

THE POLITICS OF THE ORGANIZING THE 'UNORGANIZED' IN TURKEY

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Abstract

This thesis addresses the issue of the politics of protection of the sub-contracted workers in Turkey. Starting from the tension between marketization and protection, this thesis uses Polanyian approach to shed light on the modes of embedding the economy in society in the face of marketization. Focusing substantially on the period of the Justice and Development Party (AKP) government, known as an Islamic neoliberal political party, this thesis, firstly claims that the AKP has opted for embedding the economy in society by reconciling its Islamic identity with its neoliberal outlook. This has resulted in growing importance of reciprocity relations between the government and government-favoured trade unions, indicating a blurring of the boundaries between industrial and political realms. This thesis then shifts its focus to trade unions and provides an analysis of the tension and harmonization between unions' interests and identities. This thesis argues that harmonization between identity and interest strengthens the reciprocal characteristic of the politics and grants privilege to certain trade unions. Moreover, the tension turns government-favoured unions into veto players, who act against the government in the face of clash of interests. By taking actor-centred institutionalism (ACI) as its main methodology, this thesis situates actors into an institutional environment, wherein labour markets have been segmented increasingly, and looks at their responses, which are embedded in societal relations.

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CHAPTER 1

INTRODUCTION

Turkey's system of industrial relations has been on the transformation since the country entered into export-led competitive economy in the 1980s. In the 1980s, the economic changes have also coupled with neoliberal authoritarian ruling, which have created a vicious cycle of onslaughts for organized labour. The results were the drastic decline in the trade union membership and collective bargaining coverage rates. This led to erosion of the institutional ground on which organized labour had achieved major gains a decade earlier. In this period, economy has been instituted along neoliberal lines, favouring employer-friendly policies at the expense of rolling back of the industrial and welfare rights of organized labour (Pamuk, 2012). Trade unions, as key actors of the system of industrial relations, lost their industrial strength, which left them with diminished membership bases.

Under the rule of the Justice and Development Party (*AKP*) from 2002 onwards, neoliberal restructuring of the system of industrial relations has accelerated. Trade union membership and the coverage of collective bargaining rates have dropped to a historic low. In this regard, institutional legacy of the previous authoritarian era has persisted, signalled an institutional path-dependency, manifesting itself on the government's reluctance to improve the conditions of organized labour.

However, what is rather distinctive of the *AKP* period is the government's relations with trade unions. Unlike the previous authoritarian era, which aimed at depoliticizing of trade unions, the *AKP* government have formed alliances with certain trade unions, resulted in blurring of the boundaries between industrial and political realms. That process has paved the way for politicization of certain trade unions. In this way, they have turned into actors, whose industrial

interests are dependent upon acting in accordance with the ruling party's political agenda (Erdinc, Guidi, and Becan, 2017). In this regard, the way state engaged in relations with trade unions has shifted from tutelary practices- where the state is the overarching actor capable of eliminating union power - to symbiotic practices, where the AKP government re-designs industrial relations along ideological lines to create privileged trade unions. The symbiotic relations between the AKP government and privileged trade unions resulted in limited revitalization in the trade union membership, which had displayed downward trend since the 1980s, which mostly aroused from the unionization of sub-contracted workers in the government-favoured trade unions.

This thesis, in this regard, will look at how and why the AKP government formed alliances with trade unions. To do that the recent protections offered to sub-contracted workers will be analysed. It should be noted that the magnitude of the sub-contracted workers arises from two crucial points. First of which is related to the long-lasting change in the labour markets and the change in the system of industrial relations in general. Particularly, in the AKP period, flexibilization of labour markets (Erol, 2015) has resulted with proliferation of atypical forms of employment.¹ Of these atypical forms, sub-contracting practices stand out, as sub-contracted workers have been on the road to become a major part of the labour market, with a total number reached to nearly 2 million in the both public and private sector (Birelma, 2015).² This has created a duality in labour markets, as sub-contracted workers being “outsiders” and the standard unionized worker covered by employment protection and collective agreements being

¹ According to Eurofound, atypical forms of employment covers “Atypical work includes part-time work, temporary work, fixed-period work, casual and seasonal work, self-employed people, independent workers and homeworkers”.

² Although there is no clear cut data on the number of sub-contracted workers, the latest data released in 2012 show that sub-contracted workers working in formal sector reached over 1.5 million by the time of 2011 (TBMM, 2012).

“insiders”.³ By acknowledging the segmentation in the labour market, this thesis will put emphasize upon the politics of the protection of the sub-contracted workers in Turkey rather than dealing with wage and welfare related disparities between insiders and outsiders.⁴

The first attempt, in this regard, started in 2014, when the AKP government enacted the Omnibus Bill No: 6552 that targeted sub-contracted workers and granted them industrial rights and social welfare benefits. Of these rights, the right to unionize was of particular magnitude since it entitled sub-contracted workers to be covered by collective agreements. The second attempt of protection has been voiced around for several years, which aims at turning the temporary employment status of public sector sub-contracted workers into a permanent one so that they become public employees. Recent as it is, the Legislative Decree No: 696 enacted in 2017- during which the country has been ruled under the state of emergency- and entitled 450, 000 public sector sub-contracted workers to become public-employees.⁵

These developments have brought two crucial aspects of the protection forward. First, in a context where unfolding pressures of retrenchment and marketization have challenged the traditional protection mechanisms across both developed and less developed countries, Turkish case of protection of sub-contracted workers offers new insights into how protection is handled. Rather than increasing public employment to overcome the challenges of globalization and deepening of marketization, as most of less developed countries (LDCs) have done (Nooriddin and Rudra, 2014), Turkey’s public employment of workers, who were mostly employed in the state owned enterprises (SOEs) in the import-substitution industrialization (ISI) era, have been

³ The duality in labour markets have been widely discussed in the literature in periods of ever increasing disparity between rights and benefits granted to the two segments of labour market (Emmenegger et al. 2011), where the latter disproportionately is in better position.

⁴ This due to lack of data. Since the collective agreements are not available to researchers in Turkey, it weakens to chance to make systematic comparisons on wage and welfare rights gaps between insiders and outsider.

⁵ Due to insufficient data, the total number of sub-contracted worker is not clear. However, according to government officials and opposition members, the number is 750, 000. For further information, please see (Diken, 2017).

declining since the middle of the 1980s (Under secretariat of Treasury⁶, 2018). The decline in the number of workers in the SOEs has gone hand in hand with the proliferation of sub-contracting practices, which, largely, accelerated during the AKP period (Erol, 2016).⁷

Second aspect is the “politics” of social protection, which comes to explain the emergence of privileged relations that the AKP government has formed with certain trade unions. The politics aspect of protection has also refers to the timing that coincided with before general elections,- the one held on June 7th 2015 and the forthcoming one on June 24th 2018- signalling the attempts of keeping sub-contracted workers under control through government-favoured trade unions.⁸

By bearing these two aspects of the protection in mind, this thesis claims that while government is committed to pursue flexibilization policies that undermine the rights and power of unions, it should ensure a form of protection to compensate losses and maintain its control over industrial relations. In this regard, the challenge is to provide protection while pursuing marketization. This challenge brings the concept of “embedded liberalism”⁹ to the core of the analysis, which refers to the fact that “governments cannot and will not continue on the path toward openness without expanding safety nets to establish the political consent of their populations and maintain domestic stability” (Nooruddin and Rudra, 2014: 603). This thesis then asks that *how the AKP government has handled the two contradictory organizing principles of society- marketization and protection-*. In order for unveiling the tension between marketization and protection, this thesis will look at actors- government and trade unions-,

⁶ T.C. Basbakanlik Hazine Mustesarligi

⁷ The proliferation of sub-contracting practices is part of a broader flexibilization agenda of the AKP government. The government’s dedication to flexibilization manifested itself on the National Employment Strategy (NES) for 2014-2023 periods.

⁸ The protection attempts of the government will not be approached from vote-seeking/buying actions of the politicians since there is no data indicating the political support of the sub-contracted workers, who have covered by these protections, to the government.

⁹ The period is generally used for post-war European economic and political settlement during which social safety nets were expanded to a large segments of population. For further information, please see, Ruggie (1982).

whose interest in protecting and organizing the sub-contracted workers is crucial for the politics aspects of this thesis.

To answer the aforementioned question, this thesis will use Polanyian approach. For Polanyi (2001[1944]: 3) the contradiction between marketization and protection is conceptualized as “double movement”, where “society took measures to protect itself” against the self-regulating markets. The emphasis on the counter-attack of the society opens a way for politics that aims at, what Lacher (1999: 314) famously says, “re-embedding of the economy”. In neoliberal times during which the economy has started to become disembedded from society (Blyth, 2013), the ways of re-embedding of the economy brings politics forward in its aim to extend social protection into a large segment of society (Fraser, 2017).

The politics of re-embedding of the economy mainly deals with the question of how the economy is instituted and placed in a given society. From Polanyian perspective, as will be discussed in detail in the subsequent chapter, the economy is instituted along three lines: reciprocity, redistribution and exchange. At this point, it should be borne in mind that the modes of instituting the economy are not necessarily mutually exclusive which means that they may be intertwined. This is of particular importance for the purposes of this thesis since exchange and reciprocity relations have been gaining ground in the system of industrial relations in Turkey. Put in other words, exchange relations have been institutionalized in the realm of industrial relations, particularly in the case of sub-contracted workers, who have left without the shelter of trade unions and employment protections. However, along with the marketization accompanied by high level of commodification, protections offered to the sub-contacted workers, who were disproportionately unionized under government-favoured trade unions.

This strongly implies that the politics of re-embedding of the economy has been carried out along reciprocal lines. The reciprocal character of re-embedding of the economy in Turkey sheds light on a neglected part of Polanyian approach. This means that Polanyian understanding of protection does not always end up with counter-attacks that are progressive and redistributive in its scope, and fair in its nature (Fraser, 2014). This is to claim that the protection may be offered but it may as well serve for only narrow circle of targeted groups and actors. This, in turn, undermines Polanyian understanding of social protection that is oriented towards protection of whole society, which he sees as the building block of the politics against marketization (Bugra, 2007).

In Turkey, the abovementioned story became clear in the case of the protection of sub-contracted workers. Instead of providing protections to a large segment of outsiders, the ones that unionized under government-favoured unions were rewarded. Central to this point, one can claim that these protections served two reasons. On the one hand, it gave the power to certain trade unions, who historically and culturally have Islamic affinity, to become major industrial actors in their related sectors. On the other, the protections were offered to appeal to popular demands of sub-contracted workers and prevent the industrial disputes that are likely to jeopardize the government's control over industrial relations. For this thesis, Polanyian perspective on the modes of economic integration is thus crucial in understanding how actors in the industrial arena attempted to re-embed the economy into society. Reciprocal character of the politics, in that regard, made actors to utilize their social and cultural bonds- identities in their relations with the government.¹⁰

¹⁰ For Polanyian analysis of the reciprocal characteristics of the politics of protection, please see Silva (2012), where he discusses how societal bonds of the Latin American trade unions came to define their strategies in their struggle with marketization reforms in Argentina, Bolivia, and Ecuador.

1.1 Methodology

As a case study, this thesis will follow actor-centered institutionalism (ACI). The reason that this thesis opts for following actor-centered institutionalism are the following: First, ACI claims that actors' interests are shaped by the objective requirements of realms under which they operate and their own identities/cultural affiliations, which altogether influence the institutional outcomes (Scharpf, 1997). In this regard, ACI sheds light on the interplay between methodological individualism and embeddedness of economic action in societal relations (Pancaldi, 2012). Second, ACI combines empirical objectivity with interpretative subjectivity, allowing this thesis to find out possible mechanisms behind the protection attempts of sub-contracted workers in Turkey.

For empirical analysis, this thesis makes benefit of data related to rising number of sub-contracted workers, decline in trade union membership and coverage of collective bargaining. These data are presented to understand institutional environment under which the government and trade unions operate. Then this thesis will look at rising number of trade union membership of certain trade unions in selected sectors. These are to comprehend the nature of the privileged and reciprocal relations that are formed between the government and certain trade unions to protect the sub-contracted workers.

1.2 Organization

In the theoretical chapter, this thesis thus will proceed by first discussing the studies that apply Polanyian approach to the relationship between the economy and the politics to prepare solid background for the analysis. Then it will look at the transformation of industrial relations, particularly flexibilization around the world, making inquiries into how these trends altered the interest and strategies of trade unions.

In the third chapter, the thesis will focus on the logic and direction of institutional change and continuity in order to map out the degree to which marketization and protection in Turkey's industrial relations have persisted and changed since the 1980s. In this chapter, the thesis will delve into Turkish case by focusing on the relationship between trade unions and the state in two periods: 1980-2002 and 2002-2017. This is to prepare a background, where transformation in the industrial relations of Turkey is situated between global and Turkey's own peculiar historical contexts.

In the fourth chapter, the thesis will bring sub-contacted workers to the fore by looking at the struggles of the organized labour and discussions around the laws that provide protections to sub-contracted workers.

In the last chapter, conclusion, the thesis will summarize the main findings of the research and explain the contributions that it makes to labour politics literature in Turkey.

CHAPTER 2

THEORETICAL FRAMEWORK

In this chapter, this thesis will explain the ways of instituting the economy from Polanyian perspective. Then it will draw attention to the transformation of industrial relations to provide institutional environment under which trade unions re-define their interests. In a context of segmented labour markets, across both developing and developed countries, how trade unions have been responding to these challenges is a question that has yet to be solved. By bearing this question in mind, this chapter aims at building an analytical framework within which this thesis will operate.

2.1 The Place of the Economy in Society: Polanyian Perspective

In his influential book *The Livelihood of Man*, Polanyi (1977; 35-36) claims, “the main forms of integration in the human economy are, as we find them, reciprocity, redistribution, and exchange”. These are the main forms of integration mechanisms that determine the coordinates of embedding of the economy into society.

Of these seemingly three types of integration mechanism, reciprocity refers to the reliance on societal networks, trust, kinship etc. in pursuing economic action, where individuals’, families’, and collective actors’ role are prior to their economic role. It is in this form that social protection is largely dependent upon either informal channels of intervention that is carried out by the state or family or societal groups. In the context, where the state lacks the capability to perform its protective duties, the result is the reliance on non-state actors, serving as catalyzers of the state’s inadequacy in reaching out those who are excluded from formal channels of

social protection. Reciprocity has an institutional pattern called as symmetry, which requires mutuality of interest of actors in their conduct of economic activity.

Redistribution is built upon rules-based economy model, where the state intervenes in the economy through spending and taxation. There, the state is bound up with formal rules and its intervention in the economy is based on the principle of centricity in the allocation of resources. As being an institutional pattern of redistribution, centricity centralizes the role of the state in carrying out social protection. Both redistributive and reciprocity relations are “embedding the economy into social relations” (Polanyi, For both of reciprocity and redistribution, individuals, families and the state do not operate in a context, where they are expected to perform only economic functions.

In the case of exchange, however, markets are the critical actors, which denote a relation among market participants, whose sole aim is to get their share of protection through market allocation. The role played by actors is entirely economic, making societal roles played by actors irrelevant in the market place. In this case, the economy is a “disembedded” structure (Polanyi, 2001[1944]), having its own principles and allocation-protection mechanisms based on individual self-interest freed from societal and cultural norms. Moreover, contrary to informal channels of social protection found in reciprocity relations, redistribution and market exchange models share formality in their conduct of economic actions.

Reciprocity, redistribution and exchange relations are shaped by the institutional environment under which they operate (Hollingsworth and Boyer, 1997). This is important for the place of the economy in society, when existing institutional designs face with external economic challenges. Along with the long-argued shift from the Keynesian economic model, where economy was an ‘embedded’ structure (Holmwood, 2000)¹¹ to a competitive market economy

¹¹ In his article discussing T.H. Marshall’s, Myrdal’s, and Polanyi’s contribution to the emergence of post-War welfare state model in Europe, Holmwood (2000)- a prominent Polanyian scholar- claims that national welfare

model, “(m)arket discipline became the primary economic and political regime” (Munck, 2015: 426) across both developing and developed countries. The result is that external economic pressures have forced countries to shift to exchange relations, where protective measures have been attempted to be dismantled. However, although marketization poses similar challenges for both developing and developed countries, there are differences in the ways in which these two groups of countries have responded to marketization.

For developed countries, Polanyian framework developed by Stallings and Streeck (1995) is quite useful. According to them, reciprocity, redistribution, exchange relations are inherent features of Japanese, European, and Anglo-Saxon types of capitalism, respectively. Due their different modes of instituting the economy, they have developed ever-diverging regional responses to common pressures of globalization. In the Japanese model, marketization has been filtered through socially and culturally constructed norms of discipline and loyalty whereas in the Western European model- by which they refer to Germany-, marketization has been handled by “politically constructed and democratically legitimated public institutions, which serve as substitutes for traditional loyalties and inherited primary group integration” (Stallings and Streeck, 1995: 91). In Anglo-American model, however, one can clearly observe the fact that “(i)ts basic operating principles are those of nineteenth-century laissez-faire liberalism and neoclassical economics, with their emphasis on individual liberty and the formal rationality of monadic actors pursuing exogenous preferences” (Stallings and Streeck, 1995: 90).

Note that in developed countries discussed above, reciprocity, redistribution and exchange relations have all their institutional underpinnings, which allow them to challenge to marketization pressures. Coupled with weak institutionalization and weak collective actors, developing countries lack particularly redistributive means for embedding the economy into

state is the crucial institutional complex that embeds the economy into society through redistribution and freedom. It is a highly illuminating article to see how redistribution positively correlates with freedom of the masses, which altogether prevent negative consequences of market economy.

society. Nor do they have adequate institutional structure to facilitate exchange relations as Anglo-Saxon countries do. In this regard, the questions raised by Sandbrook (2013: 417) are quite important:

What can the re-embedding of economy in society mean in the more fragile states of the global South? This question is not one that Polanyi addressed. To approach an answer, we may find Polanyi's third principle of economic organisation – reciprocity – useful. Where reciprocity obtains in local communities or newly created religious, ethnic or occupational communities in fragile states, does it provide a positive alternative to the disembedding tendency of market and command economies?

These questions shed light on the fact that the way in which protection is provided matters in the face of marketization. However, for the last question Sandbrook raised, one should be aware that even though reciprocal networks of protection have been gaining ground in developing countries, the state is still the main actor in carrying out protective measures (Chang, 2003). Since the state in developing countries is embedded in societal relations (Evans, Rueschemeyer, and Skocpol, 1995), this provides a fertile ground on which reciprocal relations can flourish. This is most evident in the late industrialized developmental states, where the states “are not completely insulated from society either. Instead, they are embedded in a dense network of social ties” (Campbell, 1998: 103). It means that when faced with marketization, the responses of the state reflect the characteristics of state-society relations. Remembering Sandbrook again, this thesis argues that the very root of the reciprocal character of the protection against marketization lies behind the state's embeddedness in developing countries.

Given the crucial role played by the state in developing countries, it is important to see how the state continues to expand its interventions in economy for embedding the economy while supporting marketization (Rudra and Noouriddin, 2014). Such a process is at odds with the concept of “embedded liberalism”, which was a dominant form of integration of the economy in developed countries during the post-war period. This is mainly arising from the fact that

state in developing countries does not have egalitarian and redistributive impulses as states operated in the context of embedded liberalism. According to Kurtz and Brooks (2008: 233), who studied the role of the state in embedding the economy in the face globalization in Latin America, the developing countries have “embedded neoliberalism model”, where “the state becomes a promoter of economic production through active supply-side interventions, including export promotion and public employment, but it does so while retaining commitments to openness”. Taking both reciprocal and embedded neoliberal character of the state together into account, it can be claimed that developing countries both facilitates marketization and takes actions against it through the interventions of the state that is bound up with societal relations, which gives rise to reciprocal relations.

This chapter is written to understand how the economy is instituted in a given society. This thesis primarily looks at the tension between marketization and protection and how this tension is translated into politics by the state and trade union. Therefore, this chapter will help this thesis in two ways: it answers the question of why protection is carried out along reciprocal lines in Turkey and how the state and trade unions favor reciprocal relations over redistributive and exchange relations. The following sub-chapters are rather different, as they directly deal with the transformation of industrial relations and responses of trade unions to increasingly segmented labour markets.

2.2 Transformation of Industrial Relations and Trade Unions’ Response

Industrial relations have been transformed along the flexibilization lines, making labour markets more adaptable to requirements of a competitive market economy. As the transition of the Keynesian production regime to post-Fordism appeared on the governments’ industrial agenda across the world, flexible workforce has started to replace “mass

production/consumption, planning, control and stability” of the post-war era (McDonald, 1991: 177). The flexibilization has been also accompanied by certain institutional patterns of change, such as de-centralization of collective agreements at firm level, which led to the loss of bargaining power of organized labour to pursue nation-wide industrial and welfare policies (Hyman, 1989).

In developed capitalist democracies, this paradigm shift –or as Hall (1993) puts it “third order change”- has widely dominated the realm of industrial relations, paving the way for the need to re-arrange the strategies available to organized labour. Across developed countries, the challenges of neoliberalism-or post-fordism in particular- have shattered the ground on which organized labour has a say over the functioning of industrial relations. It is crucial to remind that although organized labour in advanced capitalist democracies suffers from flexibilization- particularly from proliferation of atypical forms of employment (Lang, Schomann, and Clauwaert, 2013) - their responses have varied, depending upon the institutional context in which they operate (Kitschelt et al. 1999).

The developing part of the world has also witnessed pressures similar to those that developed countries have faced. However, in developing part of the world, the size of organized labour is always relatively low because of the prevalence of the informal sector (Blades, Ferreira, and Lugo, 2011). The remaining part of organized labour is mostly sheltered through public employment (Rodrik, 2000). Moreover, flexibilization pressures may further deteriorate the power of organized labour by expanding informality in the labour market and reducing the share of secured jobs in the public sector (ILO, 2002; Ofreneo, 2013).¹² This is one of the main reasons behind the weakness of organized labour in developing countries.

¹² Ofreneo (2013) particularly looks at how flexibilization and informality have increased simultaneously in Philippines, which left trade unions to be trapped by these double pressures of flexibilization and informality.

This weakness made trade unions in developing countries to “rely on the state” power (Rudra, 2007: 383) to cope with ever increasing globalization process. In terms of reliance on the state power, Bellin (2000) claims that in the late development context, organized labour engaged in relations with the state to influence state’s industrial policy at the expense of losing its organizational autonomy in the face of economic challenges. Contrary to organized labour in developed countries, who engages in political exchange process with political parties to secure the rights of broad segments of labour in an increasingly segmented labour markets (Hyman, 2010), organized labour in developing countries faces with the risk of sticking to defend the interest of their constituencies by forging the links with the state (Bellin, 2002).

Although there are stark differences in organized labour’s response to flexibilization and globalization, organized labour across the world shares the same strategy in the context of flexibilization: they attempt to broaden their membership base in order to stay relevant in the realm of industrial relations. Linking the declining power of organized labour to flexibilization, which resulted in the proliferation of outsiders, the strategies pursued in this regard is to reach out to those workers, who fall into the category of non-standard-atypical forms of employment. In other words, they attempt to “organize the unorganized” (Heery and Adler, 2004). As Heery and Adler and many others (Vandaele and Leschke, 2010; McCormick, 2011) contend, the literature, so far, points out the need to shift the perspective to protection of those employed in temporary and insecure-often low paid- jobs. As Hyman (1994: 112 cited in Cervino, 2000: 5) aptly puts it:

The task of unions has always been to harmonise and reconcile a multiplicity of particularistic interests: the generation of solidarity has always been a project at best incompletely released. Often, indeed, strategic unity within trade union movements has been achieved only by imposing the priorities of one segment of the work-force upon all other groups.

However, while unions' attempts of appealing to the needs of outsiders have been widely discussed, the "politics of organizing the unorganized" has been largely neglected. This is important since there is a great deal of variance in the level and scope of protection provided to outsiders. The politics, therefore, can be an important variable in explaining the degree to which outsiders are protected across countries and sectors.

Central to the politics aspect, the literature has offered two major strands of explanation as to why politics matters, when the system of industrial relations undergoes substantial changes. The first strand looks at the magnitude of coalitional alliances between organized labour and employer in providing protection to outsiders. This literature claims, "the inclusiveness of producer group associations is the dominant cause of variation in the protection of outsiders" (Rathgeb, 2018: 24). The second strand, on the other hand, operates in the "new politics" (Pierson, 2001) framework, claiming that outsiders are offered protection mainly because political parties cannot be silent to the demands of a large number of the labour constituency, i.e., outsiders, if they are to attract the votes (Rathgeb, 2018). These accounts, however, either perceive unions and workers only as economic actors, as in the first strand of literature, or gives substantial magnitude to political parties, placing unions' strategies into a secondary level.

This thesis, however, emphasizes the interplay between government and trade unions in analysing the question of why outsiders are offered a certain degree of social protection in the first place and what role industrial actors play. By so doing, this thesis highlights the protection of the public sector outsiders in Turkey that cannot be explained by the first strand of literature since this literature pre-occupies with private sector outsiders. This literature claims that employer-employee alliances formed on micro-level (between individual worker and firm or unions and firm) determine the level and coverage of protection of outsiders. In the case of

Turkey, however, the alliances in that regard are formed on the macro-level that are between the government and trade union confederations.

This led to the question of why there is a need to form such macro-alliances for protecting the outsiders. This question is also highly related to the second strand of literature, which links protection for outsiders to politicians' and parties' desire to secure their offices. However, in the case of Turkey, trade union confederations have also their vested interest in the protection of outsiders. This is to maintain privileged relations with the ruling party and to gain more concessions that altogether make them a major actor in the system of industrial relations. For actors involved in the process of the politics of protection, the goal is not only vote seeking but also maintaining their control over industrial system and securing social cohesion in the face of severe marketization.

Central to this thesis, trade unions' strategies towards organization and protection of outsiders sheds light on Polanyian ways of integration mechanism of the economy, carried along reciprocity, redistributive and exchange lines. Jose (2002: 13 cited in Munck, 2004: 264) aptly draws attention to this point by claiming that trade unions should "resume their traditional role as guardians of social cohesion" in the age of flexibilization. As will be argued in the next sub-chapter, in the case of Turkey, unions' strategies to organize the sub-contracted workers were to forge links with the AKP government along reciprocal lines. In that context, the reciprocal relations meant that government and certain segment of organized labour engaged in privileged relations based on mutual compromises and benefits.

2.3 Trade Unions' Identity, Interest and Class

It is widely accepted that trade unions act in economic arena, where they form their interest and secure the rights of the working class. However, although this approach holds true, it neglects

two crucial facts. The first is that “unions are part of society”, where their identities and ideologies are shaped (Hyman, 2001: 4). Second, such an approach overlooks internal divide within the working class that has been taking place across almost all welfare regimes due to increasingly segmented labour markets (Hausermann and Schwander, 2010). By departing from here, this chapter will look at trade unions’ class and societal roles in the context of segmented labour markets and attempts to understand how these roles affect trade unions’ strategy towards protection of outsiders.

As argued above, trade unions are not only class (market) actors but also societal actors (Hyman, 2001). These roles interact with each other and define trade unions’ stance on the issue of protection of outsiders. In line with Hyman, this thesis takes trade unions as class actors, whose interests are formed by the conditions of labour markets. This thesis also defines trade unions as societal actors, which claims that their identity-ideology are utilized in the process of interest mediation with the government. In the Turkish case, this analytical framework is useful to see how reconciliation of these two roles of trade unions put some trade unions in an advantaged position over others in the case of protection of sub-contracted workers.

If trade unions are taken as actors of the working class, then the way in which they define class becomes important, particularly in the context of segmented labour markets. Simple as it is, the question is that how trade unions define class. Put in other words, do they define it in monolithic periods, which neglect intra-class division of interest? These questions, indeed, embody the undying spirit of Polanyi as it manifests itself on following question: “Given a definite structure of society, the class theory works; but what if that structure itself undergoes change?” (Polanyi, 2001[1944]: 159).

This particular quote points out the need to define class as a dynamic concept, which is highly fragile to institutions upon which it is built. By referring to Polanyi's quote, Bugra and Savaskan (2012: 28) claim that "(i)n the inquiries into the nature of contemporary capitalism, taking class as an independent variable would indeed block the way to certain interesting avenues of research exploring the emergence of new configurations of interest, positions of power, as well as alliances and conflicts". These questions reflect the need to take internal divide within the working class and the class role that trade unions play into account.

Polanyi stressed that the class concept is vulnerable to institutional change. Bearing Polanyi's argument in mind, trade unions' understanding of the class has also changed. Unions face challenges with regard to whose interests- insider or outsider- should be defended. As Hodder and Edwards (2015: 848) nicely put that "unions can have different degrees of market and/or class focus" in the market, consisting of insiders and growing number of outsiders. More concretely, the clash of interest between insiders and outsiders can influence unions' preferences over which groups' rights and demands are worth supporting for.

In general, while insiders insist on employment protection, outsiders favour employment promotion (Lindvall and Rueda 2013) and unemployment benefits (Guillaud and Marx, 2013). For example, Hubscher (2010), in her work analysing unemployment insurance and labour market reforms in Germany, Ireland, and Switzerland, claims that coupled with high institutional constraints, trade unions get in the way to protection of outsiders for the sake of defending their core insider constituencies. The competing interests of insiders and outsiders make difficult to represent both insiders' and outsiders' rights, hence undermine class attitudes and weaken "solidarity for all" aim of trade unions (Pulignano et al, 2018).¹³

¹³ Pulignano et al., (2018) is particularly important since it also sheds light not only on intra-class heterogeneity but also on national and migrant workers-most of whom are outsiders-, which constitute a major line of conflict faced by German and Belgian trade unions.

However, not all unions have this kind of insider-favouring preferences. In their study, Durazzi, Fleckenstein, and Lee (2018) emphasize that although insider-outsider dilemma forces unions to favour insiders' interests through demanding more employment protection and allying with producer groups (Lindbeck and Snower, 2001), Italian and South Korean unions seemed to move away from this dilemma to protect outsiders' interest as well. Durazzi, Fleckenstein, and Lee (2018: 5) explain this situation by referring to the decline in the employment figures in the manufacturing sector, where, traditionally, unions' core workforce comes from. In addition to that along with the erosion of its core workforce and challenges to organize workers in the service sector, unions were pushed to devise new strategies to organize outsiders to "remain a meaningful social force" (Eichhorst and Marx, 2015: 380).

As argued above, unions are also societal actors, which have certain identities and ideologies. Beyond their class role in the market place, their identities and ideologies may complement their inclusive class strategies or led them to sharpen the insider-outsider dilemma. Therefore, the extent to which trade unions act on the interest of both insiders and outsiders is ultimately a question of compatibility of their identity and interest. As McCormick (2011: 297) argues that:

Their (*trade unions*)¹⁴ traditional reaction has often been to oppose atypical work in all its forms and as a consequence, to avoid or exclude precarious workers; but in recent years, most have accepted that precarity is a reality that will not go away and have recognised the need to represent the interests of this group of workers. How they do respond is conditioned by their own structures and ideologies, the national industrial relations system in which they operate the economic situation and other factors.

What McCormick sheds light on is to take trade unions' identities into account, which may arise from either certain ideologies or cultural affinities, when it comes to analyse their strategies towards outsiders. In his study on the organization of outsiders, Durazzi (2015: 6) claims that when the tension emerges between trade union identity and interest, "trade unions

¹⁴ Emphasis belongs to the thesis.

with a class orientation are expected to be more likely to devise inclusive strategies towards marginal workers as class orientation underpins bargaining strategies aimed to increase the welfare of all workers”. Union ideology is the missing part in the literature that deals mainly with “interest-based insider-outsider models” (Durazzi, 2015: 3). Therefore, union identity can help to understand the motives that drive unions to extend their activities beyond defending the interest of their insider members. In line with Durazzi, in their study on the union strategies on the organization of temporary agency workers (TAWs) in Southern and Northern parts of the Europe, Benassi and Vlandas (2016: 10) found that “working-class orientation is associated with inclusiveness towards TAWs”, where institutional environment - high union density- strong bargaining status- for organized labour is favourable, the inclusive strategies are common.

As will be discussed in the Chapter IV, in the case of Turkey, unions, which have working-class oriented identity, have attempted to organize sub-contracted workers. Yet, due to unfavourable institutional environment- low trade union density- weak collective bargaining-, these unions failed in their attempt to organize sub-contracted workers. That the working-class oriented union identity is not the adequate variable for organization and protection of outsiders is also the result of Turkey’s repressive industrial policies, excluding left-wing unions but favouring those who have cultural affinity with the ruling party. By providing historical background on the development of Turkish system of industrial relations, the next chapter will provide why this is the case.

CHAPTER 3

TURKEY'S INDUSTRIAL RELATIONS IN TRANSITION

This chapter is written to prepare the historical background of industrial relations in Turkey. In so doing, this chapter will briefly shed light on the development of industrial relations since 1980 and explain the reasons behind trade unions' weakness in Turkey. To this end, this chapter will analyse transformations of industrial relations in two major period. These two periods reflect institutional continuity and change. While neoliberal policies continued, there were stark differences in the state's attempts to regulate and control industrial relations. The first period covers the time between 1980 and 2002. This period establishes the background of flexibilization and was marked by authoritarian neoliberalism, during which trade unions have witnessed major decline in their organizational power. The second period coincides with the rule of the AKP government and covers the time between 2002 and 2017. In this period, de-commodification of labour has speeded up and proliferation of atypical forms of employment- most notably subcontracted workers- has increased.¹⁵

3.1 Industrial Relations under Neoliberal Authoritarianism: 1980-2002

On September 12th 1980, Turkey has woken up to the news announcing that the military had taken over the country's civil rule. The coup d'état aimed at *-inter alia-* restructuring the

¹⁵ Earlier developments in the system of industrial relations begun from early republican period is not included into analysis since such a historical analysis would only show the continuation of tutelary practices between the state and trade unions and offer little insight into the recent protection attempts of sub-contracted workers. Nevertheless, it would be still important to emphasize the role played by the state in shaping the industrial relations, making trade unions structurally and financially dependent to the representatives of political arena (Sakallioğlu, 1992). The tutelary relations, indeed, continued throughout the 2000s but ultimately left its place to a form of symbiotic relations between the AKP government and trade unions, which constituted a milestone in the struggles of organized labour against the backlash of sub-contracting practices.

country's political economy model, which was then import substitution industrialization (ISI), to the export-led competitive market economy model. The system of industrial relations was adversely affected by the transition to a new economic paradigm, which was initiated immediately to dismantle the existing industrial institutions. The initial aim was to put to an end to trade union militancy, which hit a peak during the 1970s.

In this regard, first, all trade union confederations and independent unions at the time were shut down and operations of existing institutions were suspended. Soon after, new industrial laws were enacted in 1983, which were then named "Trade Union Act No: 2821 and Collective Agreement, Strikes and Lockouts Act No: 2822". The new industrial laws had the spirit of ongoing authoritarian rule of the military junta and resulted in neoliberal retrenchment in the social rights of workers. By setting high thresholds for being eligible for making collective agreements,¹⁶ these laws made it practically impossible for trade unions to do so. In this context, trade unions faced with survival issues, which abandoned them to preserve their existing membership bases that they had gained during the 1960s and the 1970s (Kahveci, Nichols, and Sugur, 1997).

In this period, trade union militancy was suppressed since many of trade union leaders, particularly those in charge of the left-wing unions, which were affiliated to the Revolutionary Labour Unions Confederation of Turkey (DISK), were put in jail. In the context of harsh oppressions faced by trade unions, employers began to occupy a centre stage in industrial relations (Dinler, 2010). The real wages of workers witnessed a considerable decline until the midst of the 1980s, as evident in their fall from 66.9 in 1980 to 55.9 in 1986 (Boratav, Yeldan, and Kose, 2000).

Accompanied by adverse economic conditions, the neoliberal authoritarian spirit of the 1980s contributed to a change in the place of the economy in society. This means that neoliberalism

¹⁶ 10% for sector level bargaining and 50+1% workplace.

was perceived as a pure economic doctrine that should be separated from the intervention of politics. In this way, markets were left to function by their own principles, without any external interventions that may come from trade unions (Kus and Ozel, 2010). This is to claim that exchange relations became the dominant form of integration mechanism of the economy, where workers were deprived of their social rights and confronted with neoliberal pressures by their own, without the backing of trade unions. Institutional legacy of the 1980s left its imprints on trade unions' structural weakness against the state in the following years. In this period, the authoritarian neoliberal state set itself free from industrial conflict and deployed state apparatus to control trade unions.

However, the authoritarian regime started to be replaced by democratic regime towards the end of the 1980s, while neoliberal policies were kept intact (Onis and Robin, 2003). This, in turn, resulted in the mobilization of trade unions, allowing them to make coalitional alliances among themselves to resist the ten-year long economic and political oppressions.¹⁷ After the European Union accepted Turkey as a candidate country, this opened new avenues for trade unions to voice their demands. When Turkey's system of industrial relations begun to be restructured along EU and ILO lines, trade unions embarked upon industrial and political activities, through which they aimed at breaking the vicious cycle of neoliberal authoritarian challenges (Gürçan and Mete, 2017). What is striking is that the institutional re-organization of industrial relations system left its positive imprint on trade union mobilization. In this vein, politics against markets was successfully pursued by trade unions and in turn resulted in a growing number of strikes (Akkaya, 1999).¹⁸ Yet de-commodification of labour and marketization continued to shrink the organizational strength of trade unions, thereby paving the way for limiting the

¹⁷ Except for DISK, which were closed down right after the military coup and reopened in 1991. After it was allowed to continue its activities, DISK joined with other trade union confederations in Turkey to protest and resist the neoliberal onslaughts on organized labour.

¹⁸ According to Akkaya (1999: 9), trade unions went on strikes for 1,194 times between 1984 and 1997.

union activity to only organize protests. However, the story changed remarkably, when the AKP came to power in 2002.

3.2 Neoliberal Party State and Industrial Relations in the AKP Period: 2002-2017

The main feature of the AKP period, which distinguishes it from the previous decade, is the change in the relations between the state and trade unions. This is to claim that while in the previous period, the neoliberal authoritarian state eliminated the power of the unions by establishing market exchange relations; the AKP opted for creating reciprocal networks through which it could control the industrial arena. Contrary to de-politicization of trade unions in the neoliberal authoritarian period, deliberate intervention of the AKP government into industrial relations resulted in politicization of trade unions. The politicization of trade unions came through acting in conformity with the government's political agenda in exchange for gaining concessions. The unions were compelled to show their loyalty to the government and provide support, when it was needed. Of these politicized trade unions, the Trade Union Confederation Hak-Is stood out since this confederation has a clear political Islamic affinity (Atasoy, 2009). In this way, this trade union managed to utilize its Islamic identity to secure its position in the industrial arena, which laid the groundwork of reciprocal relations with the government.

The politicization of trade unions in the AKP period has gone hand in hand with the intensifying of de-commodification of labour, which altered the nature of pure marketization practices found in earlier periods. As this thesis claims, the AKP's reciprocity-based process of neoliberalization of industrial relations has not only aimed at commodification of labour but also created mechanisms to maintain social cohesion and provide protection to certain trade unions.

The contradictory attempts of the government- marketization and social protection- have long been discussed in the cases of the AKP's overall mode of social policymaking. Discussions, in this regard, often revolve around the concepts of "social neoliberalism" (Dorlach, 2015), or "responsible pragmatism" (Akan, 2011). These concepts approach the AKP's social policymaking model in a broader welfare state regime by giving reference to welfare state transformation in Turkey, which refers to the penetration of conservative Islamic elements into social policy schemes (Bugra and Keyder, 2006).¹⁹

By taking the Islamic and neoliberal character of AKP's social policymaking as a point of departure, discussed above, this thesis claims that these features have also translated into the industrial relations and labour market policy-making, with a major difference. This is to claim that the use of Islam in the system of industrial relations differs from social policymaking in several welfare regime schemes. As argued above, the transformation of Turkey's welfare state regime on the Islamic lines has been widely discussed by the Turkish social policy literature. These studies treat Islam as a "set of values" that manifest itself on the necessity of charity (Gocmen, 2014), conservative concerns over female labour market participation (Bugra, 2014), and the sacred role of the family in providing care (Akkan, 2017).

In the case of industrial relations, however, Islam has been used as a "relational resource" by which Islamic unions and the government gather as members of a coherent community (Bugra and Savaskan, 2014: 44). In this regard, Islam has served to make a political Islamic community, where actors define their interest mutually if they are to remain as members of a coherent community. Therefore, it is not hard to understand why reciprocity relations have been gaining ground among the actors in the constituency of political Islam in Turkey. The challenging part, however, is to reconcile the marketization policies pursued by the neoliberal-

¹⁹ However, these concepts, as this thesis argues, are misleading since they treat the increase in the public spending in the productive welfare state realms and social assistance schemes as egalitarian developments.

minded AKP government with the need to protect the interest of members of the so-called Islamic community, who may be harmed by marketization.

Overall, this mixture of reciprocity and marketization emerged in the era of the neoliberal party state of the AKP government. This, in turn, resulted in the blurring of the boundaries between the market and the state or between the economy and politics. The result was the intensified interaction between the actors of industrial and political realms. As evident in the emergence of the reciprocal politics in the AKP period, the blurring of the boundaries between the market and the state could only reinforce the privileged nature of the politics. Accompanied by the ongoing decline in the union power, the privileged nature of politics served as a survival strategy embraced by trade unions, which brought protection concerns forward. The next sub-chapter, in this regard, aims at highlighting the degree of marketization and neoliberal onslaughts on trade unions in the AKP period to complement the arguments made throughout this sub-chapter.

3.3 Retrenchment in Industrial Relations and Trade Unions' Response

By introducing the new industrial law “The Trade Unions and the Collective Agreements, Strikes and Lockouts No. 6356” in 2012, the AKP government repealed the industrial laws No: 2821 and 2822, which were enacted in the neoliberal authoritarian state era. The new industrial law aimed at regulating industrial relations in a more systematic way. In this regard, first, the number of sectors was reduced from 28 to 20. Secondly, collective agreement thresholds were re-regulated.²⁰ This is of particular importance in that it disproportionately helped to

²⁰ The Law No: 6356 witnessed major disputes over collective agreement thresholds that would apply to economic sector level. At first, Law No: 6356 dropped the sector level threshold from 10%- which was regulated in 1983 by the enactment of Law No: 2821 and 2822 and last until 2012- to 3%. Although this was seemed as a progressive move, the law brought many favoring mechanisms for Hak-Is, DISK, and Turk-Is affiliated trade unions. Since these trade unions are members of Economic and Social Council (ESK), 1% threshold for sector-level collective

government-favoured trade unions affiliated to the Trade Union Confederation Hak-Is (Çelik, 2015), when overall trade union density in the country had been falling year to year (see Figure 1).

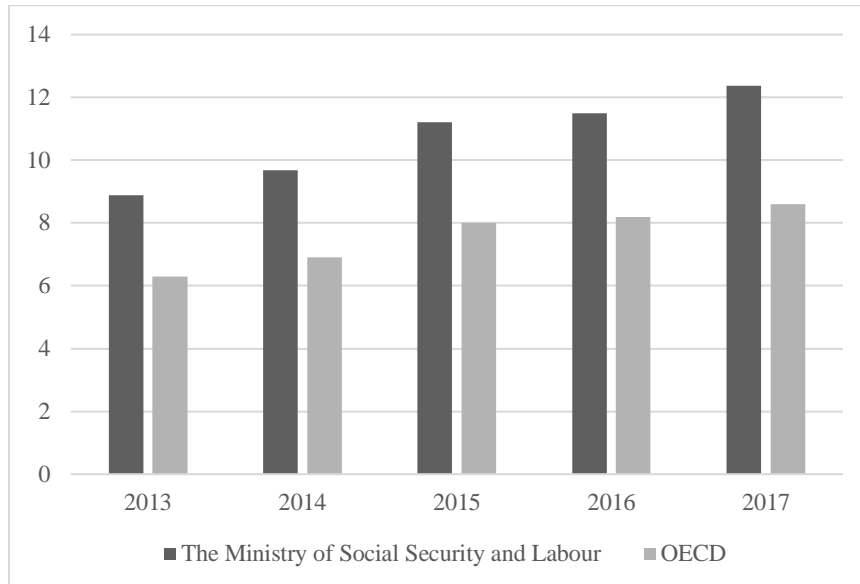


Fig. 1 % Change in Trade Union Density, 2013-2017

*Source: The Ministry of Labour and Social Security Trade Union Membership (2018).

**OECD Trade Union Density (2018).

*** As clearly seen, the data released by the Ministry and OECD is different. This because the methodological difference between the Ministry and OECD. Accordingly, while the Ministry considers only formal workers, OECD includes informal workers as well in calculating trade union membership. Therefore, OECD statistics is more reliable and accurate than the data released by the Ministry.

Although there seems to be limited revitalization in trade union density in recent years, the unionization is still low. In fact, according to OECD (2017: 134), Turkey has the fastest declining trade union density between 1985 and 2015. Furthermore, as of 2002, the union density has been plummeting. The low level of unionization has also coupled with declining coverage rates of collective bargaining (see Figure 2). Since benefiting from collective bargaining agreements is one of the major sources of benefit of unionized workers, the low-level coverage of collective bargaining resulted in adverse conditions for organized labour.

bargaining was decided to apply to trade unions, who are members of ESK While independent trade unions, who do not have affiliations to any of these major confederations were subjected to %3 threshold.

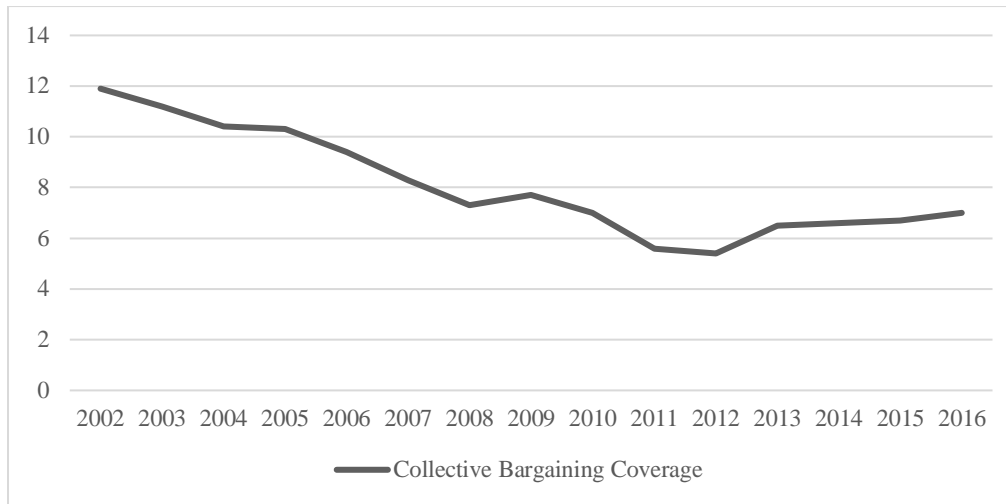


Fig. 2 % Change in Collective Bargaining Coverage Rate, 2002-2016

*Source: OECD Collective Bargaining Coverage Rate (2018).

As seen clearly from Figure 2, despite the long period decline in the coverage of collective bargaining rates, the last couple of years witnessed a gradual increase. However, this revitalization should be considered with the increase in the number of unionized workers *who are not covered by collective bargaining agreements* that leaves one of three unionized workers out of the scope of collective agreements (see Figure 3).

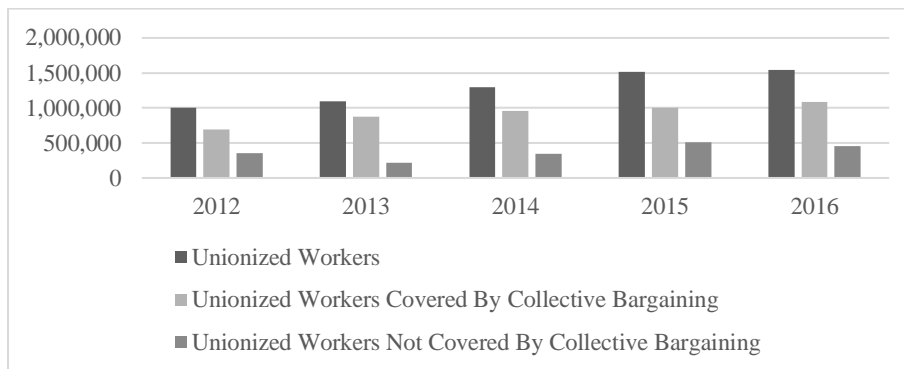


Fig. 3 Trade Union Membership and Coverage of Collective Bargaining

*Source: The Ministry of Labour and Social Security (2018).

In the context, where marketization has been implemented in full swing, trade unions' responses have varied. This is because trade unions in Turkey are divided along historical cleavage lines and by their ideology, which forms their understanding towards the working class. Another reason behind the divergences of responses of trade unions to marketization of

labour markets is that they are prominently organized in either the public sector or private sector. In this regard, the Confederation of Turkish Trade Unions (Turk-Is), the oldest and biggest trade union confederation in Turkey, has organized in traditional sectors such as steel and the automotive in both public and private enterprises, where trade union activity is oriented towards protection of insiders' rights. On the other hand, leftist trade union confederation DISK, the smallest confederation in terms of its membership base, has mainly concentrated its activities in the service sector in private enterprises and hospitals-which are located in the public sector- where atypical forms of employment are abundant. Hak-Is, however, the second biggest trade union confederation with clear Islamic identity, has organized in the public sector, particularly in state enterprises and the AKP run municipalities.

In this regard, it should be acknowledged that trade unions' interests would ultimately be shaped by the sector under which they are operating. This to claim that Turk-Is, as a formerly state-led confederation, defines class interest mainly as defending the interest of workers, which are disproportionately insiders. Despite its rejection of class struggle and the concept of class identity (Erdinc, 2017), Hak-Is mainly strives for the rights of sub-contracted workers in the public sector. Class, according to them, seemingly consists of outsiders, whose organization and protection matter only if these are to strengthen its power. On the contrary, DISK, the only confederation adopting working-class oriented union identity, seems to strive for both insiders and outsiders, marking its position as inclusive as possible.

The next sub-chapter section will delve into flexibilization of labour markets as a major part of retrenchment of labour markets in Turkey. Then it will analyse trade unions' responses and strategies to organize sub-contracted workers. In addition to that, it will look at the patterns of protection for sub-contracted workers. In doing so, it will be argued that the politics of organizing the unorganized has been taking place in a peculiar context, where exchange and reciprocity relations are intertwined.

CHAPTER 4

THE PROTECTION OF SUB-CONTRACTED WORKERS IN TURKEY

As argued in the introduction chapter, sub-contracting practices in Turkey have gained ground in the AKP period. The rise in the number of sub-contracted workers in both public and private sectors has also posed new challenges for the government and trade unions, paving the way for blurring of the boundaries between political and industrial realm. The blurring at hand has mainly arisen due to the reciprocity relations between the government and government-favoured trade unions, making the realm of industrial relations highly vulnerable to political intervention.

This chapter analyses the politics of protection of sub-contracted workers. The protection refers to the need to incorporate sub-contracted workers into the large group of organized labour. It also reflects the patterns of controlling the growing tension among outsiders that may challenge the political authority of the AKP government in the industrial realm. In line with these goals, the protection of sub-contracted workers was initiated through industrial laws, which re-regulated the industrial rights of sub-contracted workers, aimed at allowing them to unionize and benefit from collective agreements. The industrial laws enacted in the AKP period have also made improvements in the employment status of sub-contracted workers by changing their temporary contracts to permanent ones.

Although the AKP government provides protection, albeit in a limited manner, sub-contracting practices prevails at the same time. In this vein, the challenge that the government faces is to cover the cost of marketization by offering protection to sub-contracted workers. In this regard, two important questions arise: Which group of sub-contracted workers are being protected and

why? Why has the AKP government enacted such laws- promoting the rights of sub-contracting workers- despite its outright neoliberal outlook that it has been pursuing since 2002?

By taking these questions as a point of departure, this chapter, first, outlines the brief historical evolution of sub-contracting practices in Turkey and provides a general outlook on the sub-contracted workers' employment status in the AKP period. Then, it discusses the first major development in the protection of sub-contracted workers by the Omnibus Bill No: 6552 enacted in 2014. The Omnibus Bill entitled sub-contracted workers to be unionized and set the conditions for benefiting from collective agreements. The second major development in this regard came just recently, in March 2017, with the enactment of Legislative Decree No: 696, which made a considerable-yet limited- number of sub-contracted workers public sector employees.

These two laws constitute the milestones in the process of gradually increased protection of sub-contracted workers. In between these two laws, the efforts of organized labour in turning the temporary status of sub-contracted workers to permanent employee status seemed to face a challenge set by the government in 2015. Instead of creating permanent status for sub-contracted workers, as promised by the government just before the 2015 general election, the government introduced a new "private-contracted employee status" (*özel sözleşmeli işçi statüsü*) for sub-contracted workers just after the election. According to many trade unionists, the proposed status would have made the employment security of sub-contracted workers worse-off than they already were (Genel-Is, 2015). This created a tension between the government and government-favoured unions, whose members mainly consist of sub-contracted workers. The efforts to create private employee status were eventually rebuffed by all trade union confederations. This process that pit the government-favoured unions against the government will also be touched upon since it helps this thesis to further articulate the political aspect of organizing the sub-contracted workers in Turkey.

4.1 The General Outlook of Sub-Contracting Practices in the AKP Period

Sub-contracting practices are the main forms of flexible employment in Turkey (Koc, 2001). When the AKP government came to power in 2002, the first attempt by the government in this regard was to enact the Labour Law No: 4857, which laid the groundwork for the prevalence of sub-contracting practices. The law at hand has the famous article No: 2, which regulates the following (Yıldız, 2016: 1-2):

A sub-contracting relationship can be established in auxiliary tasks related to the production of goods and services or in a certain section of the main activity due to operational requirements or for reasons of technological expertise in the establishment of the principal employer.

This article made it possible for principal employers to avoid labour-related risks and costs by sub-contracting workers from either individual sub-contractor firms or private employment agencies. This, in turn, provides employers a large pool of cheap labour hired -more than often not- on a short-term basis. As an outsider participant of the labour market, a sub-contracted worker is the typical solution for crippling the power of organized labour since they are left without the protection of trade unions and not in a position to benefit from collective agreements (Birelma, 2014). The insecurity that accompanies sub-contracting practices is the result of a broader flexibilization process that has been underway in Turkey's employment structure since the 1980s (Bolukbasi and Ertugal, 2013). This means that there have been certain re-adjustments in the labour markets in order to ensure that labour markets are flexible enough to compete in the international economic markets.

In this regard, in tune with international trends, the secure jobs of the ISI era, which were gained particularly in the SOEs, started to fall from the middle of the 1980s onwards. It can be safely claimed that this process has particularly accelerated in the AKP period. The number of total employment in the SOEs was 635,066 in 1985 and dropped to 105,591 in 2017

(Undersecretariat of Treasury, 2018). The tremendous decline in the employment figures in the SOEs was the result of the decline in the number of state-officials and the number of temporary workers and private-contracted personnel (Koroglu, 2012).

Of these declining figures in different employment types, the decline in the number of temporary workers and private-contracted personnel²¹ has been compensated by the increase in the number of sub-contracted workers, who have most likely taken over these jobs (Birelma, 2014). The prevalence of insecure modes of employment that have been replacing the secure jobs in the SOEs was a deliberate industrial policy adopted by the AKP government and pursued on a systematic basis. Aside from the increased number of sub-contracted workers, this is most evident in the growing number of public employees holding a temporary contract (*sozlesmeli personel*). This is to say that although the share of public employment in the total employment shows a gradual increase, around 13% in 2017 (TurkStat, 2017), the share of permanent contracts in public employment is on the increase as well (Disk-Ar, 2017).

By extending contract-based temporary jobs into the public sector, the pre-conditions of further flexibilization in the public sector has been prepared in the AKP period. Even though sub-contracting practices started to emerge from the second part of the 1990s, its economic and political significance coincided with the AKP government's rule. This thesis argues that this is most evident in the number of sub-contracted workers. Although there is no clear-cut data on the number of sub-contracted workers in public and private sectors, the only reliable data was released by the then Minister of Labour and Social Security, Faruk Celik, in 2012 in a response to a parliamentary question asked by one of the opposition members of parliament.

²¹ The number of temporary workers and private-contracted personnel have been on the rise from 2013 onwards (The Ministry of Finance, 2017).

Table 1. The Number of Formal Sub-Contracted Workers, 2002-2011

Year	Formal Sub-Contracted Workers		Total Number of Sub-Contracted Workers
	Male	Female	
2002	385.511	28.607	387.118
2003	410.135	38.876	449.011
2004	537.471	44.019	581.490
2005	620.680	36.997	657.677
2006	862.528	44.625	907.153
2007	1.114.806	49.112	1.163.917
2008	1.207.785	53.846	1.261.630
2009	1.008.009	41.956	1.049.960
2010	1.240.128	53.775	1.293.893
2011	1.550.304	60.905	1.611.204

*Source: The Ministry of Labour and Social Security (2012).

**Faruk Celik's response to a parliamentary question of the CHP parliament.

***<http://www2.tbmm.gov.tr/d24/7/7-9123c.pdf>

Although data shown in Table 1 lasts until 2011, it is highly likely that the figures would increase in the following years, making the situation worse-off for sub-contracted workers. As claimed by the main opposition party in Turkey, the Republican People's Party (*CHP*), "the total number of sub-contracted workers has risen from 387, 000 to nearly 2 million, including 750, 000 sub-contracting workers employed in the public sector-, in the last 15 years under the AKP government" (Diken, 2017). Moreover, the ratio of the total number of sub-contracted workers to the total number of wage earners is quite depressing as it is indicated that "one out of nine wage earners was a sub-contracted worker in Turkey by 2011" (Birelma, 2014: 77). Given the fact that the share of wage earners in the total employment has been increasing,

around 68% in 2017 (TurkStat, 2017), it is expected that the share of sub-contracted workers in the total wage earners has also been increasing.

One of the major results of flexibilization is the fact that the difference between the formal and informal sector has increasingly become indistinct (Munck, 2002). According to Peterson (2004: 33), “flexibilization increases economic activities that are outside regulated and regularized production process. It thus increases informal activities”. Bearing in mind that the prevalence of the informal sector stands as one of the key challenges that unions face, flexibilization of formal sector jobs also makes the situation worse by shrinking the power of organized labour. In their studies dealing with the societal and economic determinants of trade union revitalization in Turkey, Adaman, Bugra, and Insel (2009) reveal striking a fact. When asked “whether some parts of the jobs are transferred to sub-contractors by the principal employer, 67% of unionized workers said yes, while the ratio for insured but not unionized is 29%, and 10% for uninsured workers” (cited in Birelma, 2014: 78).

These results are in conformity with the “expanding informal sector-flexibilizing labour market” nexus (Ofreono, 2013), which left unions with dwindling membership rates. In a country like Turkey, where the informal sector constitutes one-third of the total workforce, 33, 3% in 2017 (TurkStat, 2018), further flexibilization will give unions hard times. In addition, this will strengthen the protection demands of sub-contracted workers. Therefore, one can expect that the major line of conflict between the government and organized labour will likely be the protection issue of sub-contracted workers.

4.2 The Right to Unionize and the Rise of Government-Favoured Unions

The first major step in the direction towards improvement in the rights of the sub-contracted workers, as argued earlier, came with the enactment of the Omnibus Bill No: 6552, which

eliminated barriers for sub-contracted workers in the public sector and granted them the right to unionize. In fact, the bill at hand aimed at loosening the restrictions set by the Labour Law No: 4857 on the unionization of sub-contracted workers and ending the many disputes occurring with employers over severance pay. In this regard, while the Omnibus Bill has made only limited improvements, as evident in the fact that the right to unionize and legal improvements on severance pay were only applied to sub-contracted workers in the public sector, it, nevertheless, laid the groundwork of subsequent improvements made in 2017. As far as this thesis is concerned, with the enactment of this law, the government initiated a series of attempts at encouraging sub-contracted workers to unionize under “legitimate”²² trade unions, which then refers to Hak-Is Trade Union Confederation.

In the context where Turkish trade unions suffer from membership loss, this law opened a window of opportunity to extend their membership base through organizing sub-contracted workers. However, since the law only aimed at those working in the public sector, trade unions that have already concentrated their activities on the public sector benefitted from the process. In this regard, the general service sector, as identified in the main industrial Law No: 6356, was of utmost importance since most of the sub-contracted workers have been employed in municipalities and various public institutions, which are located in the general service sector.

Central to the organization of sub-contracted workers in the general service sector, it should be noted that there were three main trade unions –Hizmet-Is, Genel-Is, and Belediye-Is- which are affiliated to three confederations: Hak-Is Trade Union Confederation, DISK, and Turk-Is, respectively. As clearly seen in Figure 4 below, despite the fact that Turk-Is is the most powerful trade union confederation in Turkey, its affiliated trade union operating in the general

²² In the 13th general assembly of the Hak-Is Trade Union Confederation in 2015, the President Erdogan was invited to the meeting to give a speech on the achievements of the AKP government in the rights of workers and how the government works smoothly with the confederation (Haberturk, 2015).

service sector, Belediye-Is, is the one that enjoyed least from the unionization of sub-contracted workers. This is mainly because of the fact that Turk-Is has been avoiding organizing the sub-contracted workers in the general service sector as its core membership base consists of privileged insiders working in the traditional steel, oil and mining sectors.²³ The real struggle, however, has been taking place between Hizmet-Is and Genel-Is. Even though there are stark differences between Hak-Is Trade Union Confederation and DISK in terms of their ideology and class attitudes, the industrial competition in the general service sector brought these two trade unions closer in their efforts towards pushing the government to enact the Omnibus Bill in 2014.

However, the difference lies behind the political push that resulted in a rapid increase in Hizmet-Is's membership figures. The reason for this striking fact is that the increase in the membership rate of Hizmet-Is came particularly after 2014, when the Law was enacted. This strengthens the possibility that Hizmet-Is organized most of the sub-contracted workers in the general service sector. Belediye-Is, on the other hand, seems to be excluded from the process since it does not have the same political connections with the government as its rival, Hizmet-Is.

²³ It should be noted that the Petrol-Is, an affiliated trade union of the Turk-Is, has an exceptional place in the Turk-Is Confederation. The Petrol-Is has been known as a left-leaning trade union, who made one of the earliest efforts in making sub-contracted workers unionized in the early 1990s (Birelma, 2014).

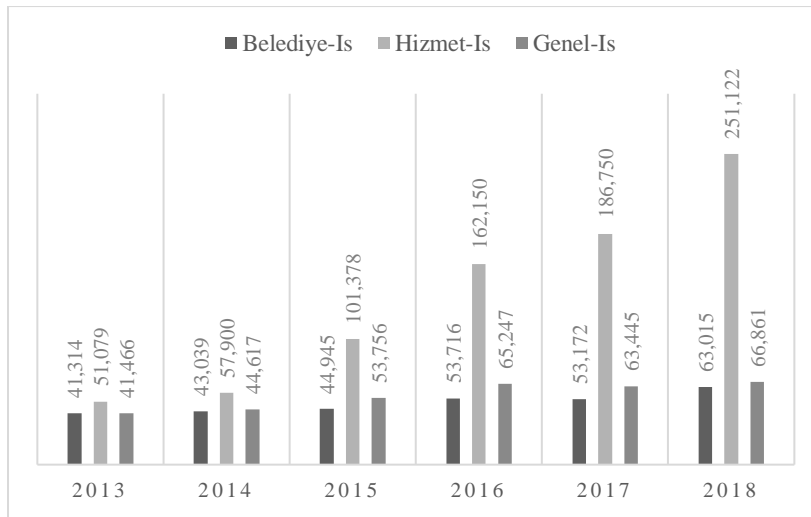


Fig. 4 Change in the Trade Union Membership in the General Services Sector, 2013-2018

*Source: The Ministry of Labour and Social Security (2018).

Similar development has been taking place in the health sector, particularly between Oz Saglik-Is trade union affiliated to Hak-Is Confederation and T. Saglik-Iscileri trade union affiliated to Turk-Is Confederation. As shown in Figure 4, the rise in the union membership of these trade unions bore close resemblance to developments in the general service sector. This strengthens the argument that the government uses Hak-Is to prevent Turk-Is from using its industrial power. This strategy is complemented with the exclusion of the DISK from the industrial arena. The situation in the health sector seems to confirm the early prediction of Yildirm (2006: 250), which stresses that “AKP may have a desire to strengthen Hak-Is in order to create a friendly labour organization that will not be opposed to the government on every occasion. AKP may implicitly encourage Hak-Is as leverage against Türkİş”. What is interesting is that Turk-Is, who had been hitherto reluctant to organize the flexible workforce, has opted for organizing the sub-contracted workers. This is because it must have perceived the upcoming threat of the rise of Hak-Is that would steal its organizational bases with the help of the government.

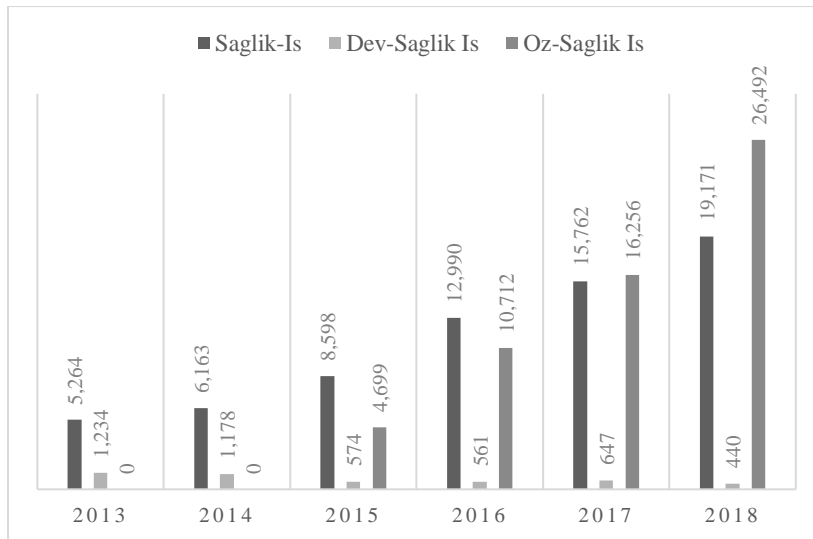


Fig. 5 Change in the Trade Union Membership in the Health Sector, 2013-2018

*Source: The Ministry of Labour and Social Security (2018).

It is, indeed, clear that unionization of sub-contracted workers is a significant step against the unfettered marketization pressures, which hit the sub-contracted workers most. Hired on a short-period contract basis for insecure and low-paid jobs, these workers are left to the market with limited means of social protection. Therefore, in a market, where the needs of the sub-contracted workers are neglected in favour of the interests of employers, even the limited means of protection matters. Remembering the Polanyian struggle against marketization discussed earlier, the protection occurs, when the market is disembedding from the society. The politics of protection, in the Polanyian sense, comes in three ways: redistribution, reciprocity and exchange relations. In Turkey, as shown, the protection has been mainly carried out as a top-down project by the government and government-favoured unions on reciprocal lines, favouring only a limited number of sub-contracted workers.

It should be noted that the reciprocal nature of politics mostly favours Hak-Is Confederation affiliated trade unions since they have more resources, Islamic elective affinity with the government, at their disposal to mobilize in their relations with the government. As argued earlier, in the political economy environment of Turkey, where actors in the constituency of

political Islam are bonded with each other, Islam has turned into “a relational resource” by which these actors gather as members of a coherent community.

This is the main crack, where reciprocity relations come into picture. In such a community, one might claim that the economy is embedded in societal relations. However, this is not to say that these actors do not perform economic roles. As this thesis argues, coherence in the Islamic community is dependent upon the extent to which economic interests and cultural codes are reconciled. This, in turn, may shrink the basis of a coherent community. Therefore, the relationship among the actors in the constituency of political Islam in Turkey is not free from tensions. These tensions manifest themselves in the clash of interest between Hak-Is Confederation and the AKP government, when the government attempted to roll back the rights of the sub-contracted workers that it had provided with the Omnibus Bill in 2014.

4.3 The Clash of Interests: Bringing Sub-Contracted Workers to Private-Contracted Employee Status

Before the general elections held on June 7th in 2015, the AKP government promised to take necessary steps to turn employment status of the public sector sub-contracted workers into public-employee status, entitling them to hold a permanent contract. The government’s initial protections provided in 2014 by the Omnibus Bill led trade unions to celebrate the good news that they had been striving for over the last two decades. However, the effects of the Omnibus Bill had already been called into question in terms of its net benefits on workers’ wage and working conditions.

It is in this context that trade union confederations- Hak-Is and DISK in particular- concentrated their activities on turning temporary contracts of public sector sub-contracted workers to permanent contracts. Just after the general election in 2015, the government

proposed a new employment status for sub-contracted workers, proposing a substantial change in their temporary employment. The new status was called as “private-contracted employee status”. According to the president of Hizmet-Is, Mahmut Aslan, the proposed status would have likely resulted in rolling back of the improvements achieved by the Omnibus Bill. These improvements include benefiting from collective bargaining, various premium rights and severance pay (Aslan, 2016). In a similar line of argument, the general secretary of DISK, Arzu Cerkezoglu, rejected the private contracted employee status on the ground that “the private-contracted employee status makes a sub-contracted worker neither a civil servant nor a public employee, but a worker employed by private contracts valid for three years” (Çerkezoglu, 2016).

The issue of private-contracted employee status was particularly important for the relations between the AKP government and Hak-Is since the latter have been privileged over the years by the former. It is worth bearing in mind that by the time that this new status was proposed, sub-contracted workers were the group that constitute the majority of Hak-Is membership base.²⁴ The main rejection of Hak-Is to this new status arises from the fact that if private-contracted employee status would be enacted, some of Hak-Is affiliated trade unions would definitely lose their right to make collective agreements.

The Hak-Is Confederation has the highest number of sub-contracted workers, in not only the general service and health sector, but its organization scattered through key industries, where sub-contracting practices are abundant. Therefore, Hak-Is has vested interests in these laws and regulations. Since Hak-Is owes its industrial power to the government, the clash of interests with the government over the issue of private-contracted employee status means that there is a limit to symbiotic relations between the two. The conflict at hand sheds light on the limits of

²⁴According to the head of Hak-Is Trade Union Confederation, Mahmut Arslan, figures are roughly the following: Nearly 200, 000 sub-contracted workers out of 489, 000 total Hak-Is membership base.

harmonization of identity and interest in the case of the relations between Hak-Is and the government. While the shared Islamic cultural identity gave rise to reciprocal relations between the two, which marked the politics of protection of sub-contracted workers, the interests of these actors on private contracted employee status seemed to have priority in conducting economic and political activity pursued by these actors.

As a trade union confederation, whose membership base mostly consists of outsiders, Hak-Is case offers some insights into the politics of protection of outsiders. The case shows how identity and interest have come to fall into conflict with each other. While questions such as whether trade unions opt for protecting their core membership base- insiders- or develop inclusive strategies for bridging the gap between insiders and outsiders are more related to Turk-Is and DISK, Hak-Is case pushes this thesis to unveil the interplay between identities and interest. As argued above, Islamic identity in itself does not offer much in understanding why Hak-Is is the trade union confederation that has the highest number of sub-contracted workers in Turkey. The identity serves for preparing the ground on which privileged relations with the government is created and sustained.

The main goal of the AKP government was to replace Turk-Is with Hak-Is and erase left-wing tendencies in the industrial realm through the exclusion of DISK (Güngen, 2018). However, as this thesis strongly argues that in order to create privileged unions and sustain industrial peace free from disputes, compromises should be made, which constitute the key part of the politics of the protection of sub-contracted workers. The first compromise, in this vein, came when the AKP felt compelled to enact the Omnibus Bill in 2014, which improved the conditions of sub-contracted workers. The second compromise, again, came from the AKP government, when it was forced to drop the private-contracted employee status from their agenda as a result of serious backlashes organized mainly by DISK and Hak-Is. However, Hak-Is Trade Union Confederation, gave the last compromise when the Legislative Degree No: 696 was enacted in

March 2017, only allowing sub-contracted workers in the public sector to become public-employees. Even though this was a significant achievement for the Turkish labour movement, its coverage was limited only to public sector sub-contracted workers, excluding those working in municipalities, leaving half of the public sector and entire private sector sub-contracted workers out of the reach of the Legislative Decree.

4.4 Making Sub-Contracted Workers Public Employees: A Critical Assessment

The struggle of sub-contracted workers to turn their employment status into that of public-employee has always occupied a centre stage in the organized labour agenda in Turkey. The demands in this direction have intensified since the beginning of the 2000s, during which sub-contracting practices have gained ground. Since the middle of the 1980s, the scope of implementation of sub-contracting practices was limited. Roughly a decade later, in the middle of the 1990s, however, sub-contracting practices started to enter into industrial relations in the form of a flexible employment status and were used against rising labour militancy and the threat of wage increases (Koc, 2001).

In the AKP period, however, as this thesis argues, the growing number of sub-contracted workers reached a point, where the representatives of the political arena could not stay silent. The AKP government insisted on following a neoliberal path, which it took over from the previous authoritarian neoliberal legacy, to further flexibilize labour markets through increasing sub-contracting practices. Yet it also had to respond to the needs of these workers that are mostly organized in government-supported unions. Remembering the influential new politics thesis of Pierson (2001), discussed earlier, since politicians have to act in line with the needs of their constituencies to secure their positions in political office, the dismantling of the existing protection mechanisms is less likely to happen. Treating the existing protection

mechanisms or institutional design of the welfare state as an “immovable object”, however, leads to neglecting the compensation mechanisms and the interplay between actors (Starke, 2006). In Turkey, the compensation programs were offered as protections for sub-contracted workers and aimed at sustaining the strategic balance that the AKP government formed with the government-favoured unions.

A close-up reading of what has been taking place in the politics of the protection of sub-contracted workers reveals a striking fact: the protections are perceived as rewards, particularly by the government-favoured unions (Erdinc, 2017). In turn, the government-favoured unions are expected to ignore a broader commodification process and stay silent about the re-designing of the industrial structure along neoliberal lines. Therefore, the interest of the privileged actors in the process of allocation of rewards are crucial aspects of the politics of protection, when analysing organized labour’s confrontation with neoliberalism in Turkey. This is also crucial for overcoming the shortcomings of the new politics approach, which excessively focuses on politicians’ interests and neglects other actors.

Having claimed this however, the concept of veto point used by new politics approach can also benefit this thesis. Since this thesis argues that the AKP government has formed strategic alliances with the government-favoured unions, these unions have also served as veto points, when the government and union interests clashed as in the case of private-contracted employee status back in 2015 in Turkey. Since trade unions benefit from these alliances in exchange for acting in tune with the government’s neoliberal agenda, the government not only controls industrial relations through these privileged unions. It also binds itself with the fear that if these privileged unions withdraw from the alliance, the government would lose its control over the industrial arena. Therefore, the interests of unions that serve as veto players are crucial since these unions might demand more protection in the case of a clash of interest that might occur in their relations with the government.

In 2017, along with the enactment of Legislative Decree No: 696, Julide Sarieroglu, the Minister of Labour and Social Security, claimed that nearly 450, 000 sub-contracted workers employed in the public sector have public-employee status. The numbers are striking since it signals the undeniable success of organized labour. However, the Decree at hand does not cover nearly 400,000 sub-contracted workers employed in municipalities and all the private sector sub-contracted workers, whose number reached over 1 million by 2017 (Disk-Ar, 2017). The question, in this regard, is why these protections are only offered to public sector sub-contracted workers. The answer lies behind the fact that government-favoured unions, many of which are affiliated to Hak-Is Trade Union Confederation, are the key industrial actors who have organized the highest number of sub-contracted workers in the public sector. However, since these trade unions are situated themselves in a strategic alliance with the government, it is very likely that they will demand protection for the rest of the sub-contracted workers.

More than half of the public-sector sub-contracted workers are now public employees. As far as this thesis is concerned, this shows the success of organized labour that has been engaging with the state in both neoliberal authoritarian and party-state periods. Central to the fact that the AKP has put its party character forward in its relations with organized labour, it found the chance to appeal to government-leaning unions. This changed the nature of the previous controlling mechanism of the neoliberal authoritarian era, which was based on outright neoliberalization and the elimination of power of organized labour, making the AKP develop symbiotic relations with the trade unions, where it cannot avoid the demands of those unions if it is to maintain its control. Yet, it can certainly offer protection to a narrow circle of workers, while crippling the rights of the many.

CHAPTER 5

CONCLUSION

This thesis argued that the two organizing principles of society- marketization and protection- has become clear in the protection of sub-contracted workers in Turkey. By shedding light on Polanyian ways of instituting the economy, this thesis highlighted reciprocity relations that have been gaining ground between the government and government-favoured trade unions. Moreover, by placing Turkey into the developing country context, this thesis put emphasis on structural weaknesses of trade unions in Turkey, which pave the way for relying on state power. Therefore, this thesis contributes, primarily, trade union strategies towards organizing the organized in the context of segmented labour markets. In so doing, it insists on the fact that trade unions' strategies are affected by not only their interests, but also their identities and cultural bonds, which altogether make trade unions societal actors along with their class roles. The actor-centred institutionalism (ACI) helps this thesis to combine interest-based explanations with identity-based explanations in order to gain a thorough understanding of trade union strategies.

The ACI is of particular importance for the case of Turkey and makes a novel contribution to labour politics literature. Given the fact that Turkey's welfare state regime has been on the Islamic turn, this has also manifested itself on the system of industrial relations, where Islamic trade unions have become major industrial actors. While there is no incidence of penetration of Islamic-conservative values into the system of industrial relations, Islamic identity has started to become an advantage that the Islamic trade unions can mobilize in their relations with the government. Seen in this way, the reconciliation of Islamic identity as a useful resource and

interest is crucial for Islamic trade unions to protect outsiders. Therefore, this thesis treats Islamic unions as both economic actors and societal actors, who have the capacity to combine their identity and interest.

There are three lessons that this thesis puts forward for labour politics in Turkish context. The first lesson is that the very presence of the clash of the economic interests between the government and government-favoured unions makes hard to facilitate an Islamic corporatism, where the rules of the system of industrial relations are organized by Islamic values. This is to claim that the transformation of the system of industrial relations differs from the transformation of the welfare state regime in which Islam has been treated as a set of values. Secondly, rather than working-class oriented identity, Islamic identity plays a key role in re-embedding the economy in the face of marketization. However, since Islamic identity leads to reciprocity relations, protections are far from being inclusive, which covers only a narrow circle of the targeted groups. The third lesson is that the way in which the state intervenes in the economy matters for balancing marketization and protection. This is to claim that in Turkey, where the economy was instituted along exchange relations by the authoritarian state in the 1980s, the results were the outright hostility to trade unions and the dismantling of social rights. However, the AKP opted for filtering marketization with its Islamic cultural codes. The culturally informed marketization model of the AKP government laid the groundwork of protections to the actors of the political Islamic community in Turkey.

This thesis also contributes to the labour politics in developing countries in two ways. First, it confirms the earlier literature by claiming that the state expands its protective measures, while committing to marketization in the case of Turkey. Yet it does so by only targeting narrow circle of outsiders that leaves a larger segment of outsiders unprotected. Therefore, the concept of embedded neoliberalism suits well for Turkish case, yet it still needs further empirical test. Second, by shifting perspective from the state to trade unions, this thesis treats unions as veto

players, who may act against the state, pushing this thesis to look at the interplay between the state and trade unions. By so doing, it overcomes shortcomings of the new politics approach, which extensively focus on politicians' interests, neglecting other actors' interests.

By focusing on the protection of sub-contracted workers, this thesis suggests that the limited scope of protection that has been provided to sub-contracted workers so far would even pave the way for the emergence of a new line of conflict between the government and trade unions. The sub-contracted workers in the municipalities and private sector are not covered by the existing protection mechanisms. Therefore, the next challenge between the government and trade unions is to protect a larger segment of outsiders, which creates new avenues for further research.

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