kamu Emekçileri Sendikaları Konfederasyonu, KESK)⁹, Union of Chambers of Turkish Engineers and Architects (Türk Mühendis ve Mimar Odaları Birliği, TMMOB)¹⁰ and Turkish Medical Association (Türk Tabipler Birliği, TTB)¹¹ and expanded into masses. We will refer to interviews which were made with the head of the Ankara Regional Agency of DİSK, Tayfun Görgün and secretary for law, collective agreement and international relations of KESK, Kamuran Karaca for the final assignment for Soc 518, Social Movement and Civic Action Course in 2006.

⁸ A leading labour confederation which has 18 member unions. DİSK was founded in 1967 and the head office is in İstanbul.

⁹ A leading public employees union which was founded in 1995.

¹⁰ An occupational organization which was founded in 1954.

¹¹ An occupational organization in Turkey which represents the doctors. TTB was founded to defence the rights of the doctors and to contribute to the medical education in 1953.

The reactions against the social security reform first emerged about 8 years ago as a defensive movement, the first time when 1999 social security reform was introduced¹²; but a widespread and more organized protests began about 4 years ago since this time the ‘reform’ was more comprehensive and evoked stronger protests. These reactions began in Ankara with the confederations’ analysis of the Bill.

As it is mentioned above, the most important actors of these protests are four confederations DİSK, KESK, TMMOB, TTB and their member unions. Besides, Halkevleri¹³, Pir Sultan Abdal Association (Pir Sultan Abdal Kültür Derneği)¹⁴, some regional associations, workers, civil servants, self employed, retirees and housewives also participate in these protests.

These protests may be examined by emphasizing two crucial points of the reform: first one is expected decrease in the number of beneficiaries of pension system as a result of increased retirement age and contributory period; second one is the privatization of health system by separation of financing and providing health services.

People who are against the Social Security Law criticize the governments since they believe that their proposed implementations about social security will eventually lead to withdrawal of public institutions from providing social security services. Unlike the governments of the periods (1999 and 2006), opponents of this Law claims that the difference between income and expenses of social security institutions cannot be thought as deficit, because it is government’s duty to supply resources to social security system. Furthermore, if there exists a deficit, this is not because of the early retirement age and short contribution period but because of the populist applications such as premium payments exemption which governments put into practice in last 25 years and high rate of underground employment (interview with Görgün in Şahin, 2006a). They

¹² The Government of the period increased the age of retirement and the duration of premiums to be retired in 1999.

¹³ A leftist non-governmental organization.

¹⁴ An alevi association

argue, furthermore, that the deficits incurred by the social security institutions since 1993 are due to the previous governments' irresponsible use of the accumulated funds. Buğra and Keyder (2006) discuss this issue and state that the problems would at least have been delayed for more than a decade if these funds had been invested with a reasonable rate of return instead of having been used to finance government expenditures in different areas. "The legacy of this overt violation of the formal autonomy of the Social Security Organization thus contributes to the atmosphere of mistrust which dominates the debate".

On the other hand, according to the opponents, if the aim of the reform had been to eliminate unequal distribution of resources this should have been accomplished by heightening the disadvantaged groups such as Bağ-Kur and SSK participants to the most advantaged group as ES participants (interview with Karaca in Şahin, 2006a).

The social security law in 1999 has determined the retirement age as 58 for women and 60 for men. Moreover, this upper limit is expected to increase gradually to 65 after 2036 according to 2006 reform. Opponents claim that by considering the expectation of life at birth in 2007 in Turkey, determined ages for retirement are very high. On the other hand, they claim that stretched duration of premium payments makes difficult to earn retirement income for employees and added that contribution period of 5400 days for partial retirement makes impossible for an employee to get a full retirement. Moreover, to the opponents, staged decrease in replacement rates to 2.5% and 2% will also decrease the amount of retirement incomes which would increase poverty.

The unification of the existing social sector organizations that are responsible for the joint management of health and pension systems under the auspices of the Ministry of Labour and Social Security is one of the major arrangements proposed by the Government by 2006 reform. According to Buğra and Keyder (2006), such a centralized and unified management would constitute a positive step towards the elimination of the inefficiency and inequity that currently characterize the functioning of the present fragmented system. However, there is a serious controversy around the proposed transfer of the Social Security Organization to the Ministry, which would put an end to

its autonomous status in the administration of funds and management of hospitals serving the workers it covers. Labour unions oppose this transfer, of what they see as their legal property, to the government.

On the other hand, some implementations introduced by the social security reform in health can be given as the examples of the neo-liberal policies the government applied. First of all, although by *universal health insurance* it is intended to provide full coverage for entire population, there are deficiencies of this implementation because employees who have premium debts cannot benefit from the health services. According to Kemal Kılıçdaroğlu, MP of CHP, if there is a universal health insurance and if whole population is covered by this system, government should apply sanctions and take the premiums from the citizens. “Government cannot punish the citizens by preventing them from health services in any case. This implementation is unconstitutional and against the principles of the social state” (cited from the interview with Kılıçdaroğlu in Şahin, 2006b). Furthermore, according to Elveren (2008a), one of the critical point of the general health insurance is that although it aims to cover the whole population, with the introduction of the “basic security package”¹⁵, it is nothing but a reflection of retrenchment of the welfare state on health insurance benefits.

6.3. The Role of the BES on the Transformation of the Turkish Welfare Regime

As it is mentioned in previous chapters, the financial crisis of social security system in Turkey is not simply due to the aging of the population as in developed countries. Rather, the crisis caused by some structural problems of the economy such as the high ratio of informal sector. It is possible to increase the active/passive ratio (which is around 2 for 2007) up to 5 (which is observed in EU countries) by eliminating the informal sector as only 58 percent of the working population was actively insured (for early years, the average ratio dropped to 50 percent) which means that almost a half

¹⁵ Type of the health services covered by the universal health insurance, usage amount of these services and usage period are determined by the social security institution. According to this arrangement, institution may limit the health services and define which illnesses are covered by the system and which are excluded.

percent of the employment was in the informal sector (Elveren, 2008a). That is, informalization is an important factor in determining the unsustainability of the system as well as low compliance of employers with pension laws and poor enforcement of this legislation by authorities (Pamukçu and Yeldan, 2005).

The total deficit of the social security system in Turkey was predicted to reach 10.1 percent of GDP in the absence of intervention by the year 2050 according to ILO report in 1995. Thus the government realized the urgency of comprehensive social security reform to reduce the pressure of social security institutions on the public deficit. Elveren (2008a) states that the ILO report titled “The Turkish Government Social Security and Health Insurance Project” provided the main guidelines for the ongoing social security reform. Following this reform, the central government implemented two main reforms in 1999 and 2006 in line with IMF and WB “recommendations”. It is projected in the ILO’s report that the deficit of the system will drop to a negligible level by 2004 (i.e. 0.6 percent of GDP).

According to some scholars, BES in Turkey, as a part of social security reform, is a part of the ongoing privatization attempts started by the liberalization movement in 1980.¹⁶

As we mentioned in Chapter 5, in the last 25-30 years there has been a considerable increase in the shift from DB plans to DC plans. This can also be named as the shift from ‘welfare’ to ‘workfare’ since the social services are highly linked to the employment status. The degree of switching from one plan to another depends on the background and current conditions of the country. Ideology, tradition and some other factors shape the strength of the welfare state, and the degree of the reform is also determined by those factors. For instance, the privatization of social security (i.e.

¹⁶ Turkey entered 1980 with a liberalization program with the IMF after one of the worst balance of payment crisis in its history. The package consisted of not only internal but also external liberalization recommendations on the overall economy. The policy package was more than just a stabilization and adjustment package; it also marked a shift in development strategy from inward orientation to outward orientation. In 1980, the Turkish government embarked on a series of reforms designed to remove price controls and subsidies, lessen the role of the public sector in commerce, emphasize growth in the private sector, stimulate private investments and savings, liberalize foreign trade, reduce tariffs, ease capital transfer exchange controls, privatize the Central Bank and reform the taxation system (Elveren and Kar, 2005).

replace PAYG with a private system) in Chile in the early 1980s under the Pinochet dictatorship is one of the most important cases in the history of the privatization of social security.

In 1981, Chile's military dictatorship sought to reduce government spending and labour costs by privatizing its social insurance program. The Chilean pension system was in need of reform. The system's deficit had risen to 25% of Chile's gross domestic product, yet 93% of retirees received only the minimum pension benefit. General Augusto Pinochet's regime created a system of private funds called *Administradores de Fondos de Pensiones*, (AFPs) to manage and administer workers' individual retirement accounts and survivors' and disability benefits. Every worker participating in this DC system designates an AFP to receive a mandatory payroll deduction of 10% of salary, plus an additional 2.5% to 3.7% for death and disability insurance and administrative fees (Employees may voluntarily contribute up to an additional \$2,000 a month to their retirement accounts, although only the mandatory contribution is tax-deductible). When workers who have contributed to an AFP for twenty years retire (at age sixty-five for men, sixty for women), they can use the accumulated funds to buy an annuity¹⁷ or draw down their account according to an actuarially determined schedule, as with an individual retirement account.

Chilean system is the core example of which many scholars refer when they discuss the privatization of the social security.

6.3.1. Is BES a step towards the privatization of the Turkish social security system?

One of the main aims of this thesis is to discuss whether BES, which is introduced as a complement to the public pension system, is a "first stage" of more privatization of the social security in Turkey. To find an answer to this question, beside searching related

¹⁷ An annuity (life annuity) is a set of periodic payments, usually of equal size, payable over a period of years, each payment contingent upon the survival of designated individual, called annuitant, to the time of payment (Menge and Fischer, 1991).

literature, we made interviews with the three experts and decision makers about these issues: Dr. Adem Yavuz Elveren, an economists who is specialized on the social security system in Turkey and gender dimension of the reforms, Ali Haydar Elveren, an economist and actuary and the former head of the Department of Private Pensions, Undersecretariat of Treasury when the BES was put into practice (2003) and Kemal Kılıçdaroğlu, an economist, former head of Bağ-Kur and SSK and currently an MP and the vice chairman of CHP.

According to the interviews and the articles written by these experts, it is seen that there are two different points of view about the reform and the BES: First of all, we should emphasize that this work has been inspired by the articles of Dr. Adem Yavuz Elveren being the first scholar who analyzed the gender gap in BES in Turkey. We referred his articles several times and it is obvious that he is one of the scholars who think that the introduction of BES is a first step towards a neo-liberal welfare state. In Elveren (2008a), he mentions the Chilean case and states that relatively more democratic countries choose partial privatization. In this sense, he argues that social security privatization in Turkey will occur over a period of transition because of relatively strong labour power (civil society). That is, the BES, “the complement” to the public system at this stage, will replace the public pension system, using the Chilean case, which has been mostly mentioned as miracle by many economists by ignoring some negative aspects of privatization such as administrative¹⁸ and transition¹⁹ costs. Another important issue stated in Elveren (2008a) is the investment “risk” in a highly volatile and narrow stock market of Turkey, along with other countries that have less developed capital markets, tends to choose a more restrictive environment for its pension funds than countries with more developed capital markets. In this case, projected returns will not be as high as expected since portfolios consist mainly of treasury bonds. Or if the

¹⁸ Administrative costs of private pension plans may be higher than those of PAYG systems (Van Ginneken, 1997; Scherman, 1999; Castro-Guiterrez, 2001).

¹⁹ Transition costs arises because expenditures to pensioners and future retirees must continue even though part of the contributors has been diverted to funded individual accounts. In other words, it arises because of paying of the debth of the old system.

government chooses to provide a freer environment and tries to limit “risk” with minimum payment guarantees and/or some other methods, the desirability of the private sector becomes questionable in terms of the ultimate relative merits of DC over DB schemes. Another drawback of the minimum payment guarantee by the state is that this may encourage portfolio managers to invest in riskier areas. Therefore, the mechanism for avoiding moral hazard²⁰ is another cost for the state under DC schemes. Finally, “financial crisis” is also an issue regarding “risk” for the less developed countries. In this sense, the BES can be seen as likely object of speculation and, therefore, of financial crisis, in line with the argument that private pension funds will create new profit opportunities and new financial instruments, which make the market more attractive.

In the interview, Dr. Adem Yavuz Elveren stated clearly that he sees the introduction of the BES as an important step towards a neo-liberal welfare regime and he thinks that although BES can stay as a complementary system for a long time, afterwards there may be some radical reforms which lead a shift to fully privatized social security as in Chile. However, even as a complementary pension system, BES will increase the existing unequal distribution of income which is one of the most important social problems of Turkey. He argues that since DC schemes ignores the poverty issue and financing of elderly people and create income inequality by avoiding progressive tax mechanisms. He believes that, public social security systems are more likely to produce optimal redistribution in society. In the sense of “welfare state”, the private pension system is not something that strengthens and expands social expenditures for the public in general but is rather a way of creating extra income for upper and middle income classes, which doubtless raises the income inequality.

Ali Haydar Elveren is another expert (an economist and an actuary) to whom we made an interview about the BES. He was the head of the Department of Private Pensions, Undersecretariat of Treasury between 2001 and 2007 means that during the period of

²⁰ Moral hazard arises because an individual or institution does not bear the full consequences of its actions, and therefore has a tendency to act less carefully than it otherwise would, leaving another party to bear some responsibility for the consequences of those actions.

which the BES was put into force. According to his previous interviews and articles (Elveren, 2002; Elveren, 2003a; Elveren, 2003b), it is clear that he was involved in every stage of the implementation of the BES. In every interview he had, he emphasized that the aim of the introduction of the BES was not to replace the social security system. Rather it is a “complementary” pension system which enables people who have enough money to make extra savings in order to have an additional income during their retirement. When we conducted our interview we saw that he analyses the system from mainly an economics point of view and summarizes the contributions of the BES to the economic development as follows:

- The welfare level of individuals rises with the additional income during the retirement period.
- It generates resources to infrastructure and long term investments thereby increases the employment opportunities.
- It increases the assets of long term funds, and thus regulates the financial sector.
- It helps to cope with inflation and contributes to stable growth. It declines fluctuations and speculations in the markets through the institutional investment strategies.
- It deepens the capital markets.

He also states that the system will provide some advantages to the participants such as helping individuals save in a safe manner and provide a life long annuity, encouraging such savings through various advantages, regulate and direct them to invest and lump sum payments those who do not wish to have annuity.

According to Ali Haydar Elveren, the rapid increase in the participation and the accumulated savings show that the BES has gained acceptance in majority. Although he does not think that the BES would take the place of social security, in case of partial conversion of the PAYG based social security system to the funded system (conversion from DB to DC), BES would be ready to provide an infrastructure of the new funded system. This can be combined with another issue which we think as crucial in the

privatization of social security: the transfer of the “severance pays”²¹ or “unemployment insurance”²² funds to the BES which is based on individual accounts. He states that the BES may be a strong candidate as a fund management system for the transfer of these funds, especially the “severance pays” in the near future. Although he thinks that this transfer will provide advantages to employers, employees and to the public, there are strong protests against this transfer from some of the unions.

When we asked whether the BES would be at least as a second pillar pension system (i.e. fully funded, occupational, partially compulsory and DC based), both Adem Yavuz Elveren and Ali Haydar Elveren replied as it is important to consider the EU accessions and the developments in the USA in terms of private pension in the next few years and even this happens, it would take about 10 years.

On the other hand, Kemal Kılıçdaroğlu finds the progress of the BES in the last 5 years is satisfactory and emphasizes that there is no political intervention to the system and it works based on the rules of economy. Moreover, he states that because of the “success of the BES”, the government may transfer the social security system to the DC based BES in the future. The discussions about the transfer of the “severance pays” to the BES may be an indication of this attitude. On the other hand, Kemal Kılıçdaroğlu does not think that the BES would increase the relative poverty in its current application because the participants of the system are from middle or upper class which means that these are the people who already have enough money for extra savings. He also states that if they did not invest their money to the BES, they would invest in other financial instruments.

6.4. Interim Conclusion: Transformation of the Turkish Welfare Regime

This study analyzes the transformation of the Turkish welfare regime by considering two important critics of the Esping-Andersen’s welfare regime typology. One of these critics is the misspecification of the Southern European welfare regime as a subcategory

²¹ Kıdem Tazminatı Fonu

²² İşsizlik Sigortası Fonu

of the Corporatist regime and in this chapter the Turkish welfare regime is discussed as an example of the Southern European model.

As stated several times in the previous chapters, the Turkish welfare regime can be categorized as a Southern European welfare regime due to the similarities between the structure of the labour market, social security institutions and the family. Unpaid family workers, employment provided by small employers, self-employment, unrecorded employment, highly fragmented social security systems and unequally distributed social rights are some of the common features of these welfare states. Furthermore, the universal health insurance has been recently introduced in these countries. The absence of the insurance program such as universal health insurance or strict eligibility requirements in unemployment insurance are indicators of social policies which do not aim at combating poverty and exclusion. Another important common feature is the role of the family providing welfare by helping the family members to deal with risk situations. Finally, the state provided health care in these countries do not result in a clear separation of the public and private medical care.

By examining the transformation of the Southern European type welfare regime of Turkey, it is seen that the social policies introduced by the social security reforms indicate some neo-liberal tendencies and have similarities with the policies listed in the Esping-Andersen's definition of the 'liberal welfare regime' in Chapter 2. The proposed reforms which aim to decrease the deficits of the social security institutions such as decreasing the replacement rates, increasing the role of the market in welfare provisions, asking for 'participation payment' for the health services, introducing the private pension plans which are encouraged by the state (this will be discussed in the next section) and thus preventing redistribution of the income are examples of the mentioned *neo-liberal* policies.

Another important discussion in this chapter is to examine the BES as a first step of the privatization of the public pension system which leads a *neo-liberal* welfare state. Although the interviews with the experts suggest different ideas, we believe that the

BES which has been introduced as a complement to the public pension system will continue to grow and may replace the current system in the future. As some implementations suggest in the health reform, in the pension system too, there may be a means-tested benefit policy and private pension system for the rest of the population as seen in the *neo-liberal* welfare regimes. One of the most important drawbacks of this system is that the private pension system ignores the poverty issue and increase the income inequality by avoiding the redistribution of income.

As the interviews supported, the discussions of the transfer of the “severance pays” or “unemployment insurance” funds to the BES which is based on individual accounts shows the government’s attitudes towards the privatization of the social security. It is obvious that the BES is an important step towards a neo-liberal welfare regime.

CHAPTER VII

IS THERE “REALLY” A GENDER GAP IN BES: A STATISTICAL AND AN ACTUARIAL ANALYSIS

One of the objectives of this thesis is to discuss whether there is a gender gap in the individual pension system to examine the effect of BES on women’s welfare. Although there are several studies about the DB and DC plans and the conversion from one scheme to another for Turkish case (Ergökmen, 2006; Şahin, 2006c), none of these works take the gender dimension into account.

There are at least two different ways to analyze the gender gap in a pension system. One is to apply some statistical tests to the actual data and look for whether there is a difference in the contribution amounts of the females and males (the difference in the contribution rates may indicate the gender gap in retirement income because it highly depends on the contribution rates in DC systems). The second way is to examine the difference in retirement incomes of females and males by using some actuarial analysis based on some assumptions.

In this section, we examine the differences in both contribution rates (using actual data) and the simulated retirement incomes of females and males.

7.1. Statistical Analysis of the Gender Gap in BES

The aim of this chapter is to discuss whether there is a gender gap in the BES using two approaches. First approach is to analyze the ‘gender gap’ applying some statistical tests on the ‘real data’ and see which socio-economic factors affect the participation and the contribution rate to the BES and whether there is a significant difference between the contribution rates of females and males to the system. Furthermore, we divide the data

into two subgroups as females and males to examine the factors affecting the contribution rates in terms of sex differences.

There is another unpublished work of Bozkuş and Elveren (2008) to assess the “actual” gender gap in the BES using the data provided by the Pension Monitoring Center which contains the information of 1,381,172 participants in BES by the end of 2006. Although we mentioned about this study, we will not discuss it in details as we did for the others because both the method and the data are quite different in our analysis as we do not think that it is appropriate to compare these two studies.

7.1.1. Descriptive statistics of the sample

In our analysis we used 2007 year-end data provided by the Pension Monitoring Centre. The original data include the sex, age, occupation, province, social security, marital status, education, income, total contribution and the entrance date to the system of 1,457,704 participants. As we mentioned in Chapter 5, there are many missing values in the data. Since we think that all of the characteristics above are important for our analysis we eliminate the participants whose information are incomplete. Then we calculated the regular monthly contributions by dividing the total contribution amounts by the number of months spent in the system and omit the observations less than 50 YTL. We eliminate those observations because when we examined the values we realized that there were many cases in which the individuals joined the system but did not make any contribution after paying the first couple of premiums. On the other hand, the monthly contribution to the system cannot be less than the 5% of the gross minimum wage. Therefore we eliminated all the missing values and the observations having less than 50 YTL regular contributions and then used the remaining 102,896 participants’ information as a sample to apply our analysis²³.

²³ Another reason to eliminate the contributions less than 50 YTL is that the pension companies have different limits for minimum amount of contributions depending on the product they sell (based on occupations or special needs such as “housewives pension plan”, “police care and donation fund individual pension plan”, “income oriented ‘YTL’ instruments individual pension plan”, “Members of Turkish Armed Forces Pension Plan”).

Since we obtained our sample by eliminating the missing values rather than applying a specific sampling method such as *simple random sampling*, *systematic sampling*, *stratified* or *cluster sampling*, in some way we are using the all of the available data. To analyse how good the sample represents the population and to give some basic information about the data, we summarized the data using some descriptive statistics.

First of all, we plot the distribution of the ages of the participants in the sample. Although we used a barplot to compare the age distribution of the participants each year in Chapter 5, we can compare Figure 7.1 with the graphs in the each BES Progress Report because for each year the age distribution is plotted in the same way. When we look at those graphs we see that the age distribution of the participants for our sample has almost the same shape with the graphs in the reports. Therefore, any conclusion we draw for the age in our analysis represents the whole data. Figure 7.1 shows that most of the participants of the system are between 25 and 45 ages means from the *working age* group.

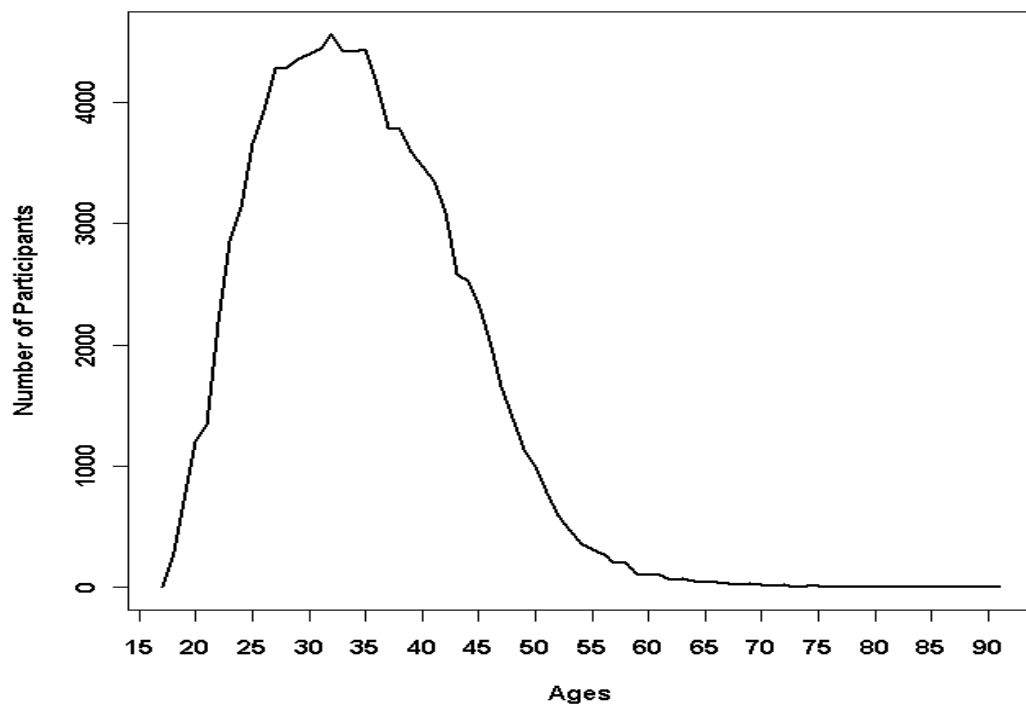


Figure 7.1 Distribution of the participants according to the age

Another crucial statistics is the number of females and males in the sample. Table 7.1 shows the ratio of the female participants as 29% while male participant as 71%. As discussed in Chapter 4, the ratios of the female and male participants were the same since 2005 as 39% for females and 61% for males. There is 10% difference in the sample for both sexes which means that the females have a higher rate of incomplete information than males do.

Table 7.1 Distribution of the participants according to sex

Sex	Number	%
Female	30279	29
Male	72617	71

Table 7.2 shows the distribution of the participants according to their education, marital status, sex and the interaction of these factors. As in the original data, most of the participants have high school and university degrees and 71% of them are married.

Table 7.2 Distribution of the participants according to sex, marital status and education

	Education	Prim./ Second.	High	Vocat. /Assoc. Deg.	Uni.	Master	Total
Sex	Marital						
Female	Single	1440	1870	547	4866	480	9203 (8.894%)
	Divorced/ Widowed	24	26	5	32	4	91 (0.088%)
	Married	6318	3811	1314	8843	699	20985 (20.39%)
Male	Single	1996	8934	1143	8301	580	20954 (20.39%)
	Divorced/ Widowed	12	19	0	16	2	49 (0.047%)
	Married	14248	17669	1894	16046	1757	51614 (50.19%)
Total		24038 (23%)	32329 (31%)	4903 (5%)	38104 (37%)	3522 (4%)	102896 (100%)

Income information gathered from the sample has a different distribution from the original data as seen in Table 7.3. In the sample, almost half of the participants are from the group whose income is between GMW^{24} and $GMW*2$ while in the original data this group only includes 22% of the participants. Another important difference in the ratios is in the income group between $GMW*2$ and $GMW*3$ since the 42% of the participants belong to this group in the original data while only 2% is in this group in the sample data. However, as we discussed in Chapter 5, we should be careful while interpreting the results of the analysis based on the income information since it is not reliable.

Table 7.3: Distribution of the participants according to sex and income

Sex/Income	Income ≤ GMW	GMW < Income < GMW*2	GMW*2 < Income < GMW*3	GMW*3 < Income < GMW*6	GMW*6 < Income < GMW*10	Income > GMW
Female	348 (0.28%)	10071 (9.6%)	375 (0.4%)	853 (0.84%)	5614 (5.61%)	13018 (12.69%)
Male	2155 (1.72%)	39655 (38.4%)	1466 (1.6%)	3137 (3.16%)	11308 (11.39%)	14896 (14.31%)
Total	2503 (2%)	49726 (48%)	1841 (2%)	3990 (4%)	16922 (17%)	27914 (27%)

When we summarize the sample data in terms of social security information we see from Table 7.4 that the most of the participants are registered to the ES and SSK just as the same as in the original data.

²⁴ GMW is the abbreviation of the “gross minimum income”.

Table 7.4 Distribution of the participants according to sex and social security

Sex/Social Security	Bağ-Kur	ES	SSK	Vakıf
Female	2478 (2.4%)	9179 (9.0%)	11160 (11%)	7462 (6.9%)
Male	12620 (12.6%)	30738 (30%)	21694 (21%)	7565 (7.1%)
Total	15098 (15%)	39917 (39%)	32854 (32%)	15027 (14%)

The provinces of the participants are another useful information provided by the data. Although we have this information based on cities, we construct two groups according to the development level of the participants' provinces defined in the "Human Development Index" (HDI) as "high level of development" and "medium level of development". According to the HDI, (Human Development Report Turkey, 2004) Kocaeli, Yalova, İstanbul, Bursa, İzmir, Muğla, Sakarya, Bolu and Tekirdağ are the cities which are ranked as high human development and the other cities are ranked as medium human development. Table 7.5 shows the frequencies of these two groups for the data we used. 55% of the participants are living in the cities which are ranked medium level of development and remaining 45% is living in the cities which are ranked high level of development.

Table 7.5 Distribution of the participants according to their provinces

Province	Number	%
Medium	56089	55
High	46807	45

As it is mentioned in Chapter 5, we recategorized the occupations based on the income elements listed by the Revenue Administration (<http://www.gib.gov.tr>, 2008) such as business profits, agricultural incomes, salaries and wages, income from independent personal services since tax incentives are important for the system and these incentives depend on the taxable income. Beside these categories there are retirees, students,

unemployed and housewives. Table 7.6 shows the distribution of the occupations of the participants. “Retired” includes the participants who are retired from SSK, Bağ-Kur, ES and the retirees whose social security institutions are not known. “Self-Employed” stands for the “independent personal services” and it includes the professionals such as engineers, architects, doctors and lawyers. “Wage and Salaried” includes both manual and mental workers, i.e. officers, workers, bank personals, noncommissioned officers, teachers, military officers, nurses, policemen, academics, generals and admirals. “Agricultural incomes” includes farmers. “Business profits” includes self-employers and pharmacists.

Table 7.6 Distribution of the participants according to their occupations/income elements

Occupation/Income Element	Number of Participants	%
Housewife (Unpaid Family Worker)	5661	5.5
Student/Unemployed	726	1
Retired	1753	2
Self-Employed	3068	3
Waged and Salaried (Mental/Manual)	68469	66
Agricultural Income	346	0.3
Business Profit	22873	22.2

7.1.1. Generalized Linear Model Analysis

In this study, we employed “Generalized Linear Model” (GLM) analysis²⁵ which is an extension of the linear modeling process that allows to be fit to data that follow probability distributions other than the Normal distribution, such as the Poisson, Binomial, Multinomial, etc. GLM also relax the requirement of equality or constancy of variances that is required for hypothesis tests in traditional linear models (see Dobson, 2002; McCullagh and Nelder, 1989 for more details). By using GLM, regular

²⁵ R programming language is used to apply the GLM analysis on the data.

contributions (RC) of the participants are regressed the social variables, sex, age, occupation, province, marital status, income, social security and education to examine the effects of these variables on the monthly contributions. We performed the same analysis both for men and women to see possible sex differences.

Table 7.7 introduces the variables, defines the categories and explains the operationalization of the variables used in the analysis. The categories in bold represent the baseline categories used in the analysis.

Table 7.7 Definitions and operationalizations of the variables

Variable	Definition	Operationalization
Regular Contribution (RC) (Dependent Variable)	Amount of Monthly Regular Payments (YTL)	Continuous variable
Sex	Sex of the participant	Female Male
Age	Age of the participant by 2007	Continuous variable
Occupation	Occupation category of the participant	Housewife Student/Unemployed* Retired Self-Employed Waged and Salaried Agricultural Income Business Profit
Province	Development level of the province in which the participant lives according to HDI	Medium level of development High level of development
Marital Status	Marital status of the participant	Single Divorced/Widowed Married
Income	Income category of the participants in terms of GMW	Income \leq GMW GMW \leq Income $<$ GMW*2 GMW*2 \leq Income $<$ GMW*3 GMW*3 \leq Income $<$ GMW*6 GMW*6 \leq Income $<$ GMW*10 GMW*10 $<$ Income
Social Security	Social security institution of the participant	Bağ-Kur ES SSK Vakıf
Education	Education category of the participant	Primary/Secondary High School Vocational School/Associate Degree University Master

*For overall sample and females the baseline category for the occupation is “housewife” but for the males the baseline category is “student/unemployed”.

Table 7.8 Results of GLM analysis for the overall sample

OVERALL SAMPLE	Estimate	Std. Error	Significance Level
(Intercept)	3.204	0.043	***
Age	0.030	0.0006	***
Occupation/Income Element			
Student/Unemployed	-0.150	0.053	**
Retired	0.291	0.037	***
Self Employed	0.494	0.032	***
Waged and Salaried (White/Blue collar)	0.013	0.020	
Agricultural Income	-0.102	0.074	
Business Profit	0.179	0.022	***
Province (Human Development Level)			
Medium	-0.027	0.008	**
Marital Status			
Divorced/Widowed	-0.230	0.112	*
Married	-0.105	0.010	***
Income Group			
Income <= GMW	-0.350	0.029	***
GMW <= Income < GMW*2	-0.809	0.030	***
GMW*2 <= Income < GMW*3	-0.672	0.028	***
GMW*3 <= Income < GMW*6	-0.631	0.042	***
GMW*6 <= Income < GMW*10	-0.427	0.034	***
Social Security			
ES	-0.364	0.018	***
SSK	-0.076	0.017	***
Vakıf	-0.012	0.019	
Education			
High School	0.220	0.013	***
Vocational School/ Associate's Degree	0.305	0.021	***
University Degree	0.401	0.012	***
Master's Degree	0.646	0.025	***
Significance Level	0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1		

Table 7.8 shows the GLM results for the overall sample. Among the participants in the sample, there is no significant difference in the regular contribution rates between females and males, i.e. gender gap is negligible for the current situation because when we include the other socio-economic variables “sex” loses its significance. Therefore, our final model does not include “sex” as an explanatory variable.

“Age” has a significant positive effect on the regular contribution rates meaning that as age increases the contribution rate increases. This result is compatible with the graph in the Individual Pension System Progress Report 2007 which shows the positive correlation between the age and the amount of monthly contribution rates. This positive correlation can be explained by the fact that as people get older they have fewer years to make savings. If they contribute higher, their investment returns become higher in this shorter period. Therefore, they have higher retirement incomes.

When we include “occupation”, we use “housewife” as a baseline category and examine the effect of the other occupations on the RC comparing with the “housewife”. The GLM results show that while students/unemployed contribute less, retirees, self-employees and people having income from business profits contribute more than housewives. The RCs of the other two groups, “waged and salaried” and “agricultural income” are not significantly different from the RCs of housewives.

When we look at the estimate of the medium development level for the “province”, we see that it is negative and significant which means that participants living in the cities which are ranked as the medium level of development pay slightly less contribution than the participants living in the cities which are ranked as high development level.

In the marital status, “single” is the baseline category and the effects of other two categories, “divorced/widowed” and “married” are determined based on this category. According to the analysis, the RC rate of the married people is less than singles and the divorced or widowed are less than the married. This can be explained by the fact that the males are the only “breadwinner” for most of the families in Turkey and when they get

married they may not have enough money to make extra savings because their salaries support the family. Therefore, considering this assumption we expect that the marital status will be a significant factor affecting the RCs especially for males.

For the “income” groups, we chose the participants whose income are greater than 10 times of the GMW as a baseline category since we wanted to analyze the relative effects of the other income groups including the participants whose income are less than the GMW which is quite doubtful. As we discussed in the previous chapters, a person whose income is less than the GMW cannot have enough money to make extra savings which means that some of the participants did not give the accurate information especially when they were asked for their income level. According to our analysis, as income level decreases (except for the group whose income is less than GMW) the contribution rate decreases. We are almost sure that there is misinformation in the data because the estimates indicate that the RC of the group whose income less than GMW is less than the RC of the baseline category ($\text{income} > \text{GMW} \times 10$) but greater than all the other income levels.

Analyzing the RCs in terms of social security institutions which the participants are registered, there is no significant difference in the RCs paid by the member of Bağ-Kur (baseline category) and the Vakıf but SSK members make less contribution than Bağ-Kur and ES members make less contribution than SSK. This may indicate that, although the 2006 reform aims to unite the social security institutions and thus the services, the privileged of the ES members given by the current fragmented system (providing retirement bonus different from the other institutions and higher retirement income) affects the contribution rates of these participants because they will already have a respectively decent standard of living during their retirement period and they do not need to make extra savings as much as the others do.

The last variable which is important to explain the rate of RCs is “education”. The baseline category is “primary/secondary school” graduates and it is seen that as education level increases the rate of RCs increases. There may be several reasons of

this. First of all, as education level increases, people have chance to get better jobs and higher salaries and enough money to invest into the BES. Second, these better jobs may be in the big holdings such as Sabancı, Koç, etc. and most of these holdings have their own insurance companies in which they automatically make their members participate to the BES of that company. Third one is that people who have higher education may be more interested in the BES and read and search about it and find especially the tax incentives attractive. Thus, the ability to get more information (which can be gained by education) about the system can increase the possibility to be involved into the system.

Table 7.9 Results of GLM analysis for female data

FEMALE	Estimate	Std. Error	Significance Level
(Intercept)	3.145	0.095	***
Age	0.035	0.001	***
Occupation /Income Element			
Student/Unemployed	0.095	0.084	
Retired	0.236	0.056	***
Self Employed	0.449	0.054	***
Waged and Salaried (Mental/Manual)	0.061	0.026	*
Agricultural Income	-0.760	0.312	*
Business Profit	0.164	0.035	***
Income Group			
Income <= GMW	-0.481	0.078	***
GMW <= Income < GMW*2	-0.969	0.079	***
GMW*2 <= Income < GMW*3	-0.744	0.077	***
GMW*3 <= Income < GMW*6	-0.526	0.105	***
GMW*6 <= Income < GMW*10	-0.350	0.089	***
Social Security			
ES	-0.524	0.038	***
SSK	-0.115	0.035	**
Vakıf	-0.182	0.038	***
Education			
High School	0.219	0.027	***
Vocational School/ Associate's Degree	0.264	0.037	***
University Degree	0.383	0.023	***
Master's Degree	0.649	0.046	***
Significance Level	0 '****' 0.001 '***' 0.01 '*' 0.05 '.,' 0.1 '.,' 1		

Table 7.9 shows the GLM analysis results for female data. The effect of the only continuous variable, age, is significant, positive and slightly higher than the overall sample age effect means that as age increases the rate of RC among the females increases because of the same reasons explained above. According to the analysis, except from the province and marital status all factors are significant and have effect on

the RCs. Since province and marital status are not significant, we can say that the RCs of the sample are homogenous in terms of these two explanatory variables among females.

Considering the occupations, we can conclude that while the RCs of student/unemployed are not significantly different than the RCs of housewives, the RCs of business profit group, retired and self-employed are greater than the RCs of housewives. The waged and salaried and agricultural income groups are significant at only 5% level.

When we examine the income effect on the RCs for females, we reach the same conclusion as the one in the analysis of the overall sample. As income increases, the RCs increases if we take the participants whose income are less than GMW out.

For the social security, Bağ-Kur participants pay the highest amount to the system, then SSK, Vakıf and ES participants respectively.

Finally, as education increases the amount of RCs made to the system increases for females and this result is consistent with the result of overall sample.

Table 7.10 Results of GLM analysis for male data

MALE	Estimate	Std. Error	Significance Level
(Intercept)	2.972	0.075	***
Age	0.029	0.001	***
Occupation/Income Element			
Retired	0.592	0.078	***
Self Employed	0.803	0.071	***
Waged and Salaried (Mental/Manual)	0.286	0.065	***
Agricultural Income	0.220	0.097	*
Business Profit	0.483	0.066	***
Province (Human Development Level)			
Medium	-0.038	0.010	***
Marital Status			
Divorced/Widowed	-0.226	0.183	
Married	-0.143	0.013	***
Income Group			
Income <= GMW	-0.312	0.032	***
GMW <= Income < GMW*2	-0.755	0.032	***
GMW*2 <= Income < GMW*3	-0.697	0.030	***
GMW*3 <= Income < GMW*6	-0.667	0.045	***
GMW*6 <= Income < GMW*10	-0.462	0.036	***
Social Security			
ES	-0.303	0.022	***
SSK	-0.084	0.019	***
Vakıf	0.086	0.022	***
Education			
High School	0.211	0.014	***
Vocational School/ Associate's Degree	0.316	0.026	***
University Degree	0.399	0.015	***
Master's Degree	0.637	0.030	***
Significance Level	0 '***' 0.001 '**' 0.01 '*' 0.05 '.' 0.1 ' ' 1		

For the male data, according to Table 7.10, age has a positive effect on the amount of RCs but its effect is even slightly smaller than the effect in the overall sample. As it is mentioned above, the baseline category for the occupation is “student/unemployed” for the males. Self-employed contribute to the system the most, then retired, commercial earning, waged and salaried and agricultural earning respectively.

Different from the females, the province and the marital status affect the RCs for the males. The participants who live in the “medium developed” cities pay slightly but significantly less than the participants who live in the “high developed” cities. Moreover, the RCs of the single male participants are significantly higher than the RCs of the married male participants which make our assumption for the “breadwinner” model valid. Although it is not significant, widowed/divorce pay less than the married (we have comparatively few observations for this group).

On the other hand, the income level has the same effect on the RCs as for the overall sample and females. Thus, as income increases the RC rates increases (except for the participants whose income are less than GMW). For the social security institution information, ES members pay the smallest amount, then SSK, Bağ-Kur respectively and Vakıf members pay the highest amount among the males.

Finally, education factor has the same effect on males’ contribution rates as it has for the overall sample and females. As education increases, the rate of RC increases.

7.2. An Actuarial Analysis of the Gender Gap in BES

Second approach is to calculate the retirement incomes for males and females under different scenarios using a stochastic investment model and analyze the size of possible gender gap in retirement incomes and the factors which cause the gap.

There are three studies examining benefits based on private pension scheme considering the gender dimension in Turkey. In the first one, Teksöz and Sayan (2002) apply an

autoregressive stochastic model, following the footsteps of A.D. Wilkie (1984, 1995), but different from Wilkie's work they use data on the correlation of real returns, incorporating some randomization. They show that investing in equities achieved the higher profit although returns on equities must be balanced with potential risk. The authors also look at moving investments to index-linked bonds within five years of retirement. Teksöz and Sayan (2002) also briefly look at gender differences by changing the actuarial present value of a whole life annuity based on a decreased mortality rate for females. The authors, however, do not take into account critical factors like wage discrimination or interruptions of employment for child-rearing, based on gender. These two gender-sensitive factors generate disparity in pensions based on a gender gap (Elveren, 2008a).

In the second study, Elveren and Hsu (2007) (similar analysis have been done in Kar and Elveren (2008) too) take the shorter work life, lower earnings, and longer life expectancy of women into account, and calculate the capital accumulation, which is the lifetime contribution made by the individual, and the annual annuity, based on capital accumulation in several projections. Projections are based on wage data from the 2004 Household Budget Survey²⁶ conducted by the Turkish Statistical Institute.

In the third study, Elveren (2008a) reinvestigates the gender gap revealed by Elveren and Hsu (2007) by adding additional useful variables into the model such as real wage growth, administrative costs and risk aversion. He uses the model introduced by Teksöz and Sayan (2002) in order to show the total effect of some of the disadvantages faced by women. Beside additional variables, the main difference between these two works is that while in Elveren and Hsu (2007) (and similarly in Kar and Elveren (2008)) the deterministic approach is used (i.e. they assume that the interest rate is constant), in Elveren (2008a) a stochastic investment model is used (i.e. every year the rate of return changes due to the unit random variates incorporated in the model) (see Appendix C for more detail).

²⁶ The Household Budget Survey is a widely used national survey that aims to give basic characteristics of the labour force with an urban-rural distinction.

These additional variables are important in assessing gender inequality in pension schemes for three reasons. First, due to intermittent labour participation and some other gender biases, women get fewer wage increases (job promotions). For women, starting at a low pay level and receiving fewer promotions create significant discrepancies with men in terms of wage growth. Second, since women have smaller accounts (i.e. less capital accumulation) they undergo higher administrative costs in real terms compared with men. Third, because of the direct relationship between portfolio choice and return, women preferring lower-risk investments have lower capital accumulation. Therefore, the combination of these three variables gives a more precise understanding of the gap between the pension funds of men and women.

This section aims to discuss the gender gap in the BES by calculating the retirement incomes both for females and males.

Elveren (2008a) points out the importance of aging and education and provides a more comprehensive picture of the nature of pension inequality between men and women.

The total accumulated funds paid into the system by the individual depends on the number of years of contribution, salary, the contribution rate as a percentage of salary, administrative costs, the real rate of investment and real salary growth. The life expectancy of the individual, in contrast, plays a crucial role in the calculation of the yearly annuity (see Appendix D for more detail).

This thesis examines the gender gap in the retirement income by simulating the pension funds of females and males under specified assumptions in three different scenarios. This work differs from Elveren (2008a) in terms of the assumptions for the retirement age, the mortality table used and the number of simulations (we use 10,000 instead of 1,000) which provides more accurate estimations and.

Scenario 1: The aim of this scenario is to analyze the gender gap according to the ages and the education level of the participants-which affect the average income- and to see

the effect of gender specific mortality tables in the gender gap. We use the average wages of females and males according to age and education levels which are shown in Table 7.11 for the simulations²⁷. We assume that the contribution period depend on both the participants' age and the minimum requirements of the BES. Thus, for the 16-24 age group, taking 20 as an average age, we assume 36 years of contribution and the participants retired at age 56. For 25-34 age group we assume 26 years of contribution in average and the same retirement age with the previous group, for 35-44 age group 16 years of contribution to be entitled to get retired, for 45-64 and 65+ age group we assume 10 years of contribution before retirement. If the analysis is based on the education, we assumed 30 years contribution period for all groups.

The contribution rate is assumed to be 10 percent of the average wage for each group, since there is a tax incentive for investing only up to this amount. Administrative costs are taken as 8 percent.

We assume that promotional salary increases during the working life will be 1 percent per annum. However, it is likely that those who remain in the workforce without taking time off for childbearing or childcare (i.e. men) experience a consistent increase in earnings over time, and those who must leave the work force and return later (i.e. women) experience a drop in wages upon their return. Part-time workers, who are mainly women, are also likely to experience lower wage growth.

Following Elveren (2008a) and considering the above fact we assume that the promotional salary increase for women who work in part-time jobs is 0.5 percent rather than 1 percent during the part time work.

²⁷ Elveren (2008a) calculated these wages using the information provided in the 2004 Household Budget Survey.

Table 7.11 Average earnings, USD (age and education)

Age and Education	Female		Male	
	Urban	Rural	Urban	Rural
16-24	210	138	223	200
25-34	376	182	518	412
35-44	388	196	674	507
45-64	362	215	656	502
65+	259	150	412	349
Illiterate	182	152	215	255
Primary	245	151	466	399
Junior	247	139	485	479
High School	364	283	601	532
Junior College	504	425	734	716
University+	728	624	1116	865

Source: Elveren (2008a) (In 2007, USD 0.78 = 1 Turkish New Lira, approx.)

In this case, we examine the effect of both the income difference between females and males and the use of gender specific mortality tables to calculate the annuities in the gender gap in retirement. Elveren (2008a) calculated the gender gap according to ages and education level but using different assumptions for the retirement age and a different mortality table for the annuity calculations. Therefore, when we compare our results with Elveren (2008a), they are almost the same for the gender neutral ratios but a bit different for the gender specific ratios.

Table 7.12 Simulation results for scenario 1: Women’s yearly annuity benefits as a percentage of men’s yearly annuity benefits according to education and age.

Age and Education	Gender Specific (%)		Gender Neutral (%)	
	Urban	Rural	Urban	Rural
16-24	84	61	94	69
25-34	65	39	73	44
35-44	52	35	58	39
45-64	47	37	55	43
65+	53	36	63	43
Illiterate	76	53	85	60
Primary	47	34	53	38
Junior High	45	26	51	29
High School	54	47	61	53
Junior College	61	53	69	59
University+	58	64	65	72

Table 7.12 points out some important issues. First of all, for each age and education category, except “University+”, the gender gap is wider in the rural areas than in the urban areas. For the “University+” degree, since the difference between wages is smaller in the rural areas gender gap is smaller too. Second, as age increases the difference in the average wages of females and males increases and thus gender gap increases (i.e. the ratio of F/M decreases). Third, it is not easy to interpret the effect of the education on the gender gap because although we omit the “illiterate” group, gender gap increases for the “University+” category. However, between these two end groups gender gap narrows as education level increases. Furthermore, when we use gender specific mortality tables to calculate the annuities (i.e. taking the longer life expectancy of women into account), we see that gender gap significantly increases for all age groups and education levels. The reason of this increase in the gender gap is that the gender specific mortality tables provide higher values for the expected future life time for females while they provide lower values for males. Since the same amount is divided by a higher value to calculate the annuity, the yearly salary for female decreases. Thus, the gender gap increases.

Scenario 2: In this scenario, we analyze the effect of the interruptions in women’s work life. Our base case is a 25-years old man who works 30 years in a full time job and invests in equities. To examine the gender gap between the base case and a woman who has an intermittent working life due to for example child rearing. We assume that the woman starts to work at age 25, and she has to work part-time between the ages 31-35 because of child rearing. In order to reflect the effect of the interruption in woman’s work life, we assume that during these 5 years, her salary decreases to the half and job promotion rate decreases to the 0.5 percent.

Figure 7.2 The accumulations of the pension funds during the 30 years contribution period for both female and male participants when the funds invested in equities.

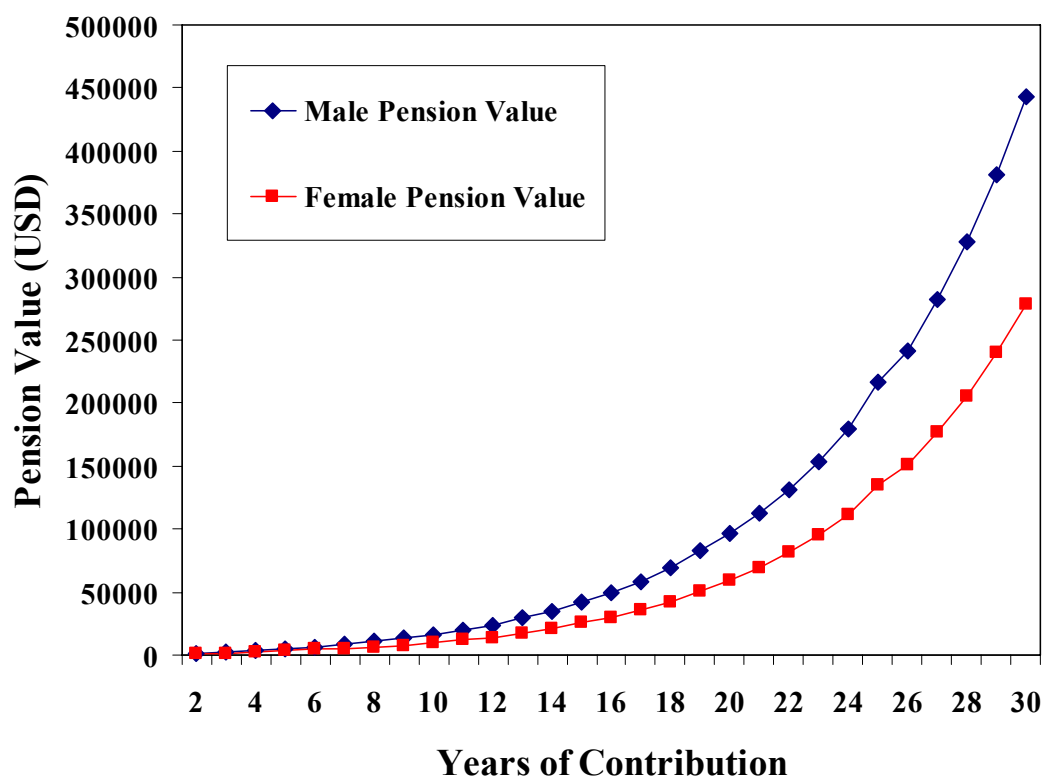


Figure 7.2 illustrates that the accumulated pension value of the male is always higher than the accumulated pension value of the female. The pension values on the y-axis

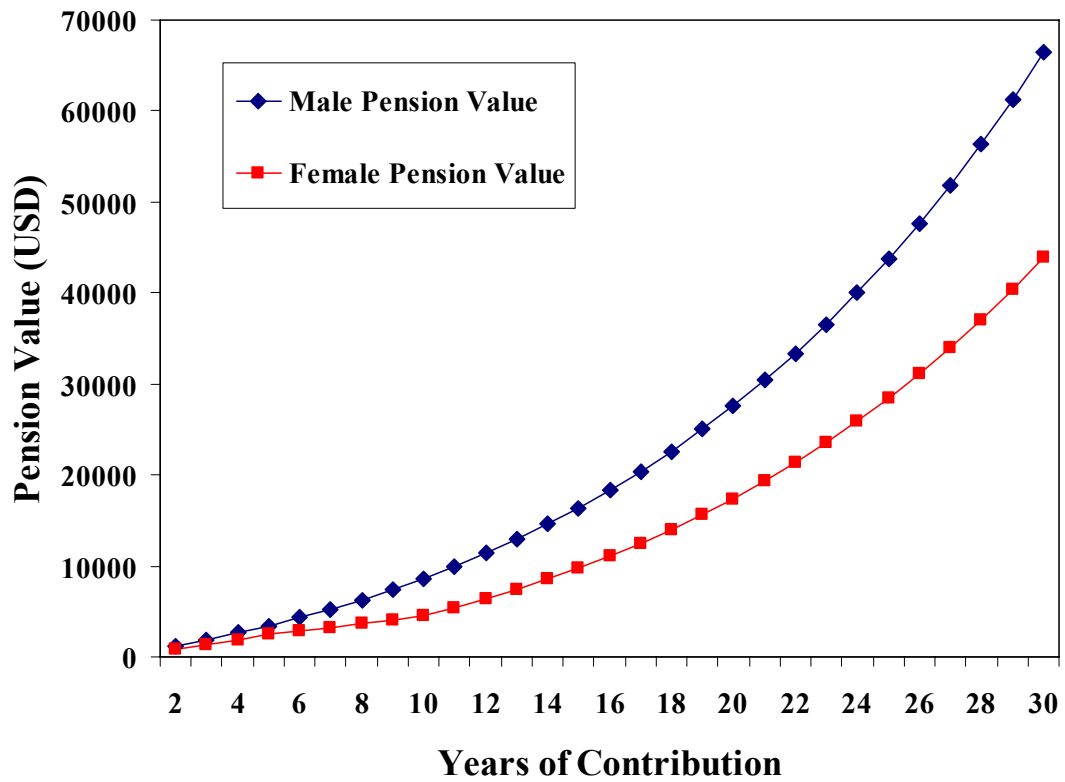
represent the value of the accumulated amounts at the time on the x-axis. Although the scale of the graph prevents to see the effect of the part-time work of women clearly, we can still conclude that after the 6th working year (or contribution year), the difference between the pension values increases exponentially. Therefore, as the contribution period extends the difference between the pension values increases. In this scenario, we see the effect of the different wages and the intermittent working life of the woman on the gender gap. It is obvious that both of these factors deepen the gender gap.

Scenario 3: Women may become more risk averse than men and this is another factor which increases the gender gap. However, according to the BES progress reports there is no significant difference between the portfolio preferences of the males and females. Reports state that women and men are equally risk averse, which may be as a result of receiving guidance from fund managers. Since this is the case, in the last simulation different from the previous one, we assume that both men and women invest their money in bonds. This analysis does not evaluate the effect of risk-averness of the women. Rather, it shows us how investing the pension fund in low return financial instruments affects the gender gap²⁸.

Figure 7.3 shows the results of the scenario 3. In the figure, it is seen more clearly that the difference between the male and female pensions is increasing faster during the part-time working period of the women. Although the pension values are quite different (much smaller than the values in Figure 7.2) from the values in the Figure 7.2, the slopes of the curves are greater which indicates larger gender gaps.

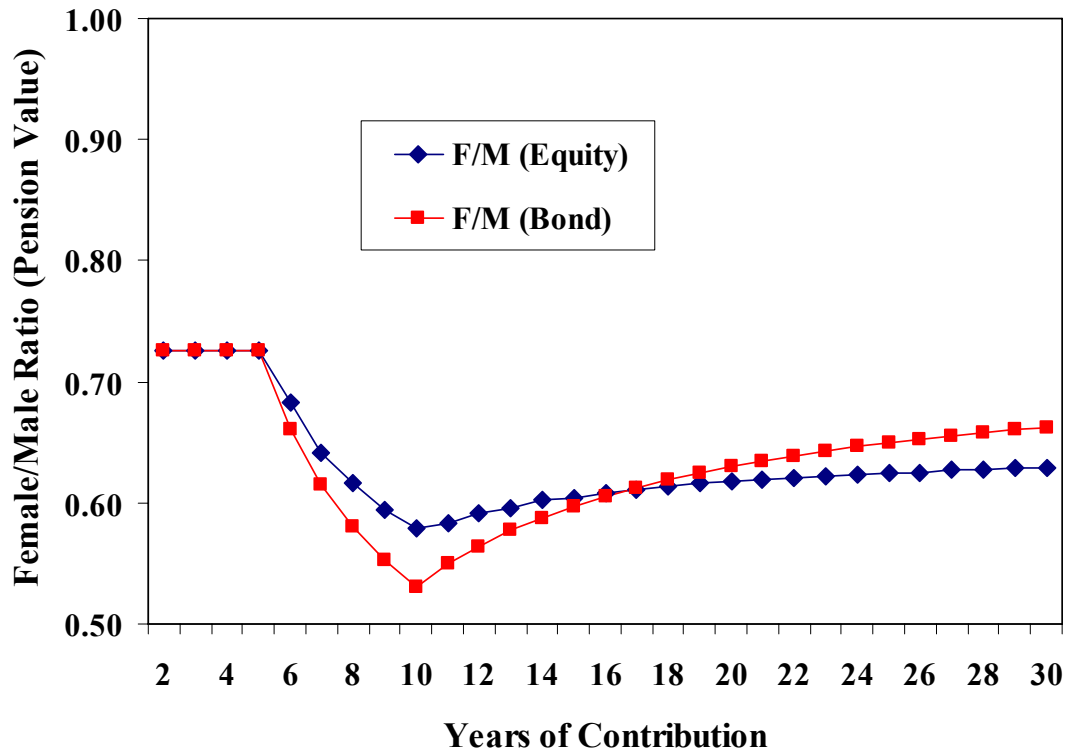
²⁸ Although pension funds are mostly invested in stock funds in other countries, the main reason that both men and women in Turkey prefer government bonds and bill funds is likely to be because of the high real return of such funds, relative to other countries.

Figure 7.3 The accumulations of the pension funds during the 30 years contribution period for both female and male participants when the funds invested in bonds.



Finally, Figure 7.4 shows the pension value of female divided by the pension value of male invested in both equities and bonds. The graph indicates that although for the first year the female/male ratios are the same for both investment instruments, during the part-time job of the women the gender gap is increasing (female/male ratio decreasing) in different degrees for the two cases. During that period, the gender gap is larger for the low investment return but it decreases when both male and female work full time. Therefore, since the female/male ratio is higher in the bond in long-run, we can conclude that lower investment return narrows the gender gap in the long-run compared to the high investment return.

Figure 7.4 The female/ male ratios of the pension funds invested in equities and bonds



When we ask whether the BES increases gender gap in Turkey in the interviews with Dr. Adem Yavuz Elveren and Ali Haydar Elveren, we see that both experts see the risks of the BES for women but in different degrees. Dr. Adem Yavuz Elveren states that this DC based pension system affects especially the poor and the women due to their low wages. The government should take some precautions to avoid this situation and consider some gender-biased policies which are in favour of women which we discussed in the previous sections. On the other hand, Ali Haydar Elveren also emphasizes the possible drawbacks of the system for women and suggests some tax based precautions to favour the women.

7.3. Interim Conclusion: Gender Gap in BES?

The gender gap in BES has been analyzed in two different ways: First, some statistical tests applied to the actual data to examine whether there is a difference between the

contribution amounts of the females and males while discussing the other socio-demographic and socio-economic factors such as age, occupation, province, income, education, marital status and social security. Beside analyzing the overall data which includes 102,896 observations, the GLM analysis is also applied to the gender specific data (female and male separately). Among the participants in the overall sample, there is no significant difference in the regular contribution rates between females and males which indicates that there is no gender gap in the RCs. Other factors have significant effects on the RCs in negative or positive ways. For instance, as age or education level increase the RC rate increases; singles pay higher amounts than the married and widowed or divorced. The participants who are registered to ES pay less than the participants registered to SSK or Bağ-Kur since they will have a respectively decent standard of living during their retirement period due to the retirement bonus and higher retirement income provided by ES. Furthermore, while for females province and marital status do not significant effects on the RCs, for males those factors are significant.

The second way to analyze the gender gap is to examine the difference in retirement incomes of females and males by using some actuarial analysis based on some assumptions. As discussed in Chapter 3, since the private pension systems do not recognize the “reproductive activity” of women it is unavoidable to confront with the gender gap in these systems unless the social policies in favour of women do not applied such as using unisex mortality tables in the annuity calculations. An actuarial analysis is applied to assess the effect of these factors on gender gap in retirement income. We consider three scenarios in which we look for the effect of the lower wage, longer life expectancy and intermittent working life of women. All three scenarios support the previous analyses on this issue which conclude that there is a gender gap in retirement income in different degrees for different age and education groups in terms of rural and urban. These results show that the privatization of the social security leads a transformation from ‘welfare’ to ‘workfare’ in which women are much more disadvantaged.

In summary, this chapter analyses the existence of gender gap in BES as a private pension system. Although, the real data does not indicate any significant difference between the RCs, the projections based on different scenarios reveal that there will be gender gap in the retirement income due to disadvantage position of women in the working life.

CHAPTER VIII

CONCLUSION

The aim of this thesis is to analyze the transformation of the Turkish welfare regime mainly considering the proposed social security reforms in the last ten years and the role of the individual pension system on this transformation. Although the welfare regime of Turkey is categorized as a Southern European model, the discussion about the reforms and introduced social policies indicate that it will have a neo-liberal structure due to the privatization attempts in the social security system.

Two important critics of the Esping-Andersen's typology form a basis for this analysis. First one is the misspecification of the Southern European countries as a subcategory of the Corporatist model. Second, his typology does not include gender dimension of the welfare regimes. Whilst this study categorizes the Turkish welfare regime as a Southern European welfare regime, it argues the neo-liberal features of the recent social security reforms which encourage the private sector to provide welfare and emphasize the "individualism" in the pension system.

The evolution of the welfare regime in Turkey based on the development of social security institutions and social security reforms have been examined to discuss the transformation of the Turkish welfare regime. The increasing budget transfers to the social security institutions since early 1990s, the uneven distribution of the services in terms of both the pension and health because of the highly fragmented structure of the system, low active/passive ratio which makes the sustainability of the system difficult, abolition of the minimum retirement age several times in the past and significant differences between the main parameters of different schemes such as minimum contributory period, amount of salary used for calculating pensions and existence of lump sum payments can be counted as the main reasons behind the social security reforms in 1999 and 2006. Although the aim of the reforms stated as to provide

coverage to the entire population and eliminate unequal distribution of the services, the introduced reforms encourage the private sector to provide welfare which causes commodification of the welfare services.

There are many studies which examine Turkey's welfare regime as a Southern European welfare regime (Gough, 1996; Saraceno, 2002; Buğra and Keyder, 2003, 2006; Grütjen, 2007) not only because these countries have similar economic and demographic changes such as the dissolution of rural structures and the increasing pace of rural-urban migration or similar family structures but also the unequal and fragmented character of their social security systems. Besides, the corporatist character of the system provides combined health and pension benefits to formally employed heads of household according to their status at work. This system coexists with a labour market structure where self-employment, unpaid family labour, and informal employment practices are very important. Because of these features of the labour market, the formal social security system remains inadequate and thus, many people have no choice but to rely on family ties in risk situations. This centrality of the family in the welfare regime constitutes another similarity with the Southern European model.

The recently introduced social policies in order to solve the current problems of the social security system in Turkey indicate that the private sector has been encouraged by the state to provide welfare both in pension and health. This thesis focuses on the individual pension system which is introduced as a complement to the public pension system and analyzes whether it is a 'first step' of more privatization. According to the interviews we made with the experts of this subject, although they have different point of views, all stated that BES will continue to grow and the state will transfer some funds such as 'severance pays' or 'unemployment insurance' to the BES. Thus, they expect at least partial conversion from DB based PAYG public system to DC based private pension for the future.

One of the objectives of this study is to find out the effect of BES on the transformation of Turkish welfare regime. Considering the related literature which has been

summarized in the previous chapters we can say that there are several applications of the privatization of the pension system in the world. By referring this literature, Dr. Adem Yavuz Elveren stated clearly that he sees the introduction of the BES as an important step towards a neo-liberal welfare regime and he thinks that although BES can stay as a complementary system for a long time, afterwards there may be some radical reforms which lead a shift to fully privatized social security as in Chile. However, even as a complementary pension system, BES will increase the existing unequal distribution of income according to Elveren. He argues that since DC schemes ignores the poverty issue and financing of elderly people and create income inequality by avoiding progressive tax mechanisms.

Public social security systems are more likely to produce optimal redistribution in society. In the sense of “welfare state”, the private pension system is not something that strengthens and expands social expenditures for the public in general but is rather a way of creating extra income for upper and middle income classes, which doubtless raises the income inequality (Elveren, 2008a: 230).

As a final research question we explore the effect of BES on women’s welfare by examining the gender gap in retirement. We analyze gender gap in two different ways. First, we use the actual data and fit a regression model and look for the effect of different social variables on the regular contributions of the participants. This is the first comprehensive statistical analysis of the individual pension system in Turkey by using all available information about the participants of the system. We applied the analysis on the sample which has 102,896 observations. Considering the sample sizes of the analyses made in social sciences, this number is quite big which enables to draw reliable conclusions. When we apply the analysis on the overall sample, fitted regression model states that there is no significant difference between the regular contributions of the females and males. This is reasonable because the system is voluntary basis yet and the participants of the system are from middle or upper classes and their contribution rates are close to each other. In this model, all other factors are significantly important, i.e. these factors have negative or positive effects on the contribution rates. As education level, income or age increases the contribution amount increases. We applied the same

analysis on female and male data separately. Except marital status and province, all other factors are significant for the females. On the other hand, for males, all those factors are significant. Another important point which should be emphasized is that the analysis we applied to the data shows that there are some important problems related with the reliability of the some of the information collected from the participants. Besides, significant number of missing information shows that there is no standardization in the information gathered from the participants in the policies sold by the different insurance companies. Since this new system is very important to analyze the transformation of the Turkish welfare regime, it is necessary to collect accurate information. Therefore, this thesis also points out the problems related with the collected data by the insurance companies which may be a guide to be used for obtaining better information.

As a second way to analyze gender gap, we use a stochastic investment model to simulate the pension funds of females and males based on some assumptions. Thus, we calculate 30 years ahead pension funds and compare these funds to assess the gender gap. In the first scenario, the effect of wage differences in the gender gap is examined according to the age and education groups. First of all, the gender gap in rural is higher than gender gap in urban except only one education category (University+). Second, the use of gender specific life tables (i.e. taking the longer life expectancy of women into account) increases gender gap. Third, as age increases gender gap increases in general. In the second and third scenarios, we simulate the pension value of a 25 year-old male who works 30 years and compare the values with a 25 year-old female who works part-time during the ages 31 to 35 to underline the effect of the intermittent working life of women on gender gap. In the second scenario it is assumed that the contributions are invested in equities (high return) while in the third scenario it is assumed that the contributions are invested in bonds (low return). It is seen that the part time work of female increased the difference between the pension funds significantly in both scenarios. Moreover, when we compare the female/male ratio for the two scenarios we see that the gender gap is smaller for the lower return in the long run. These findings support the previous works on gender gap in BES (Elveren, 2008b, 2008c; Kar and

Elveren, 2008) and it also supports the comments on the gender inequality and social security literature. As Estes (2004) discussed, private social security systems do not recognize the reproductive labour and favour the 'male breadwinner' model. The conversion from 'welfare' to 'workfare' which has been caused by the neo-liberal social policies makes women much more vulnerable and thus 'losers' of this new system. Moreover, women who are in the labour force tend to earn less than men partly due to wage discrimination or interruptions because of the reproductive works. This is one of the main reasons which increase gender gap. Other reasons are the higher life expectancy and risk aversness of women.

In summary, this thesis contributes to the literature by analyzing the effect of the BES as a private pension system on the transformation of the Turkish welfare regime and on women's welfare. It has been proved that the neo-liberal social policies in the pension system will increase the income inequalities in retirement. Furthermore, it states that the gender dimension of the welfare should not be ignored in social policies introduced by the governments since women can easily be affected in a negative way by these policies. Thus, this thesis aims to increase the awareness of the gender dimension of the neo-liberal social security reforms and underlines the importance of taking this into account in proposed social policies.

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APPENDICES

A. BİREYSEL EMEKLİLİK TASARRUF VE YATIRIM SİSTEMİ KANUNU

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BİRİNCİ BÖLÜM

Amaç, Kapsam ve Tanımlar

Amaç ve kapsam

MADDE 1. — Bu Kanunun amacı, kamu sosyal güvenlik sisteminin tamamlayıcısı olarak, bireylerin emekliliğe yönelik tasarruflarının yatırıma yönlendirilmesi ile emeklilik döneminde ek bir gelir sağlanarak refah düzeylerinin yükseltilmesi, ekonomiye uzun vadeli kaynak yaratarak istihdamın artırılması ve ekonomik kalkınmaya katkıda bulunulmasını teminen, gönüllü katılıma dayalı ve belirlenmiş katkı esasına göre oluşturulan bireysel emeklilik sisteminin düzenlenmesi ve denetlenmesidir.

Bu Kanunun kapsamı, emeklilik şirketlerinin kuruluş, çalışma, yönetim ve denetimine, kişilerin sisteme katılma, ayrılma ve emeklilik koşullarına, emeklilik yatırım fonlarının kuruluşuna, katkıların bu fonlarda toplanmasına ve değerlendirilmesine, aracılık hizmetlerine, kamuya açıklanacak bilgilerin kapsamına ve bireysel emeklilikle ilgili diğer hususlara ilişkin esas ve usulleri düzenlemektir.

Bu Kanunda hüküm bulunmayan hallerde sermaye piyasası ve sigortacılık mevzuatının ilgili hükümleri ve genel hükümler uygulanır.

Tanımlar

MADDE 2. — Bu Kanunda geçen deyimlerden;

- a) Bakan veya Bakanlık : Hazine Müsteşarlığının bağlı olduğu Bakan veya Bakanlığı,
- b) Müsteşarlık : Hazine Müsteşarlığını,
- c) Kurul : Sermaye Piyasası Kurulunu,

- d) Katılımcı : Emeklilik sözleşmesine kendi ad ve hesabına taraf olan gerçek kişiyi,
e) Katkı payı : Emeklilik sözleşmesi hükümlerine göre ödenmesi gereken tutarı,
f) Şirket : Emeklilik şirketini,
g) Fon : Emeklilik yatırım fonunu,
h) Portföy yöneticisi : Kuruldan portföy yöneticiliği yetki belgesi almış ve Kurulca uygun görülen portföy yönetim şirketini,
ı) Saklayıcı : Emeklilik yatırım fonu portföyündeki varlıkların saklandığı ve Kurulca uygun görülen saklama kuruluşunu,
j) Bireysel emeklilik hesabı : Emeklilik sözleşmesi çerçevesinde katılımcı ad ve hesabına ödenen katkılar ve bu katkılara ilişkin her türlü getirinin katılımcı bazında izlendiği hesabı,
k) Birikim : Bireysel emeklilik hesabındaki katkılar ile bunların getirilerinin toplamını,
l) Bireysel emeklilik araçları : Her ne ad altında olursa olsun herhangi bir emeklilik şirketine bağlı olmaksızın, bir sözleşmeye dayanarak, daimi bir surette emeklilik şirketlerinin emeklilik sözleşmelerine aracılık eden veya bunları emeklilik şirketi adına yapan gerçek veya tüzel kişileri,

İfade eder.

İKİNCİ BÖLÜM

Bireysel Emeklilik Danışma Kurulu

Yapısı ve görevleri

MADDE 3. — Bireysel emeklilik politikalarını belirlemek ve bunların gerçekleştirilmesi için alınması gerekli önlemler konusunda önerilerde bulunmak üzere Bireysel Emeklilik Danışma Kurulu kurulmuştur. Bireysel Emeklilik Danışma Kurulu, Hazine Müsteşarının başkanlığında Maliye Bakanlığı, Çalışma ve Sosyal Güvenlik Bakanlığı, Hazine Müsteşarlığı ve Sermaye Piyasası Kurulu tarafından görevlendirilecek en az genel müdür düzeyinde birer temsilciden oluşur. Bireysel Emeklilik Danışma Kurulu en az üç ayda bir Müsteşarlıkça önerilen tarih ve gündemle toplanır.

Bireysel Emeklilik Danışma Kurulunun sekretarya hizmetleri Müsteşarlık tarafından yürütülür. Bireysel Emeklilik Danışma Kurulunun çalışma esas ve usulleri Bireysel Emeklilik Danışma Kurulunun uygun görüşü alınarak Müsteşarlıkça bir yönetmelikle düzenlenir.

ÜÇÜNCÜ BÖLÜM

Emeklilik Sözleşmesi

Emeklilik sistemine katılma ve emeklilik sözleşmesi

MADDE 4. — Bireysel emeklilik sistemine medeni hakları kullanma ehliyetini haiz kişiler katılabilir. Sisteme katılacak kişiler şirket ile emeklilik sözleşmesi imzalamak zorundadırlar.

Emeklilik sözleşmesi katılımcının sisteme girmesine, sistemden ayrılmasına, emekli olmasına, katkıların ödenmesine, bu katkıların bireysel emeklilik hesaplarında izlenmesine, fonlarda yatırıma yönlendirilmesine ve katılımcı veya lehdarına yapılacak ödemelere ilişkin esaslar ile tarafların diğer hak ve yükümlülüklerini düzenleyen, esas olarak katılımcı ve şirketin taraf olarak yer aldığı bir sözleşmedir. Emeklilik sözleşmesinde bulunacak hususlara ilişkin esas ve usuller Kurulun uygun görüşü alınarak Müsteşarlıkça belirlenir.

Katılımcının ve şirketin hak ve yükümlülükleri

MADDE 5. — Katılımcı, emeklilik sözleşmesinde belirtilen esaslar dahilinde, şirket nezdinde açılacak bireysel emeklilik hesabına katkı yapar. Katılımcı, emeklilik sözleşmesinde yer alacak şartlar çerçevesinde, katkı payının aynı şirkete ait birden fazla fon arasında paylaştırılmasına karar verebilir. Katılımcı, bireysel emeklilik hesabındaki birikimlerinin başka bir emeklilik şirketine aktarılmasını talep edebilir. Bu halde şirket bildirimden itibaren en geç yedi iş günü içerisinde talebi yerine getirmekle ve birikimlerle birlikte bu hesaba ilişkin bilgi ve belgeleri aktarmakla yükümlüdür. Başka bir şirkete aktarım talebinde bulunulabilmesi için, bu Kanun kapsamında yapılan ilk emeklilik sözleşmesinin yürürlük tarihinden itibaren en az bir yıl geçmesi gereklidir. Aktarıma, aktarım talebine ve aktarımda süre kısıtlamalarının istisnalarına ilişkin esas ve usuller Kurulun uygun görüşü alınarak Müsteşarlık tarafından belirlenir.

Şirket, bu maddede öngörülen aktarma yükümlülüğünü yedi iş günü içerisinde yerine getirmezse, yedinci iş gününün sonunda ihtara gerek kalmaksızın kendiliğinden mütemerrit hale gelir. Bu halde uygulanacak aylık temerrüt faizi, katılımcının dahil olacağı fonun son aylık getirisinin iki katından aşağı olamaz.

Şirket, katkı paylarını, şirkete intikalini takip eden en geç ikinci iş gününde yatırıma yönlendirmek zorundadır. Bu yükümlülüğün süresi içerisinde yerine getirilmemesi halinde, katılımcının dahil olacağı fonun son aylık getirisinin iki katı tutarında aylık gecikme cezası uygulanır ve bu tutar katılımcının hesabına ilave edilir.

Emekli olma ve emeklilik seçenekleri

MADDE 6. — Katılımcı, sisteme giriş tarihinden itibaren en az on yıl sistemde bulunmak koşulu ile 56 yaşını tamamladıktan sonra emekli olmaya hak kazanır. Emekliliğe hak kazanan katılımcı, bireysel emeklilik hesabındaki birikimlerinin bir kısmının veya tamamının defaten ödenmesini ya da yapacağı yıllık gelir sigortası

sözleşmesi çerçevesinde kendisine maaş bağlanmasını talep edebilir. Şirket, katılımcının kısmen veya tamamen ödeme talebini, katılımcının emeklilik sözleşmesi gereği hak sahibi olduğu tarihten itibaren yedi iş günü içerisinde yerine getirmekle yükümlüdür. Katılımcının bu madde kapsamında birikimlerin ödenmesini talep etmesi veya başka bir şirket veya hayat sigorta şirketi ile yıllık gelir sigortası sözleşmesi yapması halinde, hesabındaki birikimler herhangi bir kesinti yapılmadan yazılı bildirimden itibaren en geç yedi iş günü içerisinde kendisine ödenir veya ilgili şirkete aktarılır.

Yıllık gelir sigortası, toplu veya belirli süreler içinde yapılan katkılara göre sigortalının yaşaması halinde hemen veya belli bir süre sonra başlayan, sigortalıya veya lehdarlarına ömür boyu veya belirli süreler için yapılan düzenli ödemelerdir. Yıllık gelir sigortası sözleşmesine göre belirlenen emeklilik maaşı, aylık, üçer aylık, altı aylık veya yıllık olarak ödenebilir. Yıllık gelir sigortası sözleşmelerinde, yıllık gelir sigortası genel şartları çerçevesinde ilgili şirketin üstlenmiş olduğu rizikonun, tazminat yükümlülüğünün türü ve kapsamının, tarafların hak ve yükümlülüklerinin, ödeme dönemlerinin, sözleşme süresi ve sözleşmeyi sona erdiren hallerin ve ilgili diğer hususların belirtilmesi zorunludur.

Emeklilik sözleşmesi süresi içerisinde, katılımcının vefat etmesi halinde lehdarı, sürekli iş göremezlik durumunun ortaya çıkması halinde ise katılımcı, bireysel emeklilik hesabındaki birikimlerin kendisine ödenmesini talep edebilir. Katılımcının emekliliğe hak kazanmadan sistemden ayrılma talebinde bulunması halinde ise, bireysel emeklilik hesabındaki birikimler emeklilik sözleşmesi hükümleri çerçevesinde kendisine ödenir.

Şirket, bu maddede öngörülen aktarma ve ödeme yükümlülüklerini yedi iş günü içerisinde yerine getirmemezse, yedinci iş gününün sonunda ihtara gerek kalmaksızın kendiliğinden mütemerrit hale gelir. Bu halde uygulanacak aylık temerrüt faizi, katılımcının dahil olduğu fonun son aylık getirisinin iki katından aşağı olamaz.

Emeklilik sözleşmesi veya yıllık gelir sigortası sözleşmesi hükümlerine göre, hak sahiplerine ödenmesi gereken tutar, ödemeyi gerektiren tarihten itibaren on yıl içinde hak sahipleri tarafından aranmamış ise, onuncu yılı takip eden yılbaşından itibaren altı ay içerisinde hak sahiplerinin adı, soyadı ve hak kazandıkları para miktarını gösterir şekilde tanzim edilecek bir cetvel ile Müsteşarlık emrine Türkiye Cumhuriyet Merkez Bankasına aktarılır. Türkiye Cumhuriyet Merkez Bankasına yatırılan bu paralar iki yıl içinde sahipleri tarafından aranmadığı takdirde Hazineye gelir kaydedilir.

Şirket tarafından ilk kez uygulamaya konulacak emeklilik sözleşmeleri ve yıllık gelir sigortası sözleşmeleri ile bunlara ilişkin değişiklikler Müsteşarlığın tasdikine tâbidir. Bu madde kapsamında hak sahiplerinin bulunması için şirket ve Türkiye Cumhuriyet Merkez Bankası tarafından yapılması gereken araştırmalara, söz konusu tutarın on yıllık süre içerisinde şirketçe ve iki yıllık süre içerisinde Türkiye Cumhuriyet Merkez Bankasınca değerlendirilmesine ilişkin esas ve usuller Kurulun uygun görüşü alınarak Müsteşarlık tarafından belirlenir.

Giriş aidatı, yönetim ve fon işletim giderleri

MADDE 7. — Şirket, katılımcının sisteme ilk kez katılması sırasında ve yeni bir bireysel emeklilik hesabı açtırması halinde giriş aidatı talep edebilir. Söz konusu giriş aidatları bireysel emeklilik hesabına ödenen katkılardan ayrı olarak azamî bir yıl içerisinde taksitler halinde de ödenebilir. Katkı payı, fon varlıkları veya fon gelirleri üzerinden yönetim gideri ve fon işletim masrafı kesintisi yapılabilir. Bireysel emeklilik hesaplarından yapılacak her türlü kesintilerin ve giriş aidatlarının emeklilik sözleşmesinde ve yapılacak ilan ve reklamlarda açık olarak belirtilmesi zorunludur. Giriş aidatı, yönetim ve fon işletim giderleri miktar ya da oranları ve bunlara ilişkin esas ve usuller Kurulun uygun görüşü alınarak Müsteşarlık tarafından belirlenir.

DÖRDÜNCÜ BÖLÜM

Emeklilik Şirketine İlişkin Düzenlemeler

Kuruluş esasları ve kuruluş izni

MADDE 8. — Emeklilik şirketi, bu Kanuna göre kurulan ve bireysel emeklilik sisteminde faaliyet göstermek üzere bu Kanun ile ihdas edilen emeklilik branşında ruhsat almış şirketi ifade eder. Şirket, 21.12.1959 tarihli ve 7397 sayılı Sigorta Murakabe Kanunu hükümlerine göre hayat ve ferdi kaza sigortaları branşlarında da ruhsat alabilir.

Şirketin emeklilik branşı dışında başka bir branşta da faaliyet göstermesi halinde her bir branşa ait hesaplar ayrı tutulur.

Şirket kuruluş izni Bakan tarafından verilir. Kurulacak şirketin ticaret unvanında "emeklilik" ibaresinin bulunması zorunludur. Kuruluş izni için Müsteşarlığa başvuruda bulunulur.

Kurulacak şirketin;

- a) Anonim şirket şeklinde kurulması,
- b) Faaliyet konusunun bu Kanunda belirtilen faaliyetlerle sınırlandırılmış olması,
- c) Sermayesinin yirmi trilyon liradan az olmaması ve ödenmiş sermayesinin asgarî on trilyon olması ve kalanının üç yıl içerisinde ödenmesinin taahhüt edilmesi,
- d) Hisse senetlerinin nakit karşılığı çıkarılması ve tamamının nama yazılı olması,
- e) Ana sözleşmesinin bu Kanun hükümlerine uygun olması,
- f) İş planı ve sistem tasarımı ile yapılabilirlik raporlarının sunulması,
- g) Kurucularının;

1. Tasfiyeye tâbi tutulan bankerler, bankalar, sigorta şirketleri ile para ve sermaye piyasalarında faaliyet gösteren diğer kurumlarda doğrudan ve dolaylı yüzde on veya daha fazla bir oranda pay sahibi olmaması,
2. İlgili mevzuat çerçevesinde faaliyetlerinin tamamen veya belirli faaliyet alanları itibariyle sürekli veya başvuru tarihinden önceki bir yıl içerisinde bir ay veya daha fazla süreyle geçici süreyle durdurulma kararı verilmemiş olması,
3. Müflis veya konkordato ilan etmiş olmaması, taksirli suçlar hariç olmak üzere affa uğramış olsalar dahi ağır hapis veya beş yıldan fazla hapis yahut basit veya nitelikli zimmet, cürüm işlemek için teşekkül oluşturmak, irtikap, rüşvet, hırsızlık, dolandırıcılık, sahtecilik, inancı kötüye kullanma, dolanlı iflas gibi yüz kızartıcı suçlar ile istimal ve istihlak kaçakçılığı dışında kalan kaçakçılık suçları, resmî ihale ve alım satımlara fesat karıştırma, kara para aklama veya Devlet sırlarını açığa vurma, vergi kaçakçılığı veya vergi kaçakçılığına teşebbüs suçlarından dolayı kesinleşmiş mahkûmiyet kararlarının bulunmaması,
4. Emeklilik şirketi olmanın gerektirdiği malî güç ve itibara sahip olması,

Gerekir.

Sermayenin en az yüzde ellibirinin malî piyasalar konusunda yeterli bilgi ve tecrübeye sahip tüzel kişilere ait olması ve tüzel kişi kurucuların yönetim ve denetimine sahip gerçek kişilerin, bu maddenin dördüncü fıkrasının (g) bendinin (4) numaralı alt bendi hariç kurucularda aranan şartları taşımaları gerekir.

Kuruluş izni için gerekli sermaye tutarı, Devlet İstatistik Enstitüsü Toptan Eşya Fiyat Endeksinin iki katının gerektirdiği miktar ve sınırları aşmamak üzere Müsteşarlık tarafından artırılabilir.

Faaliyet ruhsatı

MADDE 9. — Kuruluş izni alan şirketin faaliyete geçebilmesi için emeklilik branşında faaliyet ruhsatı alması zorunludur. Emeklilik branşı faaliyet ruhsatı Müsteşarlık tarafından verilir. Faaliyet ruhsatı almak üzere Müsteşarlığa yapılan başvurularda;

- a) İki yıl içinde en az yüzbin katılımcıya hizmet verecek biçimde gerekli her türlü planlamanın yapılmış olması,
- b) İş planı ve sistem tasarımında öngörülen düzenlemelerin yapılmış olması,
- c) Fiziksel mekan, teknik ve idarî alt yapı ile insan kaynakları uyumunun sağlanmış olması,

Şartları aranır.

Kuruluşa ilişkin verilen izin, izin tarihinden itibaren bir yıl içinde emeklilik branşı

faaliyet ruhsatı almak üzere başvurunun yapılmamış veya gerekli belgelerin süresi içinde tamamlanmamış olması halinde kendiliğinden geçersiz olur. Emeklilik branşında faaliyet ruhsatı alan şirketin, ruhsatın veriliş tarihinden itibaren en geç üç ay içerisinde fon kurmak amacıyla Kurula başvurması gerekir. Şirketin fon kurma başvurusunun Kurula zamanında yapılmaması veya başvurusunun reddedilmesi halinde, verilmiş olan kuruluş izni ve faaliyet ruhsatı kendiliğinden geçersiz olur.

Kuruluş izni ve faaliyet ruhsatı başvurularında istenecek bilgi ve belgeler ile diğer esas ve usuller Kurulun uygun görüşü alınarak Müsteşarlıkça belirlenir.

Emeklilik ile ilgili kavramların kullanımı, ilan, reklam ve açıklanacak bilgiler

MADDE 10. — Kanunla kurulmuş sosyal güvenlik kurumları, 17.7.1964 tarihli ve 506 sayılı Kanunun geçici 20 nci maddesi kapsamında kurulan sandıklar ve 13.7.1967 tarihli ve 903 sayılı Kanun ile değişik 743 sayılı Türk Kanunu Medenîsi hükümleri kapsamında kurulan vakıflar hariç olmak üzere, bu Kanun kapsamında bulunmayan gerçek ve tüzel kişiler bu Kanunda düzenlenen faaliyetlerde bulundukları iznini verecek şekilde "Emeklilik", "Emeklilik Planı", "Emeklilik Fonu" ve "Emeklilik Yatırım Fonu" gibi kavramları veya aynı işlevi gören ifadeleri kullanamazlar.

Şirket ve bireysel emeklilik aracıları, katılımcılara, üçüncü kişilere ve kuruluşlara karşı gerçeğe aykırı, yanıltıcı ve aldatıcı beyanda bulunamazlar ve ilan, reklam ve broşürleri ile bu amaca yönelik her türlü faaliyetlerinde bu nitelikteki ifadelerle yer veremezler. Bireysel emeklilik sisteminde katılımcılara veya kamuya açıklanacak bilgiler, açıklanma dönemleri ve süreleri ile ilan ve reklamlara ilişkin esas ve usuller Kurulun uygun görüşü alınarak Müsteşarlıkça belirlenir.

Şirketin sorumlulukları ve bireysel emeklilik aracıları

MADDE 11. — Şirket;

- a) Emeklilik sözleşmelerine ilişkin Müsteşarlığın belirleyeceği esaslara göre bankalardan hizmet almakla,
- b) Emeklilik sözleşmesi çerçevesinde tahsil edilen katkıların fona yönlendirilmesini sağlamak ve bireysel emeklilik hesaplarının ve ilgili diğer kayıtların güncelleştirilmesi işlemlerini gerçekleştirmekle,
- c) Portföy yöneticilerinin, şirketin genel fon yönetim stratejisine ve kararlarına göre fon portföyünü yönetmesini sağlamakla,
- d) Katılımcılarının bireysel emeklilik hesaplarına ait günlük bilgilere erişimine olanak sağlamakla,
- e) Fon portföyünde yer alan varlıklar, fonun performansı, malî tabloları gibi konularda katılımcılara düzenli bilgi verilmesini sağlamakla,

f) Müsteşarlık ve Kurul tarafından istenecek bilgi, belge ve tablolar ile bireysel emeklilik kayıt sisteminin belirlenecek esas ve usullere göre hazırlanmasını sağlamakla,

g) Müsteşarlığın belirleyeceği esas ve usuller çerçevesinde şirketin, Kurulun belirleyeceği esas ve usuller çerçevesinde de fonun iç denetimini sağlamakla,

h) Bireysel emeklilik hesaplarının ve emeklilik faaliyetlerinin sürekliliğini ve fon varlıklarının korunmasını sağlamak üzere, kayıtların ve varlıkların saklanması konusunda gerekli tedbirleri almakla,

Sorumludur.

Bireysel emeklilik aracıları, Müsteşarlık nezdinde tutulan Bireysel Emeklilik Aracıları Siciline kaydolmak zorundadır. Bireysel emeklilik aracılarında aranacak nitelik ve şartlara, kuruluşlarına, faaliyetlerine, yapamayacakları işlere, sicile ilişkin işlemlere, tutacakları defterlere ve diğer hususlara ilişkin esas ve usuller Müsteşarlıkça düzenlenir.

Şirketin teşkilât ve organları

MADDE 12. — Şirketin yönetim kurulu beş kişiden az olamaz. Şirket genel müdürü ve yokluğunda vekili yönetim kurulunun doğal üyesidir. Yönetim kurulu üyelerinin salt çoğunluğunun bu maddede genel müdür için öngörülen meslekî deneyim süresi hariç diğer şartları haiz olması gerekir. Denetim kurulu üyelerinin, genel müdürün, genel müdür yardımcılarının ve başka unvanlarla istihdam edilseler dahi yetki ve görevleri itibarıyla genel müdür yardımcısına denk veya daha üst konumlarda imza yetkisini haiz diğer yöneticilerin, bu maddenin üçüncü fıkrasında öngörülen şartları haiz olmaları, en az lisans düzeyinde öğrenim görmüş olmaları ve sigortacılık veya işletmecilik alanında meslekî deneyime sahip olmaları şarttır. Asgarî meslekî deneyim süresi, genel müdür için on yıl, genel müdür yardımcıları ve başka unvanlarla istihdam edilseler dahi yetki ve görevleri itibarıyla genel müdür yardımcısına denk veya daha üst konumlarda imza yetkisini haiz diğer yöneticiler için yedi yıldır.

Genel müdür ve genel müdür yardımcısı olarak atanacakların, bu maddede aranan şartları taşıdıklarını gösteren belgelerle birlikte Müsteşarlığa bildirilmesi gerekir. Bunların atanmaları, bildirimin alındığı tarihten itibaren on iş günü içerisinde Müsteşarlıkça olumsuz görüş bildirilmediği takdirde yapılabilir. Herhangi bir nedenle görevden ayrılan genel müdür ve genel müdür yardımcılarının, görevden ayrılma nedenleri şirket ve görevden ayrılan tarafından, ayrılış tarihinden itibaren on iş günü içerisinde Müsteşarlığa bildirilir.

Bu Kanun hükümlerine aykırı hareketlerinden dolayı hapis veya bir defadan fazla ağır para cezası ile cezalandırılanlar ile durumları bu Kanunun 8 inci maddesinin dördüncü fıkrasının (g) bendinin 4 numaralı alt bendi hariç olmak üzere (g) bendine uymayanlar, hiç bir şirkette yönetim kurulu üyesi, denetim kurulu üyesi, genel müdür, genel müdür yardımcısı veya birinci derecede imza yetkisini haiz görevli olarak çalıştırılmazlar. Şirket, bu gibi kişilerin imza yetkilerini derhal kaldırmak zorundadır. Yapılan

denetlemeler sonucunda, bu Kanun veya ilgili diğer mevzuat hükümlerini ihlal ettikleri ve şirketin emin bir şekilde çalışmasını tehlikeye düşürdükleri tespit edilen şirket yöneticileri ve görevlilerinin, haklarında kanunî kovuşturma istenmesini müteakip Müsteşarlığın talebi üzerine geçici olarak imza yetkilerinin kaldırılması zorunludur. Bu kimseler Müsteşarlığın izni olmadıkça imza yetkisini haiz personel olarak hiç bir şirkette çalıştırılmazlar.

Ana sözleşme değişiklikleri, hisse ve malvarlıklarının devri ve şirket birleşmeleri

MADDE 13. — Şirketlerin ana sözleşmelerinin değiştirilmesinde Müsteşarlığın uygun görüşü aranır. Müsteşarlıkça uygun görülmeyen değişiklik tasarıları genel kurulda görüşülemez. Sicil memuru, Müsteşarlığın uygun görüşü olmaksızın ana sözleşme değişikliklerini Ticaret Siciline tescil edemez.

Bir gerçek veya tüzel kişinin, şirketin sermayesinin doğrudan veya dolaylı olarak yüzde on veya fazlasını temsil eden payları edinmesi ile bir ortağa ait payların şirket sermayesinin yüzde onunu, yüzde yirmisini, yüzde otuzüçünü ya da yüzde ellisini aşması sonucunu doğuran hisse edinimleri ile bir ortağa ait payların söz konusu oranların altına düşmesi sonucunu doğuran hisse devirleri Bakanlığın iznine tâbidir. Oy hakkı edinilmesi ile hisselerin rehnedilmesinde de bu hüküm uygulanır. Yönetim ve denetim kurullarına üye belirleme imtiyazı veren veya intifa hakkı tanınan hisse senetlerinin devri, yukarıdaki oransal sınırlara bakılmaksızın Bakanlığın iznine tâbidir.

Şirketin tüm aktif ve pasiflerini diğer bir emeklilik şirketine devretmesi ya da bir veya birkaç emeklilik şirketi ile birleşmesi Bakanlığın iznine tâbidir.

Şirket sermayesinin yüzde on ve daha fazlasına sahip olan tüzel kişilerin sermayesinin doğrudan veya dolaylı olarak bu maddenin ikinci fıkrasında belirtilen oranlar veya esaslar dahilinde el değiştirmesi Bakanlığın iznine tâbidir. İzin devralan ortağın kurucularda aranan şartları taşıması kaydıyla verilebilir. Bu fıkra hükmü tüzel kişi ortağın yönetim ve denetimini belirleyen sermaye paylarının bir başka tüzel kişiye ait olması halinde, gerçek kişi ortak ya da ortaklara ulaşıncaya kadar uygulanır.

Bu madde hükümlerine aykırı olarak yapılan tescil işlemleri hükümsüzdür.

Şirkette hisse edinilmesine ve devrine, şirketin malvarlıklarının devrine, şirket ortaklarının bu Kanunda aranan nitelikleri kaybetmeleri halinde temettü hakkı hariç ortağa ait hakların kullanımına, dolaylı pay sahipliğine, şirketlerin birleşmesine ve diğer hususlara ilişkin esas ve usuller Kurulun uygun görüşü alınarak Müsteşarlıkça belirlenir.

Malî bünyenin güçlendirilmesi

MADDE 14. — Şirketin sözleşmelerden doğan yükümlülüklerini yerine getiremediğinin veya malî bünyesinin katılımcıların hak ve menfaatlerini tehlikeye düşürecek düzeyde zayıflamakta olduğunun tespiti hallerinde Bakan, şirketin yönetim

kurulundan;

a) Sermayenin artırılmasını, ödenmemiş kısmının ödenmesini, sermayeye mahsuben ödeme yapılması için ortaklara çağrıda bulunulmasını veya kâr dağıtımının durdurulmasını,

b) İştiraklerin ve sabit değerlerin kısmen veya tamamen elden çıkarılmasını veya elden çıkarılmasının durdurulmasını, yeni iştirak ve sabit değerler edinilmemesini,

c) Serbest varlıkların gösterilecek bir bankada bloke edilmesini ve bu varlıklar üzerinde izinsiz tasarruf edilmemesini,

d) Şirketin malî bünyesini düzeltmeye yönelik diğer tedbirlerin alınmasını,

İsteyebilir.

Şirket, alınması talep edilen tedbirlerin bildiriminden itibaren on iş günü içerisinde iyileştirme planını hazırlayıp Müsteşarlığa göndermek zorundadır.

İyileştirme planında öngörülen önlemlerin zamanında alınmaması veya bu tedbirlerin uygulanmasına rağmen bu maddenin birinci fıkrasında belirlenen hususların devam etmesi ya da şirketin malî bünyesindeki zayıflamanın bu maddenin birinci fıkrasında yer alan safhaların uygulanması durumunda dahi şirketin malî durumunun düzeltilmesine imkân bulunmadığının tespit edilmesi hallerinde Bakan, şirketin;

a) Yeni sözleşme akdetme ve temdit yetkisini kaldırmaya,

b) Yönetim kurulu üyelerinin tamamını veya bir kısmını görevden alarak veya üye sayısını artırarak yönetim kuruluna üye atamaya,

c) Fonları ve varsa diğer branşlara ait portföylerini belirlenecek esaslar dahilinde diğer şirketlere devretmeye,

d) Faaliyet ruhsatlarını iptal etmeye,

e) İflasını istemeye,

f) Gerekli görülen diğer tedbirleri almaya,

Yetkilidir.

BEŞİNCİ BÖLÜM

Emeklilik Yatırım Fonuna İlişkin

Düzenlemeler

Emeklilik yatırım fonu ve fon içtüzüğü

MADDE 15. — Fon, şirket tarafından emeklilik sözleşmesi çerçevesinde alınan ve katılımcılar adına bireysel emeklilik hesaplarında izlenen katkıların, riskin dağıtılması ve inançlı mülkiyet esaslarına göre işletilmesi amacıyla oluşturulan malvarlığıdır. Fonun tüzel kişiliği yoktur. Fon, bu Kanunda yer alan amaçlar dışında kullanılamaz ve kurulamaz.

Şirketin, fon içtüzüğü, emeklilik sözleşmesi ve Kurulca belirlenecek diğer belgelerle birlikte, fon kurmak üzere Kurula başvurması zorunludur. Kuruluş izni almak üzere yapılacak başvurularda istenilecek şartlara ilişkin esas ve usuller Müsteşarlığın uygun görüşü alınarak Kurul tarafından belirlenir.

Fon içtüzüğü, katılımcı ile şirket, saklayıcı ve portföy yöneticisi arasında fon portföyünün inançlı mülkiyet esaslarına göre saklanmasını ve vekalet akdi hükümlerine göre yönetimini konu alan ve genel işlem şartlarını içeren iltihaki bir sözleşmedir. Kurul tarafından uygun görülen fon içtüzüğünün notere onaylatılmasından sonra, izin belgesi ile birlikte altı iş günü içerisinde şirketin merkezinin bulunduğu yerin ticaret siciline tescil için başvurulur ve Türkiye Ticaret Sicili Gazetesinde ilan olunur. Fon içtüzüğüne yönelik esas ve usuller Müsteşarlığın uygun görüşü alınarak Kurul tarafından belirlenir.

Fonun faaliyete geçmesine ilişkin esaslar

MADDE 16. — Şirket, fon kuruluş izni tarihinden itibaren en geç altı ay içerisinde Kurul tarafından belirlenen belgelerle birlikte katılma belgelerinin kayda alınması talebiyle Kurula başvurmak zorundadır. Bu süre içerisinde Kurula başvuru yapılmaması halinde, fon içtüzüğü şirket tarafından ticaret sicilinden terkin ettirilir ve buna ilişkin belgeler terkin takip eden altı iş günü içerisinde Kurula gönderilir. Fonun kayda alınma başvurusunun Kurulca değerlendirilebilmesi için;

- a) Fon içtüzüğünün şirketin merkezinin bulunduğu yerin ticaret siciline tescil ve Türkiye Ticaret Sicili Gazetesinde ilan edilmiş olması,
- b) Yeterli mekân, teknik donanım ve örgütlenmenin sağlanmış, fon hizmet biriminin ve fon kurulunun oluşturulmuş, iç denetim sisteminin kurulmuş, personelin buna uygun görev ve sorumluluklarının belirlenmiş olması ve bu konularda gerekli belgelerin hazırlanmış olması,
- c) Muhasebe kayıt ve belge sistemi ile düzenli iş akışı ve haberleşmeyi sağlayacak teknik alt yapının kurulmuş olması,
- d) Fonlara ilişkin insan kaynaklarının belirlenmiş olması,
- e) En az bir portföy yöneticisi ile portföy yönetim sözleşmesinin imzalanmış olması,
- f) Şirketin bu Kanunda öngörülen kuruluş şartlarını kaybetmemiş olması,

Zorunludur.

Kurulca yapılacak deęerlendirme sonucu uygun grlen ve fon itzęnde yer alan, kurulacak olan asgari  fonun her biri iin ayrı ayrı olmak zere, řirketin denmiř sermayesinin asgari yirmide biri tutarındaki fon miktarına karřılık gelen pay sayısı Kurul kaydına alınır ve fon portfyleri ncelikle bu paylara karřılık gelen tutar ile oluřturulur. Katılımcılardan toplanan katkılar karřılıęında verilecek payların fon itzęnde ngrlen tutara karřılık gelen payları ařması halinde, yeni pay sayısının artırılması ve artırılan payların Kurul kaydına alınması talebiyle Kurula bařvurulur.

Fonun Kurulca kayda alınması sırasında, fonun ihra deęerinin en fazla binde biri oranında cret alınır.

řirkete ve katılımcılara ait fondaki pay adedi, fon miktarı, fonun faaliyet ilke ve esasları, rgt yapısı, muhasebe, belge ve kayıt dzeni, katılımcıların bilgilendirilmesi ve bunlara iliřkin esas ve usuller Msteřarlıęın uygun grř alınarak Kurul tarafından belirlenir.

Fonun malvarlıęına, fon portfyne ve fon varlıklarının saklanması ile iliřkin ilkeler

MADDE 17. — Fonun malvarlıęı, řirketin bu Kanundan, 28.7.1981 tarihli ve 2499 sayılı Sermaye Piyasası Kanunundan, emeklilik szleřmesinden, fon itzęnden ve ilgili mevzuattan doęan ykmllklerini yerine getirmesi ve sorumluluęunu karřılaması dıřında hibir amala kullanılamaz. Fon malvarlıęı rehnedilemez, teminat gsterilemez, nc řahıřlar tarafından haczettirilemez ve iflas masasına dahil edilemez.

řirket, emeklilik szleřmelerinde belirtilmek kořuluyla, para ve sermaye piyasası aralarından oluřan farklı portfy yapılarına sahip Kurul tarafından belirlenen trlerden olmak zere en az  fon kurmak zorundadır. Fon portfy sınırlamalarına iliřkin ilkeler, fon portfynde yer alacak Devlet i borlanma senetlerinin asgarı oranı ve yabancı menkul kıymetlerin azamı oranı ile fon portfyndeki varlıkların deęerlendirilmesine iliřkin esas ve usuller Msteřarlıęın uygun grř alınarak Kurul tarafından belirlenir.

Fon portfyndeki varlıklar saklayıcı nezdinde saklanır. Katılımcıların sahip oldukları ve fondaki katkılarını gsteren pay adedi de, saklayıcı nezdinde katılımcı bazında ve katılımcıların eriřebileceęi řekilde izlenir.

Fon portfynn ynetimi

MADDE 18. — Fon portfy, portfy yneticileri tarafından ynetilir. Portfy yneticileri, portfy bu Kanun, 2499 sayılı Sermaye Piyasası Kanunu, fon itzę, emeklilik szleřmesi ve ilgili mevzuat hkmlerine gre ynetmekle ykmldr. Alınacak portfy ynetim hizmetine iliřkin esaslar bu konuda řirket ve portfy yneticileri arasında yapılacak portfy ynetim szleřmesi ile belirlenir. Portfy ynetim szleřmesinin Kurulca onaylanması zorunludur.

řirket, portfy yneticilerinin, fon ynetiminde gerekli zen ve basireti gstermemeleri,

Kurulun portföy yöneticiliğine ilişkin ilkelerine aykırı hareket etmeleri, malî bünyelerinin zayıfladığının tespit edilmesi gibi durumlarda, portföy yönetim sözleşmesini feshedip, Kurulca uygun görülen başka portföy yöneticileri ile portföy yönetim sözleşmesi imzalayabilir. Yukarıdaki koşulların varlığı halinde Kurul da portföy yöneticilerinin değişmesini isteyebilir. Portföy yönetim sözleşmesine ilişkin esas ve usuller Müsteşarlığın uygun görüşü alınarak Kurul tarafından belirlenir.

Fonların birleştirilmesi ve devri

MADDE 19. — Aynı şirkete ait fonlar, şirketin talebi üzerine veya re'sen Kurul tarafından birleştirilebilir. Fon, ancak başka bir emeklilik yatırım fonu ile birleştirilebilir. Söz konusu birleştirmelere yönelik esas ve usuller Müsteşarlığın uygun görüşü alınarak Kurul tarafından belirlenir.

Fon süresiz olarak kurulur. Kurul;

- a) Şirketin bir yıl öncesinden fesih ihbarında bulunması,
- b) Şirketin fon kurmaya ilişkin şartlarını kaybetmesi,
- c) Şirketin malî bünyesinin zayıflaması nedeniyle bu Kanunun 14 üncü maddesi kapsamına alınması,

Hallerinde, fon malvarlığını bir başka şirkete Müsteşarlığın uygun görüşünü alarak devredebilir. Devir işlemlerine ilişkin esas ve usuller Müsteşarlığın uygun görüşü alınarak Kurul tarafından belirlenir.

ALTINCI BÖLÜM

Denetim ve Bağımsız Dış Denetim

Denetim

MADDE 20. — Şirketin, fonların ve portföy yöneticileri ile saklayıcıların bu Kanun kapsamındaki faaliyetleri en az yılda bir kez Müsteşarlık ve Kurul tarafından denetlenir.

Şirketin bu Kanun çerçevesinde yürütülen emeklilik faaliyetleri ile sigortacılık faaliyetleri Müsteşarlığın denetimine tâbidir. Şirketin fonlarına, portföy yöneticilerine ve saklayıcılara ilişkin hesap ve işlemleri ise Kurulun denetimine tâbidir. Denetimlere ilişkin raporlar, konularına göre Müsteşarlık veya Kurul tarafından değerlendirilir ve sonuçlandırılır.

Bağımsız dış denetim

MADDE 21. — Şirketin malî yönden bağımsız dış denetiminin, bağımsız denetleme kuruluşları tarafından yılda en az bir kez yapılması zorunludur. Şirketin bağımsız dış

denetimine ilişkin esas ve usuller Müsteşarlıkça belirlenir. Müsteşarlık, 1.6.1989 tarihli ve 3568 sayılı Serbest Muhasebecilik, Serbest Muhasebeci Malî Müşavirlik ve Yeminli Malî Müşavirlik Kanununa göre denetlemeye yetkili olanlar tarafından kurulacak kuruluşların kuruluş şartlarını ve çalışma esaslarını Türkiye Serbest Muhasebeci Malî Müşavirler ve Yeminli Malî Müşavirler Odaları Birliğinin görüşünü alarak belirler ve listeler halinde yayınlar. Fonların hesap ve işlemleri ayrıca, üçer aylık dönemler itibarıyla bağımsız dış denetime tâbidir. Fonların bağımsız dış denetimine ilişkin esas ve usuller ise Kurul tarafından belirlenir.

YEDİNCİ BÖLÜM

Ceza Hükümleri

İdarî suç ve cezalar

MADDE 22. — Konularına göre Müsteşarlık veya Kurul kararıyla ve gerekçesi belirtilmek suretiyle bu Kanuna tâbi gerçek ve tüzel kişilere, bu Kanunun;

- a) 4 üncü maddesi hükümlerine aykırı emeklilik sözleşmesi düzenlenmesi halinde iki milyar lira,
- b) 5 inci maddesinin ikinci fıkrasında öngörülen aktarma yükümlülüğüne aykırılık halinde bir milyar lira,
- c) 5 inci maddesinin üçüncü fıkrasında öngörülen yatırıma yönlendirme yükümlülüğüne aykırılık halinde bir milyar lira,
- d) 6 ncı maddesinde öngörülen ödeme veya aktarma yükümlülüğüne aykırılık halinde bir milyar lira,
- e) 6 ncı maddesinin son fıkrasında öngörülen tasdik yükümlülüğünün yerine getirilmeden sözleşmelerin uygulamaya konulması halinde iki milyar lira,
- f) 7 nci maddesinde öngörülen katılımcı tarafından ödenecek giderler veya ücretler konusunda bilgilendirme yükümlülüğüne aykırılık halinde bir milyar lira,
- h) 10 uncu maddesinin ikinci fıkrası hükümlerine aykırı olarak ilan ve reklam faaliyetinde bulunulması halinde on milyar lira,
- ı) 10 uncu maddesinin ikinci fıkrasında öngörülen katılımcılara bilgi verilmesi yükümlülüğüne aykırılık halinde bir milyar lira,
- j) 11 inci maddesinin birinci fıkrasında öngörülen sorumlulukların yerine getirilmemesi halinde iki milyar lira,
- k) 11 inci maddesinin ikinci fıkrası hükümlerine aykırı olarak aracılık faaliyetinde

bulunulması veya aracılık hizmeti sağlanması hallerinde dört milyar lira,

l) 12 nci maddesinin birinci fıkrası hükümlerine aykırı olarak belirtilen nitelikleri haiz olmayan kişilerin çalıştırılması halinde on milyar lira,

m) 12 nci maddesinin ikinci fıkrasında öngörülen bildirim yükümlülüğünün yerine getirilmemesi halinde iki milyar lira,

n) 12 nci maddesinin üçüncü fıkrası hükümlerine aykırı olarak belirtilen kişilerin yasaklanan görevlerde çalıştırılması halinde on milyar lira,

o) 13 üncü maddesinin birinci fıkrası hükümlerine aykırı olarak ana sözleşme değişikliklerinin tescil edilmesi halinde on milyar lira,

p) 13 üncü maddesinin üçüncü fıkrası hükümlerine aykırı olarak malvarlıklarının devri veya bir başka şirketle birleşmesi halinde on milyar lira,

r) 21 inci maddesinde öngörülen bağımsız dış denetim yükümlülüğünün yerine getirilmemesi halinde on milyar lira,

s) Bakanlık, Müsteşarlık ve Kurul tarafından alınan kararlara, çıkarılan yönetmelik ve tebliğler ile yapılan diğer düzenlemelere uyulmaması halinde, yukarıdaki fıkralarda, sigortacılık mevzuatı ve sermaye piyasası mevzuatında öngörülmüş bir cezanın olmadığı hallerde bir milyar lira,

İdarî para cezası uygulanır.

Yukarıda belirtilen idarî cezaların uygulanmasından önce ilgili kuruluş veya kişilerin savunmaları alınır. Savunma istendiğine ilişkin yazının tebliğ tarihinden itibaren bir ay içinde savunma verilmemesi halinde savunma hakkından feragat edildiği kabul edilir.

İdarî para cezalarının verilmesini gerektiren fiillerin tekrarı halinde, verilen para cezası iki katı, izleyen tekrarlarda üç katı artırılarak uygulanır. Bu cezaların verildiği tarihten itibaren iki yıl içinde idarî para cezasının verilmesini gerektiren aynı fiil işlenmediği takdirde önceki cezalar tekrarda esas alınmaz.

Bu maddeye göre ceza uygulama hakkı, aykırılığın vuku bulduğu tarihten itibaren beş yıllık zaman aşımına tâbîdir.

Bu Kanunun 23 üncü maddesinin birinci fıkrasında öngörülen suçu işleyenler hakkında kanunî kovuşturmayla geçilmekle birlikte, gecikmesinde sakınca bulunan hallerde Müsteşarlığın talebi üzerine valiliklerce bunların işyerleri geçici olarak kapatılır; ilan ve reklamları durdurulur ya da toplatılır.

Bu maddede belirtilen idarî para cezaları 21.7.1953 tarihli ve 6183 sayılı Amme Alacaklarının Tahsil Usulü Hakkında Kanun hükümleri gereğince vergi dairelerince tahsil olunur. Para cezalarında tüzel kişilerin sorumluluğu 29.6.1956 tarihli ve 6762

sayılı Türk Ticaret Kanununun 65 inci maddesine göre tayin olunur.

Adli suç ve cezalar

MADDE 23. — Bu Kanuna göre gereken izinleri almaksızın emeklilik faaliyetinde bulunan veya ticaret unvanları ve her türlü belgeleri ve ilan ve reklamları ve kamuoyuna yaptıkları açıklamalarda bu Kanunda belirtilen kuruluşların adını kullanan ya da 10 uncu madde hükümlerine aykırı olarak bu Kanunda düzenlenen faaliyetlerde bulundukları izlenimini yaratacak söz ve deyimleri kullanan gerçek kişiler ile tüzel kişilerin görevlileri hakkında fiile katılma derecelerine göre üç yıldan beş yıla kadar hapis ve altı milyar liradan az olmamak üzere ağır para cezası uygulanır. Ayrıca Müsteşarlığın talebi üzerine, bu suçları işleyen kişilerin işyerlerinin sürekli veya bir yılı geçmemek üzere geçici olarak kapatılmasına, ilan ve reklamların durdurulması veya toplatılmasına mahkemece karar verilir.

Şirketin yönetim kurulu başkanı ve üyeleri ile imza yetkisini haiz mensupları, portföy yönetim şirketinin yönetim kurulu başkanı ve üyeleri ile imza yetkisini haiz mensupları, görevleri dolayısıyla kendilerine tevdi olunan veya muhafazaları, denetimleri ve sorumlulukları altında bulunan şirkete ait para veya diğer varlıkları zimmetine geçirirlerse altı yıldan oniki yıla kadar hapis cezası ile cezalandırılırlar ve kuruluşun uğradığı zararı tazmine mahkûm edilirler.

Bu maddenin ikinci fıkrasında gösterilen suç, kuruluşu aldatacak ve fiilin açığa çıkmasını önleyecek her türlü hileli faaliyette bulunmak suretiyle işlenmişse, faile oniki yıldan aşağı olmamak üzere hapis ve meydana gelen zararın üç katı kadar ağır para cezası uygulanır. Ayrıca, meydana gelen zararın ödenmemesi halinde mahkemece re'sen ödetirilmesine hükmolunur.

Bu maddenin ikinci ve üçüncü fıkralarında yer alan cezalar, zararın kovuşturulmasına başlanmadan önce tamamiyle ödenmiş olması halinde yarısı, ödemenin hükümden önce yapılması halinde ise üçte biri oranında indirilir.

Bu Kanunda gösterilen yetkili mercilerin ve denetim görevlilerinin istedikleri bilgi ve belgeleri vermeyen ya da denetim görevlilerinin görevlerini yapmalarına engel olan gerçek kişilerle tüzel kişilerin görevli ve ilgilileri hakkında bir yıldan üç yıla kadar hapis ve iki milyar liradan az olmamak üzere ağır para cezası uygulanır.

Bu Kanuna tâbî gerçek ve tüzel kişilerin bu Kanunda gösterilen merciler ile denetim görevlilerine, mahkemelere ve diğer resmi dairelere hitaben düzenledikleri veya yayımladıkları belgelerde yapılan gerçeğe aykırı beyanlarından dolayı bunları veya bunların düzenlenmesine esas olan her türlü belgeleri imzalayanlar hakkında, görev ve ilgilerine ve fiile katılma derecelerine göre bir yıldan üç yıla kadar hapis ve altı milyar liradan az olmamak üzere ağır para cezası uygulanır.

Bu Kanuna tâbî kuruluşların itibarını kırabilecek veya servetine zarar verebilecek bir hususa kasten sebep olan ya da bu yolda asılsız haber yayanlar için bir yıldan üç yıla kadar hapis ve iki milyar liradan az olmamak üzere ağır para cezasına hükmolunur. Bu fiilin 15.7.1950 tarihli ve 5680 sayılı Basın Kanununda yazılı ya da radyo, televizyon,

video, internet, kablolu yayın veya elektronik bilgi iletişim araçları ve benzer yayın araçlarından biri ile işlenmesi halinde bir yıldan üç yıla kadar hapis ve sekiz milyar liradan az olmamak üzere ağır para cezasına hükmolunur. İsimleri belirtilmese dahi bu Kanuna tâbi kuruluşların güvenilirliği konusunda kamuoyunda tereddüte yol açarak bu kuruluşların malî bünyelerinin olumsuz etkilenmesine neden olabilecek nitelikte asılsız haberleri yukarıda belirtilen araçlarla yayınlayanlara sekiz milyar liradan az olmamak üzere ağır para cezası uygulanır.

Bu Kanunun uygulanmasında ve uygulanmasının denetiminde görev alanlar, görevleri sırasında bu Kanun kapsamında faaliyet gösteren gerçek ve tüzel kişiler, bunların iştirakleri ve kuruluşları ile katılımcıya ait öğrendikleri sırları, bu Kanuna ve özel kanunlarına göre yetkili olanlardan başkasına açıklayamazlar ve kendi yararlarına kullanamazlar. Bu yükümlülük bu kişilerin görevden ayrılmalarından sonra da devam eder. Bu yükümlülüğe uymayan kimseler için iki yıldan dört yıla kadar hapis ve dört milyar liradan az olmamak üzere ağır para cezasına hükmolunur.

Bu Kanuna tâbi kuruluşların mensupları ve diğer görevlileri, sıfat ve görevleri dolayısıyla bu Kanuna tâbi kuruluşlara veya emeklilik sözleşmesi ile ilgili kişilere ait öğrendikleri sırları bu konuda kanunen açıkça yetkili kılınan mercilerden başkasına açıklayamazlar. Bu yükümlülük görevden ayrılmalarından sonra da devam eder. Bu madde hükmüne aykırı davrandığı tespit edilen kişiler için bir yıldan üç yıla kadar hapis ve iki milyar liradan az olmamak üzere ağır para cezasına hükmolunur.

Bu maddenin sekizinci ve dokuzuncu fıkralarında yazılı kişiler, öğrendikleri sırları kendileri ya da başkaları için yarar sağlamak amacıyla açıklarlarsa, üç yıldan beş yıla kadar hapis cezasına ve altı milyar liradan az olmamak üzere ağır para cezasına mahkûm edilir ve fiilin önemine göre ilgili kuruluşlarda görev yapmaları geçici veya sürekli olarak yasaklanır.

Kovuşturma usulü

MADDE 24. — Bu Kanunda belirtilen adlî cezalara ilişkin suçlardan dolayı kovuşturma yapılması, konularına göre Müsteşarlık veya Kurul tarafından Cumhuriyet Başsavcılığına yazılı başvuruda bulunulmasına bağlıdır. Bu başvuru ile Müsteşarlık veya Kurul aynı zamanda müdahil sıfatını kazanır. Cumhuriyet savcıları kovuşturmayla yer olmadığına karar verilerse, Müsteşarlık veya Kurul, 4.4.1929 tarihli ve 1412 sayılı Ceza Muhakemeleri Usulü Kanununa göre kendisine tebliğ edilecek bu kararlara karşı itiraza yetkilidir.

Bu maddeye göre açılacak davalar ilgili kuruluşun merkezinin bulunduğu yerdeki asliye ceza mahkemelerinde 8.6.1936 tarihli ve 3005 sayılı Meşhud Suçların Muhakeme Usulü Kanunu hükümlerine göre görülür. Bu yerde birden fazla asliye ceza mahkemesi bulunduğu takdirde bu davalara iki numaralı asliye ceza mahkemelerinde bakılır.

Genel hükümlerin saklılığı

MADDE 25. — Bu Kanuna göre suç teşkil eden hareket ve fiiller başka kanunlara göre de cezayı gerektirdiği takdirde failleri hakkında en ağır cezayı gerektiren kanun maddesi uygulanır.

SEKİZİNCİ BÖLÜM

Diğer Hükümler

Yönetmelikler

MADDE 26. — Bu Kanunda Bakanlığın, Müsteşarlığın ve Kurulun belirlemeye yetkili kılındığı hususlar yönetmeliklerle düzenlenir. Bu Kanun kapsamında çıkarılacak yönetmelikler, Kanunun yayımı tarihinden itibaren en geç altı ay içerisinde çıkarılır.

GEÇİCİ MADDE 1. — Bu Kanunda belirtilen yönetmelik ve tebliğler yürürlüğe girinceye kadar, yürürlükteki mevzuatın bu Kanuna aykırı olmayan hükümleri uygulanır.

Bu Kanunun yayımı tarihinden önce, hayat branşında faaliyet gösteren ve yeni poliçe akdetme yetkisi olan sigorta şirketleri, bu Kanunun yürürlük tarihinden itibaren beş yıl içerisinde başvurmak ve Kanunun 8 inci maddesinde öngörülen şartları yerine getirmekle emeklilik şirketine dönüşürler. Söz konusu şirketlere emeklilik branşında ruhsat verilebilmesi için, bu Kanunun 9 uncu maddesinde öngörülen şartların yerine getirilmesi ve emeklilik branşı dışında kalan branşlara ilişkin yasal yükümlülüklerin tamamını karşılayacak yeterli teminatın gösterilmiş olması gerekir. Ayrıca, bu şirketlerin hastalık sigortası portföyünün, sigortalıların tüm hak ve yükümlülüklerinin korunarak, emeklilik ruhsatının verildiği tarihten itibaren iki yıl içerisinde devredilmesi şarttır. Hayat sigorta şirketlerinin "sigorta şirketi" statüsünden "emeklilik şirketi" statüsüne geçişine, bu şirketlere faaliyet ruhsatı verilmesinde aranılacak şartlara, portföy devri yükümlülüklerine ve diğer hususlara ilişkin esas ve usuller Müsteşarlıkça belirlenir.

Bu maddenin ikinci fıkrası kapsamında emeklilik şirketine dönüşen şirketler ile hayat branşında faaliyet gösteren ve yeni poliçe akdetme yetkisi olan sigorta şirketlerinden kurulacak emeklilik şirketine asgari yüzde on payla kurucu ortak olanlar, mevcut birikimli hayat sigortalılarının talep etmeleri ve sigortalıların bu Kanunda öngörülen şartları haiz olmaları halinde, Müsteşarlıkça belirlenecek esas ve usullere göre, sigortalıların birikimlerini tüm hak ve yükümlülükleri ile birlikte bireysel emeklilik sistemine aktarırlar. Söz konusu birikimlerin aktarımı, aktarım işleminin bu Kanunun yürürlük tarihinden itibaren beş yıl içerisinde gerçekleştirilmesi şartıyla, her türlü vergi, resim ve harçtan müstesna olup, intibak ettirilen ve emeklilik sözleşmesi imzalamış katılımcılardan sisteme giriş aidatı alınmaz ve masraf kesintileri yapılmaz.

Bu Kanunun yayımı tarihinden önce 7397 sayılı Kanuna göre tasdik edilmiş hayat sigortası tarifeleri ile bunlara ilişkin tablo, ilan, reklam ve broşürlerde bu Kanunun 10 uncu maddesinde öngörülen kavramların yer alması halinde, söz konusu ifadelerin bu Kanunun yayımı tarihinden itibaren bir yıl içerisinde değiştirilmesi zorunludur. Gerek

görüldüğü takdirde bu süre Müsteşarlıkça bir yıldan fazla olmamak üzere artırılabilir. Söz konusu değişikliklerin yapılmaması halinde, bu tarifelere istinaden yeni sözleşme akdedilemez ve bunlara ilişkin tablo, ilan, reklam ve broşürler kullanılamaz.

Yürürlük

MADDE 27. — Bu Kanun yayımı tarihinden altı ay sonra yürürlüğe girer.

Yürütme

MADDE 28. — Bu Kanun hükümlerini Bakanlar Kurulu yürütür.

B. SOCIAL SECURITY REFORM: COMPARISON OF THE OLD AND NEW SYSTEMS

	Old		New
Parameters	Before 1999	After 1999	After 2006
Minimum retirement age	38 (for women) 43 (for men)	58 (for women) 60 (for men)	Staged increase up to 65 after 2036 both for women and men
Institutions	3 main institutions (ES, SSK, Bağ-Kur) based on occupation	No change	Unification of the three distinct social security institutions
Contribution period (for full retirement)	5000 days for all three institutions	7000 days (SSK) 9000 days (ES and Bağ-Kur)	Staged increase in SSK up to 9000 by 2028
Replacement rates	- (different implementations for different institutions and years of services)	2.6% for SSK and Bağ-Kur 3% for ES (on average)	2%
Salary considered for the calculation of the retirement income	Last 5 years' average	No change	Overall average

C. A STOCHASTIC INVESTMENT MODEL

An individual total payment into the system (i.e. capital accumulation) can be represented as in Teksöz and Sayan (2002), by

$$A_W = CR.(1 - E). \left\{ SAL_W + \sum_{t=1}^{W-1} \left[\prod_{u=t+1}^W (1 + R_u) \right] SAL_t \right\}$$

where:

A_W : total accumulated fund in W years (i.e. total capital accumulation after W years before retirement);

CR : the contribution rate as a percentage of yearly salary;

E : administrative cost as a fraction of the contributions paid in year t ;

SAL_t : the real annual salary paid at the end of year t ; and

R_u : the real rate of investment return earned in year u .

Yearly annuity, P , based on the capital accumulation at the end of the contribution period, A_W , is calculated as

$$P = \frac{A_W}{\ddot{a}_x}$$

where \ddot{a}_x is the actuarial present value of a whole life annuity due of TL 1 payable at the beginning of each year as long as the insured who is currently at the age of x survives and is given by

$$\ddot{a}_x = \sum_{k=0}^{\infty} \frac{{}_k p_x}{(1 + d)^k}$$

where ${}_k p_x$ is the probability of an individual aged x to survive for k years, and d is the discount rate. The present value of the yearly retirement income is calculated using a constant discount rate of 4 percent per annum.

The change in real salary is assumed to be based on productivity gains, which is reflected by the growth in GNP per employee with a one year time lag. The annual increases in national employment are assumed to be constant for the period in question. Based on these assumptions, real salary growth is projected through

$$S_t = g_{t-1} + p$$

where:

S_t : the rate of change in real salary in year t ;

g_{t-1} : the rate of real change in real GNP per employee in year $t - 1$; and

p : the promotional salary increase

To randomise projected salaries, stochastic changes in real GNP are modelled by letting Z_t represent an independently and identically distributed, unit normal random variable, and expressing g_t as

$$g_t = \exp\{\sigma Z_t + \mu\} - 1$$

where σ and μ represent the standard deviation and mean of this distribution, respectively. Using historical data between 1924 and 1998, the estimators for the mean and standard deviation were obtained as $\mu = 0.045$ and $\sigma = 0.075$.

For the accumulation of contributions up to retirement, two types of assets were used in the simulations: equities and government bonds. The real investment return on Turkish equities, r_t , was calculated using the composite equity index and average dividend yield of the Istanbul Stock Exchange (ISE) over the 1986-1998 period. Estimators for the mean and standard deviation of the force of real equity returns, $\ln(1 + r_t)$, were found to be 0.079 for the mean and 0.772 for the standard deviation, reflecting the volatile nature of equity returns in Turkey. The estimator for the standard deviation obtained from the historical data is too high for modelling equity returns as a log-normal, identically distributed, independent random variable as in the case of GNP growth. Therefore, following Wilkie (1995), the force of equity returns is modelled in Teksöz and Sayan (2002) as

$$\ln(1 + r_t) = \mu + \rho[\ln(1 + r_{t-1}) - \mu] + \sigma(1 - \rho^2)^{1/2} Z_t$$

where:

r_t :the equity return for year t ;

μ :the mean value of $\ln(1 + rt)$;

σ :the standard deviation of $\ln(1 + rt)$;

ρ :the correlation coefficient of $\ln(1 + rt)$ and $\ln(1 + rt-1)$; and

Z_t : the normally distributed unit random variable.

The equation above states that the value of the force of return for year t depends on its previous value and a random error term, Z_t , as well as on μ , σ and ρ . Using the values reported above, the equation becomes

$$\ln(1 + r_t) = 0.079 - 0.660[\ln(1 + r_{t-1}) - 0.079] + 0.580N(0,1)$$

In the same way, the real returns on Turkish government bonds, i_t , can be modelled as

$$\ln(1 + i_t) = 0.027 + 0.465[\ln(1 + i_{t-1}) - 0.027] + 0.067N(0,1)$$

in which the mean and standard deviation are equal to 0.027 and 0.075, respectively.

As mentioned in the thesis, the longer life expectancy decreases women's annuities if gender specific mortality tables are used. We use the following annuity factors for females and males at different ages:

Age	56	65	75
Female	15.4620	12.41181	8.5397
Male	13.7614	10.6272	7.1787

(based on the 1980 CSO mortality table at 4% interest rate).

D. INTERVIEWS

Şule Şahin: Hükümetin sosyal güvenlik alanında yaptığı reformları (özellikle BES'in 3. ayak emeklilik planı olarak uygulamaya geçirilmesi) neo-liberal bir refah devleti için atılan bir adım olarak görüyor musunuz?

Ali Haydar Elveren: Sosyal Güvenlik reformu ile yapılan çalışmalar mevcut kamu sosyal güvenlik sisteminin sürdürülebilir hale getirilmesine yöneliktir. Bu konuda da özellikle geçiş süreçleri dikkate alındığında yapının pozitif etkilerinin yıllara yayıldığı ve daha hızlı aktüeryal dengeye ulaşma yönündeki cabalardan politik nedenlerle vazgeçildiği görülmektedir. Kamu emeklilik sisteminin güçlenmesine yönelik reform ile bireysel emeklilik arasında bu açıdan doğrudan bir ilişki bulunmamaktadır. Bireylere verilecek emeklilik gelirinin toplamında kamu özel pay dengesinin değişmesi ancak uzun vadede gönüllü ve tamamlayıcı emeklilik sistemlerinin gelişmesi ile olacaktır. Kısa vadede ise sosyal güvenlik kurumuna yapılan zorunlu katkıların bir kısmının özel emeklilik sistemlerine devredilmesi veya kamu payının azaltılarak bu payın gönüllü olarak özel kesim tarafından doldurulması ise kısa vadede özel kesimin payını artıracaktır. Ancak, halen kamu sosyal güvenlik sisteminin aktüeryal dengesinin bozuk olması ve gelirlerin giderleri karşılayamaması nedeniyle kamu emeklilik sistemine gelir azaltıcı herhangi bir uygulama bu acıkların artmasına neden olacaktır. Bu aktüeryal yapının yarattığı baskı nedeniyle kısa vadede ikinci basamak emeklilik sistemlerinin oluşturulması yönünde yapısal bir sosyal güvenlik reformu beklenmemektedir.

Şule Şahin: Sizce BES sosyal güvenlik sistemine ek bir emeklilik sistemi olarak mı kalacak? Eğer bu şekilde kalırsa Türkiye'nin genel refah rejimine etkisi nedir? Ya da sosyal güvenliğin belirlenmiş katkı esaslı fonlama sistemine geçişi için atılan bir adım mı?

Ali Haydar Elveren: Bireysel emeklilik non-state pension olarak buyumeye devam edecektir. Halen gonulluluk esasina gore calisan ve isveren katykilarindan olusan bireysel emeklilik sistemine katilimlar artmakta ve fon tutari anlamlı buyukluklere ulasmaktadir. Bu da bireysel emeklilik sisteminin yaygin bir kabul gordugu anlamina gelmektedir. Gonullu katilima dayali, guvenli ve seffaf bir sisteme bu ilginin devam etmesi ile bireysel emeklilik sistemi gelecekte bireysel hesaplara dayali ve fonlu uzun vadeli tasarruf ve emeklilik sistemlerinde hazır bir alternatif olarak gundemde olacaktır. Diger bir ifade ile kamu emeklilik sisteminin zaman icerisinde kismen fonlu hale getirilmesi durumunda yeni bir arayis yerine bireysel emeklilik sisteminin altyapisindan yararlanilacaktır. Benzer sekilde kidem tazminati veya issizlik sigortasinin da bireysel hesaplara dayali ve fonlu kurgulanmasi halinde bireysel emeklilik sistemi hem mevzuat hem de teknik altyapi olarak yeni gorevler ustlenebilecek yapidadir.

Bireysel emeklilik sistemine yapilan katkilar ve bunlari yatırım gelirlerinin birikmesi sonucu ileride bireyler ek bir emeklilik geliri elde edeceklerdir. Dogal olarak bu durum emeklilikte bireysel refahi artiran bir unsurdur. Bununla birlikte makro olarak bakildiginda emeklilikte ek gelir elde etmek icin yapilan bu katkilarin birikmesi sonucu olusan uzun vadeli fonlari ise ekonomiye yarattigi dissallik (externalities) vardır. Bireysel emeklilik sistemindeki fon tutarinin hizla artmakta oldugu, uzun vadeli kurumsal yatirimci olarak emeklilik fonlariinin piyasalardaki kirilganligi azalttigi, daha uzun vadeli yatırım yapıldigi, daha cok hisse senedine yatırım yapıldigi gorulmektedir. Uzun vadeli fonlari artmasi ise tasarrufa gereksinme duyan ulkemiz acisindan yasal onem tasimaktadır. Dolayısıyla ic tasarrufun artmasi ile yatirimlara kaynak da saglanmis olacaktır. Bu durum ise BES'in dolayli refah etkisi olarak adlandirilabilir.

Şule Şahin: Böyle bir sistemin (DC esasl) özellikle kadınların refahına etkisi sizce nasıl olacak? Pozitif ayrımcılık yapılması gerektiğini düşünüyor musunuz?

Ali Haydar Elveren: Kadınlar açısından bireysel emeklilik sisteminde herhangi bir özel durum yaratılmamıştır. Ancak kadınların daha az istihdama katıldıkları, daha kısa çalışma yaşamına sahip oldukları dikkate alındığında bireysel emeklilik sisteminde biriken fonlarının da ortalama olarak aynı yastaki bir erkek katilimiciye göre daha az olacağı beklenebilir. Bununla birlikte emeklilik yasının 56 olması ise kadınların ortalama yaşam beklentilerinin aynı yastaki erkeklere göre fazla olduğu dikkate alındığında bir avantaj (veya hiç olmazsa dezavantaj olmama) olarak değerlendirilebilir.

Şule Şahin: BES'in 'gender gap'ı artıracakını düşünüyor musunuz? Ya da bunun engellenmesi için nasıl bir politika izlenebilir?

Ali Haydar Elveren: Burada kamu zaman içerisinde vergi kredi sistemi gibi (tax credit) kişinin yaptığı katkıya orantili olarak, bireysel hesaplara vergi kredisi vermek suretiyle katkıda bulunabilir. Bu şekilde bir teşvik sistemi çerçevesinde belki kadınların yaptığı katkılara ek bir kaç puan daha fazla teşvik verilebilir. Ama mevcut teşvik sisteminde bu mümkün değil.

Şule Şahin: Son olarak Kemal Kılıçdaroğlu son görüşmemizde mecliste “kıdem tazminatı fonu”nun BES’e devredilmesinin tartışıldığını söylemişti. Bununla ilgili gelişmeler nelerdir ve sizce bu BES’in 3. ayak emeklilik sisteminden daha fazla olduğu anlamına gelir mi? Ya da yavaş yavaş 2. ayak emeklilik sisteminin yerini almakta mı?

Ali Haydar Elveren: Kıdem tazminatının fonlu bireysel hesaplara dayalı olması yönünde mevzuat taslağı tartışmaya acildi ancak politik ortam bunun tartışılmasına bile uygun değildi. İleride kıdem tazminatının fonlandırılması bireysel hesaplara dayalı olarak BES’in altyapısından yararlanılması ciddi bir alternatiftir. Hem çalışana hem işverene hem de kamuya katkı sağlayacak avantajları içerir. BES in yaygın kabul görmesi ile bu durum daha iyi bir seçenek olarak değerlendirilecektir. Ancak ülkemizde

sendika uyelerinin onemli bir kimsinin kamuda calisan isciler oldugu dikkate alindiginda kamudakilerin ozel kesimdeki iscilerden farkli olarak herhangi bir kidem tazminati sorunu bulunmamaktadır. Kamu yuksek kidem tazminati yukumlulugunu odemektedir. Halbuki ozel kesim iscileri genellikle kidem tazminatından yararlanamamaktadır. Fonlu sisteme gecis ile ozel kesimdeki her isci de kidem tazminatından yararlanabilecektir.

Ozetle, ileride ikinci basamak emeklilik sistemi ulkemizde mutlaka olacaktır (AB'ye uyum, genel ekonomik zorunluluk, vs) ama bunun 10 yildan once olmasi mumkun degildir. Kidem tazminatının ise bir sonraki guclu bir hukumet tarafından tekrar gündeme getirilmesi mumkun. Onumuzde yerel secim oldugundan hukumetin yapisal reform yapma sansi yok.