

*To her...*

TRADE UNIONS AND ECONOMIC RESTRUCTURING WITH A FOCUS ON  
THE TURKISH CASE

A Master's Thesis

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January 2001

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THE TURKISH CASE

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of  
Bilkent University

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in

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ANKARA

January 2001

I certify that I have read this thesis and have found that it is fully adequate, in scope and in quality, as a thesis for the degree of Master of Political Science and Public Administration.

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## ABSTRACT

### TRADE UNIONS AND ECONOMIC RESTRUCTURING WITH A FOCUS ON THE TURKISH CASE

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This thesis investigates the effects of global economic restructuring on trade unions. It focuses on the Turkish case, asking to what degree the Turkish economy integrates into the global system and how it affects trade unions. The thesis also tries to develop a coherent analysis of the particular features of Turkish trade unionism in the light of the recent developments in the socio-economic structure of Turkey.

Keywords: Trade Unions, Globalization, Turkish Trade Unionism, Economic Restructuring

## ÖZET

### EKONOMİK YENİDEN YAPILANMA VE SENDİKALAR: TÜRKİYE ÖRNEĞİ

Koray Değirmenci

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Bu çalışma küresel ekonomik yeniden yapılanmanın sendikalar üzerindeki etkilerini incelemektedir. Çalışma, Türkiye örneği üzerine yoğunlaşırken, Türkiye ekonomisinin küresel sistemle ne denli bütünleştiği araştırılmaktadır. Aynı zamanda, sosyo-ekonomik yapıda yaşanan son dönem gelişmeler ışığında, Türkiye sendikacılık hareketinin kendine özgü nitelikleri üzerine tutarlı bir çözümleme geliştirilmeye çalışılmaktadır.

Anahtar Kelimeler: Sendikalar, Küreselleşme, Türkiye Sendikacılık Hareketi, Ekonomik Yeniden Yapılanma

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## INTRODUCTION

Starting with the 1970s the world economy has been subject to a restructuring process which has gained impetus from the 1980s onwards. The economic crisis that has reached the climax with the oil crisis of 1973 was fostered by the conditions of national economies and by the emerging conditions in international markets. This crisis forms the basis of the economic restructuring that will be elaborated in this study. Keynesian policies that were shaped by the conditions following the economic crisis of 1929 assumed particular dominance after the Second World War. As will be discussed, before the economic restructuring of the 1980s, trade unions played quite significant roles in political realm and they actively participated in the decision making process. It was usually the social democratic parties that held the power in the post-war period that is referred to as the Keynesian era. The form of organization of production was one of the reasons that gave trade unions a strong position as a pressure group in society. Due to fordist type of production based on mass production coupled with the Keynesian policies emphasizing national economy, trade unions acquired greater strength and discretionary power in the political realm. Under these conditions a 'consensus' arose between the trade unions and employers. Trade unions has availed themselves of this 'consensus', using their bargaining power to a great extent without difficulty (see Breitenfellner, 1997).

Another important factor that played role in the level of strength of trade unions has resulted from the cold war. Due to the threat posed by the socialist regimes prevailing in the Eastern Block countries and the Soviet Union for the so-called 'free world', working conditions came to the agenda as an important issue in the capitalist world. Keynesian policies based on the full employment principle,

emphasizing protectionism in the national economy, provided a proper ground for such a ‘consensus’. However, due to the neo-liberal economic model implemented after 1980 and the fall of the socialist block, such claims as the trade unions weakening the competition power of firms and deepening the problem of unemployment became widespread. It was not only the economic transformations that changed the approach towards trade unions, but also the coming to power of the parties which adopted the neo-liberal policies and implemented the policies necessitated by the economic change in social security, public expenditure and redistribution mechanisms played a role as well.

The political implications of the decline in power that trade unions have experienced as participants in the debates over public issues and in the decision making process constitute an important subject for scholars, especially political scientists. In addition, why trade unions have been experiencing such an experience is also an important concern. Rather than the political implications of the decline in the power of trade unions, however, this study investigates the factors that have played a role in this decline in trade union power and the way trade unions have responded to this process. The difference between the developed and developing countries in respect to economic restructuring is discussed with particular focus on the Turkish case. The way trade unions evaluate this process and the strategies they employ for recovering their former position is elaborated. The changes that have taken place in the employment structure in the developed countries from the 1970s onwards have led scholars to relate these changes to the problems encountered by trade unions. The increase in the ratio of workers employed in the service sector to the total workforce, and the decrease in the ratio of those employed in industrial sector in developed countries have made likely the relation between the decline in

trade union power and this phenomenon. However, in Turkey and in developing countries generally, the increase in the ratio of the workforce in service sector to the total workforce is not the result of the decrease in the ratio of industrial workforce but the result of a shift from the agricultural sector to the service sector. Therefore the above claim loses its validity for the developing countries, and for Turkey in particular. Another important point is that trade unionism in Turkey has developed on the basis of organization in the public sector. Thus, as the basic tool of restructuring, privatization has had an adverse effect on trade unions in Turkey, like the transformations in the employment structure have had in the West. Whereas in the developed countries it is emphasized that trade unions are inexperienced in the service sector and that the sector is unsuitable for this type of an organization, regarding Turkey, in the thesis it will be claimed that we see the lack of organizational experience of trade unions in the private sector. Another point that will be elaborated in consideration to the Turkish case is that the policies and means that are implemented in the process of restructuring assume different forms according to the level of development of the country in question. This difference that becomes particularly highlighted in flexibility practices necessitates a comparison between the developed countries and Turkey in the investigation of the effect of changes in work organization on trade unions. The Turkish case will be dealt with respect to those basic points.

The main premise in this thesis is that technology and its implications in the organization of work are capable of generating a number changes in the structure of trade unions and their roles as a whole. Yet, it is important to note that technological changes are accompanied by social and political developments, which are crucial to the understanding of trade unions. The generalizations about trade unions usually do

not match with the different trade union movements in different countries; indeed they reflect the reality to a certain degree, which nonetheless must be discussed against particular historical backgrounds. However, if we understand the role of technological development and the new structural changes that it leads to in the organization of work, we can deduce some theoretical points about the relationship between the structural changes in the economy and the trends in trade unionism in respect to their strategies and objective conditions.

Trade unions are usually referred to as non-governmental organizations. Yet, regarding trade unions as one of these organizations that act independently from the state, advocating the interests of a certain group, or concentrating on particular social problems, causes to reduce the role and influence of trade unions, especially in a country like Turkey where the tradition of NGOs is not well-rooted. The attempt at a definition of trade unions becomes problematic when their ties with politics are considered. At the same time, trade unions are seen as a field of social struggle and as a historical actor which sometimes played the role of a radical political party. Generally trade unions are seen as occupational organizations whose main function is collective bargaining. This understanding does not grasp the complex relations in society. Trade unions are generally interested in various social problems, which extend beyond the traditional boundaries of industrial relations. Trade unions are organizations that have traditionally involved with politics.

Another point is that, like other institutions particular to the development of capitalism, trade unions are part of the process of capitalist development and have first emerged in Western countries. This necessitates the identification of the differences between the trade union movements in European countries in which capitalist development has started at an early period and the trade unionism in

developing countries which have experienced capitalism and proletarianisation at a later era. Therefore, after investigating the conditions of trade unions in Western societies, it must be questioned to what degree they can be applied to the Turkish case. The role, form and functions of trade unions vary in relation to the features and structural characteristics of different countries. It is apt to assert that its definition depends on different contexts and different historical and structural backgrounds. The basic premise that will be frequently emphasized in this thesis is that institutions and structures of a certain country are shaped by the historical background and particular characteristics of that country. Starting with this premise it can be claimed that trade unionism in Turkey has its own characteristics that distinguish it from other trade union movements in the world. Therefore, any study of trade unionism must first pay attention to the particular characteristics and historical background of that country. Another point is to be aware of these variations not only for different countries but also for different time periods and contexts. Within the same country trade unions can have changing attitudes and policies under different circumstances. This situation acquires significance in the face of globalization and restructuring. In this era the attitude displayed by trade unions is definitely different from their attitude in the post-war era. The new attitude is not necessarily counter to the previous one. It can take the form of a compromise or of an active resistance. In this thesis, unions are perceived not as merely occupational organizations but also as structures having influence on a variety of fields from formal politics to the forms of social struggle.

As has been pointed out, through the 1970s the 'happy' unity between labor and capital had already begun to dissolve. With the new possibilities formed by technological developments, the world economies tended to take a particular

direction which culminated in the new economic order, known as globalization in a wider sense. This period which is also called as neo-liberalism has influenced social and economic organizations as well as the nature of trade unionism. Especially increased unemployment and precarious forms of labor utilization (putting-out system, contract labor, part time work, and the like) poses the question of whether or not trade unionism can maintain its strength with conventional methods. Besides these changes that have had a direct effect on working conditions, the transformations in the political arena have also affected trade unions. One of these transformations has been the ascendance to power of parties that defend neo-liberal policies which replaced the social democratic parties that had dominance in many countries in the former era.

One of the basic questions that emerges in an investigation of the effects of globalization or of the neo-liberal model on trade unions is the question of why globalization has not led to the formation of transnational labor organizations although it has affected many institutions towards the direction of internationalization. This thesis attempts at answering this question by developing a critical approach to globalization. Another question pertains to the criteria for determining the strength of unions. The objective criterion for this evaluation is the number of members of trade unions, yet this is also disputable. One of the premises in this thesis is that we must assess the strength of trade unions from a broader perspective, recognizing the particular characteristics of the countries and their historical backgrounds. Such a standpoint gives us the possibility of determining a criterion, which can be used in assessing the power of trade unions according to the specific characteristics of the country under consideration.



We have to be aware, while looking at globalization and its implications regarding the social, political, and economic realms, that the term is highly problematic in the sense that it seems to imply universality. Although the term suggests homogeneity in the outcomes of the process in different countries, this is in fact a quite controversial issue, as we will see in the thesis. A critical overview of globalization renders disputable even the name of the process. Even in those policies that form the basis of economic restructuring, great variations of implementation are observed from one country to the other. As we shall see, the consideration of such issues as the changes in the structure of employment, or the particular features of trade unionism in various countries renders a more complex relationship between economic transformations and trade unionism. Thus, the possibility of an analysis that will be applicable for any country is undermined. While it is true that the effects of globalization on certain issues tend towards homogenization, its influence on trade unions seems to be a fragmenting or separating one. The latter point holds true both for the traditional concept of labor internationalism and within the national boundaries. Within the national boundaries it mainly takes the form of deunionization, casual labor arising from the informal sector, subcontracting, and unemployment. In the past, trade unions were not just the most important elements of industrial democracy, but with their transformative power, they also seemed to be an active political actor. On the other hand, in the face of the recent economic and social trends, trade unions have not been able to adapt themselves; this is not merely due to the negative aspects of the new situation but also due to incapability of trade unions to change or revise their traditional struggle methods.

The first chapter of the thesis deals with the theoretical perspectives on trade unions. This is important, because the points we will emphasize cannot be grasped

without such theoretical grounding. The attempt will be to understand the theoretical grounds on which the various perspectives base their account of the relationship between economic transformations and trade unions. The second chapter discusses the dynamics of the global economy and its effects on the labor movement. In this chapter, the processes that have prepared the conditions for globalization are explained in a historical perspective. In the investigation of the effects of economic transformation on trade unions, particular attention is paid to the way the subject is dealt with in Europe. In the third chapter, the subject is considered with a focus on Turkish trade unionism and the aspects of economic restructuring in Turkey. In this section, the level of integration of Turkish economy with the global system, the differences from the developed countries, and the relationship between trade unionism and economic transformation, in view of the particular conditions of Turkish trade unionism, are investigated.

# **CHAPTER I**

## **INDUSTRIAL RELATIONS AND TRADE UNIONS**

### **1.1. The Industrial Relations Perspective and its Marxist Critique**

There is a distinct field which academics call as industrial relations. Generally the theories of industrial relations concern the relationship among the actors in ‘industrial relations’, namely the labor, employers, and sometimes the state. However, the term ‘industrial relations’ bears, on the one hand, some misconceptions, and various connotations on the other. The very name of the term assumes that there is a separate field as industry isolated from other social elements. The use of the term generally implies that there is such an area that the ‘parties’ are bargaining with each other in the context of industry as if the field is isolated from the rest of the society. In addition, as Hyman (1990) maintained, to define the field by an emphasis on rules and regulations is quite restrictive. Hyman, in his same study, stated that Marxists had avoided using the term for a long time in order to prevent these implications we mentioned. The conceptualization of industrial relations as such is meaningful only if the subject is considered from a standpoint of a systems theory or viewed in the light of the Durkheimian consensus approach. However, these approaches ignore conflicts and conflicting interests in industrial relations. Another problem with this approach is that the concept is sometimes defined as if it is related only to manual workers and it does not include white-collar wage earners (Çetik and Akkaya, 1999). This is the result of the very meaning of the term ‘industry’. Such a struggle to confine the subject to the field of manufacture is related to that concern of emphasizing the process of industrialization and its impacts. However, although we are facing with the problem of understressing this

process, it can be asserted that this restricted definition of the concept is highly problematic particularly in such a time when skilled workers (i.e. white-collar) have been increasing rapidly in number.

Therefore a sophisticated and elaborate definition is required in order to grasp the present labor process without neglecting the original meaning of the term ‘working class’ and its political implications. In the classical conceptualization of industrial relations, the state is (ought to be) isolated from the realm of industrial bargaining, and this relationship as a whole is seen as a mainly economic one. This belief is reflected in the liberal view of the balancing effect of the free market economy, namely the ‘invisible hand’. It is claimed that this classical view in industrial relations sees a natural balance between parties in the arena, therefore there is no need for a third medium to compromise these elements (Webb and Webb, 1920 in Çetik and Akkaya, 1999). So there is a tendency to treat them as having equal power and even to neglect the problem of power. It is an old theory developed in the late nineteenth century. Therefore, after a long period of state intervention into the economy in the 20<sup>th</sup> century and the emergence of new features of the dynamics of trade unionism, this approach lost its popularity and its reality base. In a good work on this subject written by Cohen (1987), the classical theory and the theories following the tradition of the classical view are conceptualized as having a carefully constructed but often ahistorical world. Labor is seen as a trade union bureaucrat in the capitalist West, negotiating with ‘his’ management counterpart. The core of the argument is a defense of the efficacy of collective bargaining freed from the ideological concern. The world of work is not only separated from politics; it is also separated from society. As Cohen (1991:3) stated in his another book:

Unfortunately for such restricted models, what muddled the waters that, as *laissez-faire* capitalism and its accompanying ideological support collapsed in

the face of increasing government intervention, so too did the notion of exclusive employer-employee bargaining- even in the limited Euro-American contexts where the system had taken root. The ‘government’ or the ‘state’ had, in reality effectively intervened as third agent from at least the 1930’s in all major industrial powers.

I think this state intervention that Cohen mentioned brings another aspect to the issue, namely the concept of ‘power’. This power can be conceptualized as equal or unequal in industrial relations. It can be reasonably said that this power cannot be equal in the sense that there is already a ‘natural’ power inequality in the capitalist system. In addition, there is not any neutral institution to prevent this power inequality. In contrary, in Marxist approach, which harshly criticizes the position of the classical approach, the state is called as the bourgeois state operating against the interests of the working class, that is, on the behalf of the privileged class. Even if we look at the subject from a non-Marxist perspective, the notion of isolated bargaining and the neutrality of the state would contradict with the events in the second half of the 20th century. During the Keynesian period assumed to last from the end of the Second World War to the 1970s, states were active participants in the economy characterized as national. Therefore any conceptualization of industrial relations as isolated from the state or of state as a neutral actor is problematic. Another conceptualization of industrial relations comes from the systems theory whose main representative is J. Dunlop. According to this theory, there is a system, which is composed of subsystems, and the area of industrial relations is one of them (Dunlop, 1958 in Çetik and Akkaya, 1999). It is essential here to state that the main claim is the notion that each (sub)system is integrated and harmonious both in it and in relation to the other (sub)systems around it as well as with the main system. This theory can be criticized on the ground that it fails to provide an answer to the question of how conflict occurs in the first place if there is harmony among them.

The systems approach is derived from Talcott Parson's social system theory and tries to conceptualize the dynamics in industrial relations according to the principles of Parson's theory. Such a functional conceptualization of trade unions could not be coherent because of the fact that it assumes the harmony of society and sees the area of industrial relations as having no conflict or struggle, as if there is no power or authority based relationship. It cannot escape from sharing the same premise with the classical approach that the state is a neutral medium or there is a condition in which the parties are bargaining at the equal level and at the end of this bargaining process there would be a balance. Another theory, which is called the institutional approach, claims that power is divided among different interest groups. The state determines the rule of conflicts among these groups. The aim is balance without state intervention. As Çetik and Akkaya (1999) stated, in order to establish a balance between parties, powers that parties have should be more or less equal to each other. But this approach is developed for compensating for the deficiencies of the classical liberal view, because the state is seen as a neutral institution, but it may not be the case. The fact that they conceptualize the field of industrial relations at the level of institutions and different interest groups leads to ignore the power relationship that we mentioned above and tend to show the labor side as one of the parties of the contract.

All these different approaches share the same inclination to define the dynamics of industrial relations as only economic matters and are almost totally isolated from the social and political aspects of the capitalist society. However, an understanding of the subject that puts emphasis on political and social dynamics brings entirely new aspects to the picture. Before we elaborate on this point, we should look at Marxist conception of industrial relations. The main theoretical tool of

Marxism in analyzing the contemporary world is its capitalist character. This capitalist character includes many elements of whose impacts are reflected through the practices and the very dynamics of capitalism itself. Firstly, the labor itself is commoditized and subject to domination at economic as well as the social levels. This point is well presented by Hyman (1990:20) in the following words: “Workers are less treated as men and women with distinctive needs and aspirations than as dehumanized ‘factors of production’”. Secondly, capitalists pay workers at a subsistence level. This Marxist assumption claimed that the amount of money given to the labor is minimized according to the reproduction of men or women and their families. Therefore, in this respect we must be doubtful about the validity of the notion of the general welfare of the society. Thirdly, “the bulk of the population own no substantial property and in order to earn a living must sell their own capacity to work. The wage or salary they receive is far less than the value of the wealth they collectively produce” (Hyman, 1990:20). In that case, the problem of the surplus value provides the ground of legitimacy for the struggle of laborers against the privileged class in Marxist politics.

Generally, Marxist industrial relations theories emphasize the dynamics of capitalist production, labor market, and the differences of interests and conflicts between classes. If the matter is seen from this perspective, it is not arduous to predict that the main emphasis would be on the conflicts between classes and the expressions of these conflicts, namely the forms of solidarity and particularly trade unions. Marxists try to understand them in relation to the structure; the structure of capitalist economy and the general institutions of such kind of economy.

Hyman (1990:23) asserted, “The employment contract is free in the sense that men and women are not forced to work at gun-point; but if the alternative to working

on the employer's terms is poverty and starvation, this is no great consolation". Hyman elaborates on this point by putting the concept of 'unequal power' into the formulation of the employment contract; there is an asymmetry. The so-called free workers isolated from the means of production are free to the extent that they either accept already existing working conditions (and struggle for improvements in them), or they choose to be outside of the system, which is impossible. The first one is an abstraction, which supports the theory and political action.

According to Marxist theory, the state is not a neutral structure. From the very beginning, the modern state was conceptualized as a bourgeois state dependent on the private property. Therefore, Marxists asserted that in industrial relations the state could not be isolated from the arena of collective bargaining for wages and working conditions. So it is a part of the capital accumulation. This conceptualization led to the result that the dynamics of industrial relations and conflicts in it could not be understood without looking at the mechanism of capitalism and the role of the state (and generally bourgeoisie in it)

Marx (1962) contended that against the unity of employers, namely the capitalist class, working people established unity in order to defend merely their wage standards. However, this unity according to Marx turned out to be a political one, which can be powerful enough to lead the working class to struggle at the expense of their short-term interests. He said that English economists who believed that this unity was only an economic one were surprised by this political character of solidarity. This interpretation helps us to conceptualize one main feature of the Marxist approach to the subject: The very dynamics of industrial relations are quite political matters and directly related to the structure and organization of the capitalist mode of production and its social, political, and economic domination.



A good, yet restricted definition comes from Hyman (1990:12) as follows: "Industrial relations is the study of processes of control over work relations". His further support for this conceptualization is gained by the concept of unequal power or the asymmetrical relationship between the so-called parties.

It can be said that, while considering industrial relations, political, social and economic dimensions as well as domination and power relationships in capitalist production should be considered in order to understand the matter elaborately. However, this carries some risks of ignoring the historical and social uniqueness of different countries. It can be maintained that the perspectives on trade unions must be far from the general and standard models that can be applicable for all contexts. This is true for the systems or institutional theory as well as the Marxist approach. We mentioned the problems with the former ones. Marxist perspective carries many problems too. One of them, which may be the most important one, is well illustrated by Cohen (1991:7):

Where IR research pretends to scientific neutrality, orthodox left-wing writing on the subject of international labour is overtly engaged and committed. Where the IR tradition is open to political manipulation by the right, much of the traditional communist and socialist literature is open to the self delusions wrought by confusing the 'ought to be' with the 'is'. The tradition normally invoked is a hortatory and heroic one, which stresses the achievements of the working class in the quest for self-organization and international solidarity.

Undoubtedly, this approach requires modification in the light of new developments, taking into consideration the distinctive features of the context, which we deal with. The weakness of the industrial relations perspective will be illustrated in the context of their approach towards trade unions in the following section.

## **1.2. Perspectives on the Trade Union Movement**

The historical background that provided the necessary basis of formation of the laborers and the trade unions is very complex. Therefore this would exceed the boundaries of this thesis. However, it would be useful to mention some main factors and processes. One of these main developments was the mechanization process resulted in the abolishment of the dominance of craftsmanship in the economy and the appearance of the workers. At the time when the laborer did not own the means of production and was entirely put in the position of labor-power seller, guilds were transformed into the general organizations of workers (Huberman, 1968). Also as the rural population was expelled from the villages, they became subject to the dynamics of market, that is, there was a rapid increase in the number of workers. In addition to this mechanization process, competition in capitalist system was highly important for the establishment of trade unions as Talas (1997:228) said:

Indeed, the capitalist system divided the elements and layers assembled in guilds by abolishing the small workshop system and attracting masses of workers in the manufactories before mechanization process... While capital and workers' masses formed, industrialists did all they could in order to decrease the wages against the pressure of endless competition.

As time went on, we see that unions were unified and they established federations and confederations; even they formed international organizations. The establishment and development of trade unions and achievements in workers' rights were not easy processes; they were usually gained after harsh struggles. This historical reality about trade unions alone showed that these processes could not be seen only from an economic perspective. And it should be stated that against these associations formed by workers, employers were also in need of establishing unions defending the interests of capital. Therefore it became possible to regulate the conditions of work by a 'contract' including collective bargaining.

In addition to the views on industrial relations implying a general relationship in the field of work, there are theoretical explanations on trade unions, i.e. their roles, formation and the relationship between them and the structure of the society. These explanations and theoretical grounds concerning trade unions carry many parallel elements with general political standpoints. The term trade unions have many connotations. Therefore there are many views on what they do and what they should do. For example, Martin (1989: 95-99) classified different views on trade unions in five categories: pluralists, syndicalists, Marxist-Leninists, organicists and authoritarians. Pluralists state that the main functions of trade unions are improving their members' work conditions through collective bargaining. Syndicalists see trade unions as social emancipators, which function as an actor who tries to solve not only the problems in industrial relations but also social problems. Marxist-Leninists define unions as an extension or sometimes an instrument of the Party. Organicists see them as moral forces, which are necessary and contribute to the general stability of the society. Authoritarians explicate them as state instruments. In this model generally top union officials are appointed by the state. This classification is useful in order to differentiate various views on trade unions, although a clear-cut distinction among those views is sometimes very superficial and far from the reality.

In this respect, we can combine the traditional industrial relations theories with the liberal thinking in respect to their views on trade unions, collective bargaining and the relationship between them and politics. Cohen (1991:3), after mentioning one of the main representatives of the industrial relations tradition, namely, Sturmhals, defines this standpoint as follows:

At the core of his model is a fierce defence of the efficacy of collective bargaining celebrated by writers such as Perlman (1949) who, in Sturmhals's words, proclaims that a "mature" labour movement, "freed from the ideological freight which intellectuals have imposed on it, would abandon its political aims

and methods and rely upon its economic power. Collective bargaining would become its main activity"... For its advocates, collective bargaining became largely a means of defusing political, ideological and industrial conflict by institutionalizing and, by so doing, containing the relative power of bosses and workers.

So here we see a trend to neglect or prevent the political action of trade unions. We see that the term political is defined very narrowly, isolating the area of industrial relations from that of politics. Generally liberal ideology sees this distinction as a necessary theoretical tool. In liberal ideology, trade unions can be seen as an obstacle to the 'natural' balance of the free market economy with respect to the concept of the 'free labor'. The 'free' condition of workers resulted from the fact that the labor is also seen as a commodity rather than a factor of production. However, we encounter some statements in Adam Smith's works about trade unions as Talas (1997:221) stated:

Adam Smith saw trade unions, i.e. workers' and employers' organizations, as a bargaining tool. Employers tend to pay less than the workers want. They organize in order to impose their demands on the other side. Therefore, workers organize in order to increase their wages, and employers to decrease the wages or make them steady.

Before we explicate the Marxist approach to the matter, it should be asserted that the subject is one of the most critical elements, which has many political implications in its theory and practice. If we try to test the validity of the explanations of Marxists about the subject only by looking at the reflection of their abstractions in real life, the result is inevitably failure. Therefore their explanations mainly depend on political strategies. For example, the conceptualization of the term 'class' cannot be easily attributed to the 'real' conditions of the proletariat or the bourgeoisie. It reflects an abstract order of classification.

In one of his earliest works, *The Poverty of Philosophy*, Marx (1962) differentiated two groups who saw the struggle of trade unions or generally the

solidarity of workers as useless. The former group is economists, who pointed out that the main law about the conditions of workers and particularly the wages is the relationship between the demand and supply of the labor and claimed that it is the principal determinant factor. Therefore the solidarity and struggle of workers are useless. The second group is those socialists who emphasize that this kind of solidarity is already in the range of the system and because of that it is meaningless. On the other hand, Marx asserted that there is not any political struggle without social struggle and vice versa; therefore, solidarity in the form of trade unionism is a political instrument not only to impose the workers' demands on employer but also to abolish capitalism.

Marx sees unions as means of organizing workers in response to threat of employers and getting rid of the competition among workers themselves (Çetik and Akkaya: 1999). We should be aware of the fact that in the nineteenth century there were not many rights of workers to collective bargaining or in regulation of the working life. The rights, which we see today as natural and inevitable, were often gained after harsh struggles. In this respect, Marx's view could be understood well. Therefore the initial aim of Marx while emphasizing the unions is achieving a particular level in rights and conditions of the working class. This point is closely related to the view of Marx about bourgeoisie as a revolutionary class. It was assumed that as the conditions of working class improved, the level of consciousness would also increase. However, generally in Marxist theory trade unions and solidarity types of workers cannot be differentiated from the political strategy and the final aim of abolishing inequality, rather classes. A good example to this fact is that Lenin (1970) in his well-known work 'What is to be done?' contended that workers are conscious only to the degree of establishing trade unions and following short-

term economic interests; that is defending themselves from the attack of the capitalist class. Therefore, the political consciousness must be carried to them from outside by means of 'Party'. Therefore in Lenin's view, trade unions cannot be isolated from the Party, a horizontal organization, and the main struggle mechanism for abolishing the system. However, a differentiation must be made in this point. In Lenin's views there is an important political actor in the scene, namely the Party. Intellectuals served to bring political strategies and class-consciousness to the proletariat. But in Marx, although the role of intellectuals is seen as very important, there is no such kind of a clear-cut distinction between workers and intellectuals.

In Marxist approach trade unions are always seen as a means of serving in the path to gaining class-consciousness. Especially in classical Marxism, its role is reduced to the point that it only functions as a strategic mechanism. The main premise is that the state is bourgeois in character and tries to facilitate the exploitative conditions. Sometimes trade unions are blamed for compromising the bourgeoisie and to be anti-revolutionary. However, I will claim that if we look at the unions in this perspective, we will be ignoring the people from different political backgrounds or without any political engagement and only wanting to work in better conditions in unions. Therefore the trade union action in orthodox Marxist theory mainly depends on the concepts of 'class in itself' and 'class for itself'. And these terms are highly problematic in especially present situation. The reasons for this can be formulated as follows: Firstly, working class is not homogeneous. They are divided from each other according to different ways of identification other than economy, such as the consciousness of being in a community (Touraine, 1987), in the same cultural position, religious aspects, so on. Therefore the combining power could not only be the economic one. Secondly, and more contextually, in a global

economy a *worker aristocracy* is formed in all aspects. The difference from the original Lenin's term lies behind the fact that the working people in the informal sector or generally the *periphery* is highly marginalized and powerless. There is a large gap between the wage earners in core and the ones in periphery. Therefore besides other factors they are divided economically. Thirdly, elementary conceptualization of the term 'class' is highly problematic, a subject with which we will deal later briefly. Finally, the main premise of Marxist theory depends on the phrase that the "working man has no country" (Marx and Engels, 1985). But the reality is reverse. The working men all around the world are not combined, even they have dispersed more than before in the period called as globalization which we will elaborate later.

At the end of this conceptualization, we can say that although the structure of trade unions differs according to different socio-economic concepts, it cannot be seen as only an economic actor or one of the parties, which bargains for the high wages or better conditions. There are many views that can be examples of such a perspective that sees trade unions from a functionalist perspective. For example, Freeman and Medoff (1984) in their work stated that trade unions foster social efficacy, productivity and provide economic inequality. At first look this explanation seems to be true. However, it defines trade unions as an instrument in economy. However, the nature of the trade unions is quite political. And it is highly critical that we must establish a relationship between the workers' movement and trade union action. Touraine, et. al. (1987:23) pointed out that "trade union action has to be understood and analyzed primarily as an expression of the workers movement, yet not all aspects of trade union action are manifestations of the workers movement."

Therefore at this point we can differentiate the workers movement and trade union action. The problematic points mentioned above could help us to elaborate on the matter, because the requirements of workers' movement are defined by a Marxist point of view. If we try to explicate the relations between them, we can mention some aspects. The trade union action can be both offensive and defensive, that is, it can only defend the interests of wage earners and it can also resist domination. And then "what determines the rise of trade union action towards the workers movement is primarily its capacity" to transcend the personal confrontations between boss or foreman and workers and "intervene in the very definition of the work situation" (Touraine, et. al, 1987:24). The final aspect can be conceptualized as 'negotible' and 'non-negotible' elements. Therefore, the worker's control trade unionism does not want to negotiate, it wants to prevent the power of the employer. This aspect of the worker's control trade unionism can be seen as the rise of trade unionism towards the worker's movement.

In this respect we must differentiate the worker's organization generally from trade unions, which form only part of it. In this view, it can be asserted that trade unions cannot be regarded as the only representatives of the worker's movement. As Baydar (1999:305) said, we can conceptualize this matter as follows:

Generally, worker's organizations are syndical in respect to their attempt to defend and improve the economic and occupational rights and interests of workers; political in respect to their aim to contribute to or capture the political power; cultural while providing cultural and ideological development. Two or third of these aspects can be seen together at the same time.

Therefore, the first aim of the trade unions is the improvement of direct or indirect economic interests. It can combine with other struggle forms, which not only concern the economic interests of the working class, but also, some general problems in society.



However, one basic point could create confusion at this point. I think that the conditions of working people could not be understood without thinking of the real or actual basis of cultural or social situations. So it cannot be conceptualized from only an economic point of view. Also Touraine's statements are open to discussion. The political action that is attributed to the working class could not always reflect the actual conditions. Sometimes the strategies and political movements of trade unions are more progressive than the workers themselves, especially when the workers are obedient. In addition, such a differentiation is highly problematic in the sense that he attributes some 'natural' types of behavior to the working class. However, such a conceptualization gives us the possibility of understanding the trade unions' action not as merely the actions of the 'below'. They are bureaucratic organizations, which are not always demanding what the 'below' wants.

However, there is an important point about the demands of trade unions in respect to their links to the already existing work conditions. As Hyman (1990:27) said: "... pay claims are readily negotiable, since they provide ample scope for bargaining and compromise; whereas non-wage demands often involve questions of principle on which compromise is far more difficult." This point brings us to one of the main struggles of trade unions, that is, providing and attempting to make radical changes in the conditions of work, because these changes bring long-term interests to the working people in general. In this respect, we can mention one of the crucial facts about trade unions. This is the fact that they are not organizations mainly based on class. We can elaborate this point by considering some aspects about the 'nature' of trade union action. Firstly as Hyman (1990:35-6) stated:

The basic rationale of trade unionism is summed up in the familiar motto: union is strength... Trade unions are not class organizations, uniting all those who work for a living; workers combine along narrower lines of common identification and common interests... The principles, which underlie the

patterns of union organization- the criteria of inclusion and exclusion, the lines of demarcation and division- are commonly referred to as the *structure* of trade unionism.

Therefore, the notion of ‘class’ implies the unity of working people according to their economic *status*. However, such a unity cannot be established in the very nature of the structure of trade unions. Hyman (1990:42) in the same study asserted that “the very name of *trade* union implies sectionalism: the inward-looking unity of those with a common craft or skill.” Therefore such an understanding of trade unions as defenders of working people’s interests as a whole prevents us to elaborate their structure. However, an understanding of trade unions as only defenders of a section or a particular group is also deceptive. As Beşeli (1997:108) stated:

General opinion is this: ‘Trade unions are the organizations of the working class.’ When this is used to reflect a general statement claimed to be valid in all situations, it is certainly wrong. As there are historical conditions in which this statement reflects the reality, there are also other conditions the reverse is true. Early trade unions were definitely not the organizations of the working class. They were laborer organizations but not working class organizations... Therefore, trade unions are the means of struggle to defend the interests of workers as well as subjects to class struggles.

Therefore we can say that in some historical periods, trade unions were the representatives of a minority. Their capacity to become ‘social movement trade unionism’ is conditional, that is, depending on certain features and socio-economic factors. This condition of defending is very restricted and it highly depends on the contexts and historical periods. In this respect, the nature of one of the main tools of trade unions to improve the status of workers, namely collective bargaining is important. As Hyman (1990:97-8) stated:

What unions demand in collective bargaining is necessarily constrained by what is considered realistic, and what is realistic is defined in terms of what the employer can be persuaded to concede in a negotiated settlement. This clearly does not extend to any radical alteration in the balance of power in industry.

Therefore the importance given to collective bargaining by the industrial relations tradition can be well understood at this point. It carries the elements mainly related to

the ‘superficial, but important’ changes for the working people, in the structure of the economy, that is, it deals mainly with wages, which provide only short-term interests to working people. Actually the main determining factor of the conditions of laborers is the general organizational feature of the capitalist system. Apart from his differentiation between the workers movements and trade union action, Touraine’s statement about the ‘negotible’ and ‘non-negotible’ elements is highly useful here. As we said, non-negotible elements are placed outside of the context of the ‘regular’ activities of trade unions. In only before some big struggle movements such as general strikes, these elements are used for mainly *political* strategies which demand more than that they can reach. This gives the possibility of imposing some less radical demands on the employers.

Indeed, one of the most important and confusing points about the unions is the criterion which is used to evaluate the strength of trade unions. As we will see, the other main premise in this study is that we must assess the strength of trade unions from a broader perspective, recognizing the particular characteristics of the countries and their historical contexts. Such a standpoint gives us the possibility of determining a criterion which can be used for the assessment of the power of trade unions according to the specific characteristics of the country with which we deal. A common method is to use union membership and unionization rates. However, if we look at the picture carefully, we see that the data given about the number of members and unionization rates are usually inconsistent. We should be very careful while interpreting the data in industrial relations. Different countries have different methods of data collection. Union membership data come from the unions themselves. However, there is no standard method for this and the unions tend to exaggerate their number of members. In addition, definition of work force is very

vague. There is also no standard method for defining this. Not only the different degrees of accuracy but also the methodological problems must be considered while looking at the union membership and unionization rates in order to grasp the union strength. As Visser (1992:22) stated:

Precision turns into blindness if we were to suggest that union membership, or union density, provides a ready-made yardstick for union strength. To make that translation we need to know more about the composition of the membership, the structure and government of unions, their accumulated resources and contracts, and the commitments of members.

There is another point which is also crucial. Trade unions may be comprehensive and inclusive, or they may not. The degree to which they comprehend different types of workers movements or generally social movements is very important. This can be seen as an indicator of its capacity to organize people from different cultural or political backgrounds. Also it is related to the position of trade unions, for example whether they are interested only in economic matters or not.

All these features appear to be reflected in the examples of different trade unions all over the world. For example, it is well known that French unions are more committed to militancy, on the other hand, British trade unions appear to be interested in economic demands and they are moderate. But if we look at the unionization rates in these two countries, we see that in France it is very low compared to the British case. In 1989 this rate was 42% for UK and 12% for France (see Visser, 1992). At this point, it is accepted that the unionization rate is useful in order to grasp the changes in trade unions over time. Therefore Visser's (1992:24) point is well taken: "Unionization data are more readily used as a measure of the developments over time than as a measure of the position of union movements across countries." Therefore if we use the data collected in various countries which reflect their own situations to examine the trade union movement in different countries

comparatively, the result is inevitably failure. This can be a useful analysis in the condition that we consider the particular features of these countries and the methods that they use for the data collection.

Therefore, the indicators that are used in determining union power, such as the number of members, unionization rate, and the like must be dealt with critically. This point is very important, in an investigation of the effects of economic restructuring on trade union power, which is the main consideration of this thesis. However, we must first look at the dynamics that bring about this economic restructuring and the general effects of these dynamics on labor movement, especially on trade unions. This is what we attempt in the following chapter.

## **CHAPTER II**

### **ECONOMIC RESTRUCTURING AND LABOR**

#### **2. 1. The Transition Period: 1970s to date**

The period, which lasted from the late 1940s to the early 1970s, can be identified as welfare capitalism in the West, during which there was permanent economic growth and almost full employment. This period can be called as the golden age of capitalism. The basic economic principle was that the main consumer was the working people and in order to solve the problem of excess capital, governments attempted to increase the level of welfare of the people. After the economic crisis in the 1970s, which was preceded by the oil crisis in 1973, developed countries tried to solve the problems of excess capital accumulation and debt crisis of developing countries. Until this era, multinational companies had invested in developing countries and gained much profit. However, when developing countries failed to pay their debts back to developed countries and tried to decrease their imports, developed countries faced the problem of profit and capital. At the same time multinational companies, which invested in those developing countries, were affected in a negative way. Therefore, the problem of cheap labor and abundant raw material gained much importance. The multinationals tried to shift their places of production to the developing countries which had cheap labor and abundant raw material.

We see the trends in the 1980s as a turning point in the world economy. From the beginning of the 1970s, there had been a decrease in the limit of profits in developed countries. This is seen as the result of the strategies that had been adopted by the OECD countries, which attempted to increase the limit of profits by developing the private sector. These policies were used in order to stop the

inflationist period following the oil crises in the 1970s, which was claimed to be responsible for the decrease in the limit of profits (Özkaplan, 1994). But this transition had negative impacts. As Özkaplan said (1994: 178):

By the policies applied, the profits were increased not only at the expense of the wage earners in developed countries, but also of the majority of the less developed countries; inflation was decreased to the lowest level of the last thirty years in most of the OECD countries.

In the situation of harsh competition in the economy, decreasing the cost of production played a primary role in order to recover the problem of capital accumulation.

As we see, the main policy that has been applied since the 1980s is neo-liberalism and free market economy. However, in order to see the transition, we must look at the earlier period called as Keynesian. Keynesian policies started to be applied after the Second World War. It depended on internal market and full employment. Based on this, it was claimed that wage earners who were paid by employers were also the main consumers of the products. With this premise, mass production and full employment were fostered. The main organizational strategy that had been adopted in the Keynesian period is called fordism, which was developed from the main principles of Taylor, called as Taylorism. The main principle of Taylorism is that it organized the production process in a hierarchical, autocratic, and bureaucratic way. It is hierarchical because the various units in the production process are given in order. The units formed a system, which formed an entity in its own. As Özkaplan (1994:181) said, with the transformation of division of labor in factory to the functional hierarchy, the deterioration of the labor power and solidarity occurred. As the information of production is isolated from the workers and given to the management in a hierarchical way, workers become more alienated from the process of production. There is another main principle of Taylorism, which is

directly related to the quantity of labor power in factory: there is more need for homogenized and unskilled workers. This decrease demand for skilled workers and the new technologies make it possible to increase the effectiveness of labor.

In this level, increases in productivity and mass production led to an increase in the real wages of workers. Although it has alienating effects on workers (see Blauner, 1964), we can say that the purchasing power of the wages of workers and their general life standards increased in that period. This is not the place to give the details of the Keynesian period and fordism. However it should be stated that the policies adopted by the employers and governments were parallel to the short run interests of workers. Breitenfellner (1997: 531) makes a good point here about trade unions:

They were acutely aware of the desirability of achieving a stable external environment that fostered economic growth and thus bolstered their domestic bargaining position. Although they were to some extent coordinated internationally, they acted as silent lobbyist to their governments, which remained the chief arbiters of foreign policy.

We can reach the conclusion from Breitenfeller's explanation that in this period trade unions generally achieved what they wanted. However, this was not so because of their power but because of the economic conditions and continuous economic growth at that time.

The developments after the 1980s depend mainly on the technological developments, which allowed automation and dispersion of capital and labor. If fordism is a characteristic of the Keynesian period, the new period can be characterized by post-fordism. The main aspects of post-fordism originated from the technological revolution in information processing, communications and transportation. In order to create the flexibility and mobility of production, there must be innovations in especially communication and transportation techniques. In



Taylorism there was a stable demand and it was possible to make mass production. However in post-fordism the demand is flexible and there must be a system to create new demands in order to grasp the rapid change of the market at a possible degree. Therefore in these conditions the strategies that the firms follow must be as sophisticated as possible in order to make a good analysis of new demands and to create new ways to respond to it. The post-fordist firms have different strategies in their organizational structure both in the process of production and distribution of these goods, as Munck (1998) defines well as follows:

The perceived end of Fordism- as a symbol of capitalism in its heyday- led to wide-ranging changes in the way goods and services were produced, distributed and consumed. The mass production approach of Ford is often contrasted to the 'flexible specialization' approach of the Italian clothing firm Benetton, for example, with its particular blend of new technology and the 'old' putting out system.

In Fordism workers did not generally need any skill. They worked as a part of machine in the assembly lines and they had regularly rising wages. In the frame of Keynesian full employment policies, they had a certain degree of job security. The overall economy was organized according to the oligopolistic large firms, which recruited large numbers of workers. As we stated, the new stage of capitalism in the 1980s and onwards is broadly identified with post-fordism, which implies the very difference of this new stage from the former one. Therefore post-fordism is generally characterized as the obverse of fordism. In contrast to large-scale production techniques and mass production of fordism, in post-fordist economy, production is organized in the framework of small batch production in which multi-purpose machines and multi-skilled workers are used. In the situation that markets are globalized and there is free trade economy to a large extent, firms must be careful in developing strategies to increase demand. With the importance given to the cost of production and small batch units, the old compromise between those large companies

and big trade unions started to disappear. Friedman (2000) mentioned four interpretations of the announcements of the coming post-fordism. In the first view, some authors state that post-fordism can be expressed as a change from direct control of Taylorism to the autonomy of post-fordism. Also it means an increased subcontracting and part-time workers. Second view about the interpretation of post-fordism is that fordism had also the characteristics that we see as belonging to post-fordism. Therefore the domination of those characteristics implies the coming of post-fordism. The third view states that it is not that capitalism changed in the 1970s but the focus of capitalism shifted from USA and Western Europe to East Asia. The monetary regime that was established in Bretton Woods implies the period of fordism. The last view is that post-fordism can be seen as a transitional period. As the fordist regime disorganized, the disorganized capitalism replaced it. In such a remorseless competition among firms, the cost of production plays an important role to survive. Therefore production is isolated from management, there must be dispersion of the place of production and of management; the production moves to the countries which have abundant cheap labor and raw materials.

The main feature of these new technologies, which we will emphasize, is its power of control. As McLoughlin and Clark (1994:8) stated: 'It is the 'control' capacities of computing and information technologies that identify them as a distinct phase in the automation of work, and for this reason 'tertiary automation is sometimes referred as 'control automation''. There are many views on this new organization of work of which the main characteristics is flexibility. This flexibility can be conceptualized in mainly four aspects, namely the flexibility in wages, numerical flexibility, flexibility in work force costs, and functional flexibility (Konukman, 1999). These are used in different countries at different degrees. There

are different views on the process of flexibility. These views can be called as the flexible specialization theory and the labor process theory (Wood, 1989). The flexible specialization theorists and others concerning the process in a similar way asserted that the new technology and generally the new organizational methods have a potential to increase the skill levels and to offer a more rewarding work. As opposed to these theorists, another theoretical line derived from the statements of Braverman, namely, the labor process theorists, mainly claimed that new technology and the new organizational method, called as post-fordism, could be conceptualized as an extension of fordism; and it is also a managerial strategy to control and to decrease the remaining autonomy of the workers. In this thesis, this view is seen as consistent but it must be also asserted that the process was not so intentional; these aspects that are mentioned by these theorists are consequences of this process. These unintended consequences of the process can be seen the results of the capitalism's attempt to recover itself from the crisis (Painter, 1993).

The second crucial aspect of this new period is about the level of international economies. We call these effects mainly the globalization. On the international scene, financial markets were given more importance as a result of currency volatility, reduced transaction costs and deregulation, and multinational corporations became more powerful as a result of increasing capital mobility and declining transport and communication costs (Breitenfellner, 1997). At this point, one of the main questions about trade unionism and generally about workers movement is, although globalization has produced transnational institutions and economic dynamics, why is it not producing international labor organizations? Workers and trade unions all around the world appear to be dispersed at such a degree that the world has not witnessed before.

The next section elaborates upon the various aspects of economic globalization. The very name of the globalization assumes that the process bears a clear-cut distinction from the earlier periods. However in order to develop a coherent analysis on its effects on the trade unions we must consider its features with a critical look at the process itself.

## **2. 2. The Features of Economic Globalization**

For about two decades the world map of production seems to be changing. With more flexible and advanced technology and globally organized electronic communications, factories shifted their production and investment areas to new areas closer to raw materials, new markets and cheap and docile labor. However the definition of this ‘new’ situation as such is simplistic and superficial. There are many different aspects of this new system we called as globalization.

The term globalization has been in agenda in recent years. It has been assumed that the process of globalization formed a new kind of international economic order that has different characteristics from the preceding economic system. Especially after the Second World War, the notion of welfare system was dominant, and social democratic policies defending the national economic regulation and egalitarian distribution were carried out in various European countries. These policies also affected the governments in developing countries. In the 1960s and 1970s social democratic governments came to power in much of Europe. However, the change in the structure of economy and the composition of governments became evident after the 1980s. The notion of globalization or global economy was used with the impact of these changes in the structure of economy.

Some authors (see for example, Hirst and Thompson, 1999:37) state that globalization is not a new concept. They contend that if we define globalization as an open international economy with large and growing flows of trade and capital investment, we cannot define the present system as a new one. 'The economy of the Belle Époque from 1870-1914 was remarkably internationalized, and we have only begun to return to those levels of openness today' (Hirst and Thompson, 1999:37). However some authors (for example, Broad, 1995) define this system as the new form of domination. Broad (1995) stated that in the early globalization, the exploitation of the imperial centers was based on the labor in peripheral areas. The Third World relegated to production and export of primary goods and they had to import the manufactured goods from the First World. However since the 1970s, the notion of 'new international division of labor' resulted in many changes in the former division of labor. There was no need of combining management and production in one place anymore. As Chase-Dunn (1989:77) stated, the core has been characterized as capital intensive, skilled and high wage labor. In contrast, the periphery has been defined with its labor intensive, coerced and low wage labor. Another category, which is defined by Wallerstein, is semiperipheral, as Chase-Dunn said in the same work. It has the features which are a combination of the ones belonging to the core and the periphery. Not only the labor-intensive work but also the more sophisticated work moved to the periphery. This means a radical change in that former international division of labor among countries, and it created various new conditions in the status of the less developed countries, which will be discussed later. In contrast to the views of Hirst and Thompson that we cannot call this stage as a new stage, if the main elements of the present global economic system are well defined, it is

possible to define the present global stage of capitalism as a new one, which has distinctive characteristics.

Indeed, the definition of globalization and the dynamics of this process vary according to the definer's approach. However we can say that globalization must not be confused with the concept of economic internationalization, which is almost as old as capitalism started in the sixteenth century. International economy has the tendency to organize economy by the principles of international trade, foreign direct investment, and migration. The main engines are the nation-states. It has the ability to work as a unit, in real time, on a planetary scale. On the other hand, there are four main factors that are essential for globalization: increased international trade, the growth of multinational corporations, the internationalization of finance, and the application of new technologies in all these operations, especially computer and other information technologies (ILO Bureau for Workers' Activities, 1997a).

If we see the scene in its 'macro' aspects, the difference between the former organization of society and the supposedly new one becomes clear. As Amin (1997:3) stated, the most distinctive element of the former, namely Keynesian, period, the autocentered nation-state has diminished. The close link between reproduction and accumulation has disappeared with the weakening of political and social control, which was once held by this autocentered nation-state. There is another aspect that Amin mentioned in the same work, which is closely related to our subject: The clear distinction between the industrialized and non-industrialized peripheral regions disappeared. New dimensions of polarization emerged. This aspect can be called as the new international division of labor (Chase-Dunn, 1989).

The main feature of the 19<sup>th</sup> century globalization reveals itself in the amount of trade occurring in the international arena. Globalization now has to be grasped in

the field of international production, which goes far beyond the national boundaries. Not only production but also consumption transcends national boundaries. Another dimension is well put by Munck (1998) as follows:

Finally what occurred in the 1980s was the decisive internationalization of production, consumption, and distribution leading for some to a 'globalization' of the working class, or at least an internationalization of production. The various attempts to analyse the new, or changing, international division of labour in the 1970s pointed clearly towards an increase in the proportion of the global population dependent upon the sale of its labour power on the market.

The other main premise about globalization is that it indicates a borderless world. However different authors tried to conceptualize global system in different ways. As Axford (1995: 94) stated:

The character of global systemness can be seen most clearly in the development of the world economy over the last few decades, which has seen a transformation from 'organized' to 'disorganized' capitalism on a global scale (Lash and Urry, 1987) and the emergence of what Carnoy et al. (1993) call 'the new global information economy'.

The term 'disorganized' capitalism came from the fact that state can no longer be an active participant in economy as it was in the 1946-1973 period. The term regulation means the direct intervention of the state in economic dynamics. This can be in different ways: Subvention, regulating the price mechanisms and through state-owned enterprises. The third one is the most important among them. By these enterprises, state formed monopolies in different sectors and tried to control the economy. Besides, states preceded many policies through these enterprises such as employment, tax, and price policies. The notion of 'disorganized' capitalism means the abolishment of such state intervention in economy. It also includes the notion of free market economy or the economy in which there is no intervention at all. However this notion of disorganized capitalism or the disorganizing characteristic of globalization is problematic and it is challenged by some observers (for example, Thorpe: 1998). These observers state that we are witnessing a planned economy

more than ever. This activity of planning or ‘intervention’ is done in a hidden way. Indeed, multinationals shape objective conditions by using some supra-national institutions, such as IMF, according to their interests. The national political process has lost its control over the national conditions.

Globalization has several features. It is the result of various developments and processes, which are related to each other. The multinational enterprises (or trans-national corporations) use foreign direct investment to invest, ignoring national boundaries. According to UNCTAD World Investment Report (ILO Bureau for Workers’ Activities, 1997a), the foreign direct investment increased rapidly in the middle of the 1980s. Total inflow of FDI was 349 billion dollars in 1996 and total outflow was 347 billion dollars. In 1970 the inflows were 10 billion dollars. Until the 1970s there was mainly exchange of goods and services between countries. Trade defined the international industrial activity. Therefore the exchange of goods and services among different countries all around the world formed the backbone of the international economy. Now the motto of the international industrial activity is multinational companies. While defining multinational enterprises or trans-national companies, we must be very careful because we cannot call a company as trans-national unless it extends its branches to different regions of the world to invest there. The management unit is generally in the place where this company is based. The impact of these trans-national companies has been increasing. The power and size of trans-national companies are well shown in Simai’s (1995:237) work:

In 1992, according to the United Nations there were about 37.000 trans-national corporations with about 200.000 foreign affiliates employing about 29 million people outside their base nation, 17 million in the advanced industrial societies and 12 million in the so-called developing countries.

Chase-Dunn (1989: 71) mentioned some analysts who suggested that the power of trans-national corporations diminished the power of nation-states. However, as the



author stated, trans-national corporations increased their strength against small peripheral states. But it is more appropriate to say that their power should not be overestimated; they still depend on the states to a large extent.

Trans-national corporations tend to shift their places of production to the places which have abundance of labor and resources. The very reason that the companies follow this strategy is that they aim to be close to raw materials, new markets or sources of cheap, unprotected labor. They use advanced electronic communications and flexible technology to organize their different branches of industrial activity in time and space. There is another aspect of these trans-national companies. The largest and most effective ones are generally American or Japanese. In 1996, 162 companies of the 500 largest companies are American and 126 companies are Japanese. Only a few of the largest companies are from developing countries. China is an exception which has three companies in the top 500 trans-national companies (ILO Bureau for Workers' Activities, 1997b) This inequality in the composition of these companies brings many problems when considering the opportunities provided to these companies in the framework of global economy.

There is another important dimension that enhances the situation of globalization. This dimension is the internationalization of financial markets, which is defined as the rapid and massive movement of capital. That is not necessarily productive capital; it can be speculative as well. Especially speculative capital has many negative impacts on national economies. National economies are vulnerable to crisis because of the rapid and uncontrollable movement of capital. This point is well defined in the 'ICFTU- Statement on Globalization' (2000) as follows:

Financial markets and the key players in those markets have developed a role, which has severely limited the powers of national governments. The deterioration of national sovereignty has not been replaced by effective international rules governing those markets, as has been shown by the

speculative contagion behind the economic and financial crisis, which began in 1997 in Asia and spread around the globe.

Another feature of globalization is deregulation, which superficially means cutting off state intervention in economic and social affairs. This includes privatization and liberalization. Privatization of public sector gives the opportunity to multinational companies or national private sector to invest in those areas, which were once held by the public sector. Liberalization includes lowering barriers to trade and investment. This means abolishing national capital controls, trade quotas and tariffs.

In order to create these conditions, there must be a technological revolution in information processing, communications and transportation. This is necessary not only for organizing different sectors of firms around the globe but also for creating new forms of employment. Innovations in technology, especially in information processing and communications have led to a process called the flexibility and mobility of production.

In shaping the dynamics towards economic restructuring, the improvements in technology and the implementation of neo-liberal policies were accompanied by supra-national organizations, like IMF, World Bank and WTO. These institutions had a crucial role in the formation of relations of dependence among countries and in regulating the flow of capital on global scale. In the next section, the role of these institutions in the process of economic restructuring are examined.

### **2.3. The Role of Supra-National Institutions in Economic Restructuring Period: IMF, World Bank and WTO**

The role of supra-national institutions is crucial in the process of economic restructuring and the integration of developing countries into the overall system. In

addition, in order to understand the problems of the trade union movement, the development and the role of these institutions should be considered.

IMF and the World Bank are two important ones of these institutions, which formed the background of the international capitalist economy in the postwar period. These institutions were the outcome of an international conference held in the town of Bretton Woods, New Hampshire in 1944. IMF and the World Bank were founded together. Every country must give capital to the institution to become its member. However, the more money a country gives, the more votes it has in the executive committee. The president of the World Bank is traditionally American, while the president of IMF is European. IMF was established in 1946 in response to the problems after the 1929 world economic crisis. The main aim was the formation of an institution that could determine the value of money. While IMF's area of activity was restricted in the developed countries, the World Bank was established to deal with the development problems of less developed countries. Indeed the overall activities of these institutions were organized in the principle of integrating the developing countries into the capitalist world system. After the Second World War, the World Bank mainly loaned money to Western European countries to help them to recover economically. However, later the World Bank turned towards development loans to developing countries. On the other hand, IMF gives loans on the condition that the country carries out what is known as a structural adjustment program. This program is also named as austerity plan. The main principles of these programs have been to eliminate price controls or subsidies, devaluing the currency or liquidating some labor regulations, like minimum wage laws.

The main principles of structural adjustment programs were shaped after the changes in the world economy in the 1980s. The role of IMF before this crisis

situation was especially to eliminate national protectionist policies, which apply rigid tariffs and tried to protect national economies. After these conditions, IMF applied those structural adjustment programs to developing countries in order to decrease cost of production and rescue the countries from the crisis conditions. The basic tenets of these structural adjustment programs were (Mander and Edward:1996) firstly the elimination of the restrictions on foreign investment in local industry and financial services. By this regulation, states' protection of local industry and banks is prevented. Another principle is about the structure of economy. In order to afford the debts, economy is transformed to export-oriented economy. The common feature of these structural adjustment programs is that wages are decreased to adjust the economy to international competition. As we know, the main principle of the globalization is the free trade. Therefore in those programs tariffs and all obstacles to imports are to be removed. By devaluating the national money, competition power in imports is increased. In addition to these main steps in the way of integration into the global economy, privatizing public enterprises is seen as another prerequisite, providing investment opportunities to foreign investment.

Another main outcome of the Bretton Woods Conference was the sign of the General Agreements on Trade and Tariffs (GATT) in 1947. Through negotiations, many decisions about such matters as taxation imposing on imports, tariffs and quotas had been taken in the framework of the GATT. However, as transnational corporations grew rapidly and became more powerful than the early period against the governments, the need to build permanent international body to regulate trade relationships among countries increased. Therefore the WTO (World Trade Organization) was established in 1994. The main function of WTO is arbitrating about trade disputes among countries and large corporations. This means that with

the establishment of WTO, transnational corporations have a place to complain about the countries, which conduct trade barriers to protect their national economies. This was a big step in integrating developing world to the global capitalist system. Because of the fact that the main principle of the global economy is the free trade and market economy, the role of this institution is very crucial.

There are many criticisms of these institutions, which are closely related to our main subject. Ronaldo Munck (1994) in his article about structural adjustment in Latin America states that the main bearers of these structural adjustment programs are workers. The implementation of flexibility policies and increasing heterogeneity in opportunity and income among workers led to decreased stability of employment, replacement of full time by temporary employment and subcontracting. According to him in the future there will be expansion of the informal sector and decrease in wages even in the so-called modern sector. Abolishing the restrictions on foreign enterprises mainly serves for the internationalization of the economy, which is the basic tenet of globalization. However, to abolish the national boundaries ignoring the differences of the objective conditions of various countries generally leads to more poverty in those countries. As Amin (1997:4-5) stated, industrialized countries use their monopolies to recover the competition. These are technological monopoly, financial control of worldwide financial markets, monopolistic access to the planet's natural resources, media and communication monopolies and monopolies over weapons of mass destruction. The other main change that was needed was free trade and protecting foreign investment in developing countries. In such an economy where there is harsh competition, the cost of production plays a big role, and there is a tendency to decrease wages. Privatizing especially the areas that were once held by

the public sector gives the opportunity to foreign capital or national capital to invest in those areas. Another criticism comes from Smith (2000) as follows:

Yet the IMF/World Bank/GATT/NAFTA/WTO/MAI/Military colossus insists that other nations reduce their education, reduce their health care, eliminate supports for industry, reduce the wages of an already impoverished labor force, enforce their monopoly on industrial technology, and they impose unequal trades upon the undeveloped countries.

Therefore the structural adjustment programs and generally the tendency to free trade and market economy led to many negative impacts. The whole structure of globalization and the policies implemented in this period have some effects on trade unions and generally labor movement. The next section investigates the impacts of the dynamics of globalization on labor.

#### **2.4. Globalization versus Labor**

The number of workers covered by trade unions has fallen rapidly in most countries. If we look at the relation between the post-1980 period in which the economic restructuring took place and the union density in different countries, we see a decrease in most of the countries. For example, while the average union density in the countries, which are members of OECD, was 47% in 1980, this rate was 47% in 1990 (Petrol-İş, 1995:533). However there are exceptions like Scandinavian countries, Sweden, Denmark, Norway, Finland and Island in which there have been no decrease; even there has been an increase in the union density. In Belgium, Ireland, Canada and Holland there have been a decrease until 1990 but it again increased after 1990. In USA, Austria, Italy, Japan, Luxembourg, and Portuguese there has been a steady decrease until 1990 but it then became stable. In Spain, Greece and Turkey there has been a continuous decrease since the 1980s. Generally in most of the OECD countries except the Scandinavian countries the effect of

economic restructuring on the trade unions is negative. However except Spain, Greece and Turkey the other countries reached to a stable point in union density. In these countries the decrease still continues. This situation led to a great concern about the dynamics which resulted in this decrease in the number of members. However, if we look at the scene in a broader perspective, the main concern should be the decrease in the power or impact of trade unions. Therefore, the basic problem we are dealing with is the effects of economic restructuring after the 1980s and its implications for trade unionism. While trying to elaborate on the matter, some aspects will be used as the main theoretical reference points. The composition of labor itself is an important one. In addition, the status of workers regarding skill levels helps us to understand the potential members of trade unions and their bargaining power. The unemployment or the situation of workers regarding whether they are potential labor or not gives us a clue about the relationship between the strength of trade unions and the overall level of economic organization. The types of the organization of work, such as fordism or post-fordism, can explain on the one hand the relationship between the level of technology and the workers' movement, and the impact of the different production processes on the organization of workers on the other.

It has been argued that in the age of globalization, the notion of national economy has become a vague concept, which has gained many new meanings and functions. Many new definitions and functions of national economies were defined. The most common one stresses its aspect to behave like firms, spreading its operations and assets around the world (OECD, 1996:9). The traditional view of the functions of state or generally the national economies which guarantee full employment, high growth, and to lower interest rates and increase public spending

when employment rates increase are no longer viable. With the threat of capital flight from the country and the necessity to attract international capital to finance deficits and maintain economic growth, governments carried out many policies far from this traditional function of welfare state. Therefore, economic crises and the adjustment to neo-liberal policies in the 1980s and the 1990s had many effects on the relations between employers and trade unions. It is generally accepted as a fact that economic restructuring weakened labor and trade unions, and there was a decrease in union density rates and loss of influence in collective bargaining (Leisink, 1999:3). Before explaining the process in detail, we can state that most countries face with the problems of unemployment (generally structural unemployment), and new kind of jobs emerge which can be defined as precarious forms of labor utilization, including contract labor, part-time work, putting-out system, and agency work. In addition, international financial markets force governments to see price stability as the main objective in their monetary policies. Therefore, this means that the policies which governments carried out to enhance full employment in the Keynesian period are no longer viable (ILO, 1997c:10). Price stability requires austerity programs, which leads to reduced demand and slow economic growth and in turn results in high unemployment and wage inequality (ILO, 1997c:11-13).

Another general effect of globalization on trade unions is about multinational enterprises. The 1970s witnessed a shift of production centers from developed to developing countries. The main actors were multinational companies, which recognized the advantage of liberalized trade and capital flows. They shifted their production to the most advantageous locations for them, often those with lower labor costs. As ICFTU (2000) in its report stated, these companies have so much power that they can disrupt collective bargaining agreements and bargaining



structures. They shifted their production to the countries with low wages, low standards and low degrees of organization. The effects of these company relocations were devastating also for the workers in developed countries. After these developments, in most of the developed countries, organized labor faced with an unfamiliar condition. High unemployment and the company relocation threatened their traditional bargaining strategies. The strike of trade unions became less dangerous, because there were substitute workers readily available both in their countries and abroad. In developing countries not only the attitudes of these transnational companies but also the policies of states weakened labor's position. The states in developing countries tried to make their territories attractive for these multi-national enterprises by reducing bureaucratic regulations including labor regulations. This attempt contains reducing labor costs and introducing greater labor-market flexibility. We can summarize these policies which are carried out by governments as neo-liberal redesign of labor relations involving deregulation, decentralization and curbing labor costs.

The realm of work organization witnessed great changes in recent years. There has been increase in wage inequality and non-standard forms of employment contracts which we defined as precarious forms of labor utilization. The international competition led to new strategies followed by firms towards more flexibility, less labor cost and improving productivity. The overall structure of work organization is based on multi-skilled workers and the total isolation of production and management units. The examples of this kind of flexible firms are "Coca-Cola, Renault, Motorola, and some leading banks, particularly in more advanced countries and in all sectors facing heightened competition" (Vickery and Wurzburg, 1996: 17). Vickery and Wurzburg (1996:18) explain this new work organization as organizing in horizontal

integration. In vertical integration, firms supply their own inputs, while in horizontal integration firms use external suppliers of goods and services. They purchase parts of final products from sub-contractors; they do not produce these parts. The authority does not depend on hierarchical models.

Employers generally claim that adjustment to more flexibility in the organization of work and production, and in the regulation of employment conditions are necessary to cope with the main requirements of global economy. As stated in Munck's (1998) article, there are five main forms of this flexibility structure: external flexibility, externalization, internal numerical flexibility, functional flexibility, and wage flexibility. In external flexibility, the decision of how many employees to recruit is taken by employers. Externalization means that there are various forms of sub-contracting or putting-out system. In internal numerical flexibility, some matters such as working hours and shifts are decided according to employers' needs. It is generally related to the quantity of labor input. This includes numbers of employees, hours of work, use of part-time employees, and the use of temporary employees (Vickery and Wurzburg, 1996: 17). The fourth one, functional flexibility is related to organization of job assignment and rotation according to employers' needs. Functional flexibility contains broadening job design, mobility across tasks, extending the range and depth of individual skills, and extensive training and retraining (Vickery and Wurzburg, 1996: 19). The last one, wage flexibility provides the condition that wages are determined according to performance and productivity. Munck stated in the same article that after these flexibility policies, trade unions needed to be marginalized. This marginalization was enhanced with the old strategies that unions followed to battle with the conditions of globalization.

There has been a general opinion that global economy and the firms in it need more skilled workers than unskilled ones. However we saw that flexible firms do not produce some parts of the final production and they purchase them from sub-contractors. The workers in sub-contracting are generally defined as periphery and they are unskilled. The growing informal sector is in this category. Therefore, the crucial fact that is related to the labor market is that there occurred a dualism in the economy, namely the core and the periphery, the former was defined flexible and the latter, fordist. In that respect we can say that the labor process cannot be defined in terms of the core labor, we must also look at the peripheral work force, which is claimed to have increased in size and importance after the 1980s. Supporters of the new technology and generally post-fordism talk mainly about this core work force, which is highly skilled. Flexible firms extend subcontracting, segment their workforces more, having a core workforce which is multi-skilled and functionally flexible, and a peripheral workforce which is more disposable with fewer employment rights, that is temporary employment, informal sector, short-term contracts and part-time working. This division has not only affected the solidarity types among workers but also legitimizes the conditions of work, mentioning only this core workforce even in the eyes of the trade unionists. In addition, those flexible firms are claimed to use less hierarchical models to maintain authority and they use broad opportunities of technology. However, as Visser (1992) stated, technology has no influence on work organization independently of management's need to control. Quality circles impression that Taylorism is being abandoned is deceptive. They are essentially managerial responses to new problems of control or attempts to destroy remaining areas of worker control. This statement is parallel to the statements of the labor process theorists.

However, we should state that the effects of these policies on labor vary according to the work organization and the level of economy of different countries. Leisink (1999, 17-18) summarizes well the conditions of labor in different sections of the world. In advanced countries, these conditions led to job losses concentrating in low-skilled labor-intensive industries with high labor costs. In addition, contracting out and downsizing permanent staff affected more low-skilled workers than the high skilled ones. This created widening wage disparities. In developing countries, the impact of globalization is experienced in a more extreme way. For example, Japan and some countries like Hong-Kong, Taiwan, South Korea, Malaysia, Singapore and India witnessed high economic growth and increase in welfare. However, Latin American countries experienced uneven economic development and increase in income inequality, such as Argentina, Bolivia, Brazil, Peru and Venezuela. Sub-Saharan Africa became marginalized with the condition of poverty. Economic policies in this region led to massive job losses, increasing informal sector and loss of trade union membership.

If we see the trade union density as one of the measures used in evaluating trade union strength, the condition can be seen easily. As stated in ILO's (1997c) report, among 65 countries, 33 countries (51%) witnessed a decline in union membership by more than 20% percent in 1985 and 1995. Sixteen countries (25%) saw a decline by 5-20 %. Seven countries (11%) witnessed 5% decline. Two countries (3%) experienced a growth of 5-20%. In seven countries (11%) there was a growth of more than 20%. Therefore we can state that the decrease in trade union density is clear in most of these countries. Another author shows the decrease in unionization rates in some countries in the period of 1985-1995 as follows (Koç, 1999b:14) (see Table 1 in Appendix).

These processes included decreasing demand for unskilled workers. There are opposite views claiming that it has been increasing in the sectors we mentioned as periphery. But generally it can be asserted that unemployment rates are increasing. And this affected trade unions negatively. This process includes some main points about trade unions (Özkaplan, 1994).

1. Union-free management doctrine that contains three elements: Union attrition, union avoidance (preventing the organization of trade unions), and union-management cooperation. The first one includes imposing low wages and dismissing on trade unions. Making workers shareholder provides the third one. Profit sharing, quality circles and the contribution of workers in management are also pervasive.

2. Decreasing unionization rates depended on the conditions of different countries and the industrial structure. For example, in America where the positive effects of unions on wages were higher than other countries, decrease was very sharp. These are related to the techniques of management to decrease the cost, namely incomes.

3. The income policy, which depended on the performance weakened the collective solidarity among workers and formed competition among workers and made them highly dependent on the management. These were resulted in the narrowing of collective bargaining.

4. Privatization program restructured industrial relations and led to individual compact, wages depended on performance and the replacing of direct employment by contract personnel. These have very negative effects on unions.

5. With the flexible working time, the working time of individual workers is divided from the activity time of production unit. Unionized workers were reduced to

the status of semi-skilled workers and the impacts of strikes were made ineffective. This means that workers were working overtime but they aren't paid for this.

6. These strategies led to the union attrition also among the workforce. Skilled workers blame the unions, claiming to move in the principle of egalitarian wages. Neo-liberal income policy depending on the principle that the incomes increase will be parallel with the profit and productivity led to the abolishment of collective bargaining and resulted in individual contract especially among skilled workers. They became sensitive to the firm performance.

7. Firms, depending on the mass production, were fostered the industrial unionism and central control of the workers organization. New techniques led to horizontal organization and unions depending on the workplace.

If we look at the condition of the working class in the process of globalization in more abstract terms, Hyman (1992:151) asserted that the term disaggregation could help us to understand the point. He said that a shift from collectivism towards individualism occurred. This is 'reflected in the declining levels of trade union membership, and/or reduced responsiveness to collectively determined policies'. Secondly, there has been a polarization within the working class, division between union members and non-unionists characterized by in terms of core-periphery or insider-outsider relations. And finally there is a fragmentation within the organized working class, weakening of the authority of national leaderships and central confederations.

Another main consequence of recent years is raising levels of unemployment. There has been increase in unemployment in most of the OECD countries. As we see from the table (see Table 2 in Appendix) the structural levels of unemployment are high in most of the OECD countries (OECD, 1998:8). The effects of unemployment

on the activities of trade unions are devastating. On the one hand, there has been a tendency to blame trade unions for this high level of unemployment (see Marsden, 1995), the power of trade unions is negatively correlated with the rate of unemployment on the other. As Marsden (1995:9) stated there is a standard analysis trying to investigate the impact of union bargaining on employment. In this analysis, it is claimed that employers tend to reduce the number of jobs because of the raising of wages above the competitive level with the impact of collective bargaining. Another dimension is related to the direct impact of unemployment on trade union activities. As stated earlier, strikes of trade unions are sometimes meaningless, because there are substitute workers readily available both in their countries and abroad. Trade unions cannot organize workers in the situation of high unemployment because of the fear of dismissal.

It can be said that under the conditions in which trade unions are organized at the industrial level and under a powerful central confederation, their power to bargain and contribute to the decision making process increases. However, the tendency is reverse. After the 1980s, neo-corporatist approaches to explain industrial relations have become pervasive (Çetik and Akkaya, 1999: 30). Especially in the countries where there is a corporatist relationship between employers and trade unions, the unionization rates have remained stable or increased. In addition to this, we can mention the union-free management strategies after the 1980s. They claim that the unions are barriers to economic development and try to reconceptualize the struggle for wage on an individual base. This suggests a shift from collective solidarity to the one depending on performance criteria and corporatism.

As Visser (1992) asserted, the decline of employment in manufacturing industry and manual labor and the increase in unemployment in many countries can

be seen as the causes of the current union decline. Increase in part-time, contract, and informal work challenged the traditional strategies of unions. Generally unions have been weak in the service sector and they have not adopted the necessary strategies to include those who work in informal sectors and part-time jobs especially. All these effects of globalization on labor can be conceptualized as follows (Broad, 1995):

- 1.Degradation of labor together with the separation of workers from the control of their work;
- 2.Feminization of labor: growing service sector forms this. These works are degraded, low-status and low-waged and can be seen as extension of domestic work. It has nothing to do with the emancipation of women;
- 3.Informalization of labor. As corporations shed workers and outsource to the Third world, people must resort to the informal economy to survive. But capital also resorts to the informal economy to cut costs of production; and
- 4.Casualization of labor. This is part-time, short term, contract labor.

These consequences have combined with the macroeconomic factors, which occurred on an international level. If we remember the statement of Broad (1995:22), the new international division of labor led to the consequence that ‘no longer is the Third World relegated to production and export of primary products and importation of manufactured goods from the First World’ and ‘some countries in Africa have slipped into what some call the Fourth World’ (Broad, 1995:22). Not only the inequality within the countries but also between the countries has increased.

Actually we can say that the decrease in the condition of workers in industrialized societies began earlier than this period. In the 1970s, multinational corporations recognized the advantages brought by liberalized trade and they relegated production to the countries in which cheap labor was abundant. Also another factor was related to the government changes in industrialized countries in the 1980s. Center right gained elections and a neo-liberal consensus was established. As Newland (1999) stated, the regulation of wages and benefits, the protection of job



security, enforcement of a minimum age of employment, safety standards were seen as obstacles to competitive labor markets. Newland (1999: 57) asserted that:

Tighter fiscal controls prompted governments to downsize public-sector payrolls and pensions. Stabilization policies aimed at reducing inflation and controlling prices in some cases included wage freezes. Liberal trade policies have led to increased competition, which often means that inefficient industries must shed labor and, in some cases, may be forced out of business entirely.

As we see, the conditions brought by globalization and its implications have many negative impacts on trade unionism. It not only divided the working people within countries and internationally but also brought some ‘inevitable’ obligations for ‘national’ economies. It is seen generally as an inevitable consequence like the law of gravity. However, as we stated before, if we look at the picture carefully, we find that the process of globalization is not a new process; it occurred in all aspects of life beginning from the late nineteenth century. So this is not a permanent and the best stage of capitalism. It is generally asserted that the crisis is a characteristic of capitalism and the globalization is another solution for recovering the crisis which capitalism faced with in the 1970s.

Another important point is the fact that the effects of globalization on labor and especially trade unionism are not so global. Because of the fact that the process fostered the increase in the number of workers in developing countries and widened the gap among the workers, its impact on the workers movement in developing countries is very different. In some of these countries, trade unions generally lost some member capacity but they became more militant. As Koç (1995) said, especially in South Africa and some of the countries in the Far East, workers have been very active during the 1980s and 1990s. If trade unions try to maintain their strength as the defenders of a particular group of workers (the privileged ones), their future will not be so good. Increasing number of workers are becoming marginalized

with the growing informal sector, contract labor, subcontracting, putting-out system and the other forms of work. Multinational corporations also resort to informal sectors and precarious forms of labor utilization, which we mentioned earlier.

We should say that trade unions have not been able to respond to the challenges of globalization. They have not developed new strategies, which can help them to recover the negative impacts of this process. It can be stated that in the age of globalization, the organization of work has changed rapidly, but trade unions have been slow to adapt. Global economy makes possible the international capital flows, free trade in goods and services occurring cross-border, and foreign direct investment. In such conditions, traditional methods that unions follow are not enough to maintain their strength. Their conditions have worsened with their incapability to adopt these new conditions as Newland (1999:56) stated:

Some labor unions also suffer from the perception that they are little more than special-interest groups whose first priority is to defend the privileges and status of their members--who account for an ever-smaller portion of the work force. This view makes it difficult not only for organized labor to attract and retain members but also to be considered a legitimate representative of the general interests of workers in the dialogue on economic restructuring. Unions tend to benefit when they take an expansive view of their role--seeking to represent not only the concerns of their members but those of working people in general (or indeed of society at large) against the special interests of capital.

In these developments, economic and structural change in the 1980s played an important role. There has been increase in the number of workers in the sectors that trade unions' penetration is traditionally not so powerful, but very weak. In addition, precarious forms of labor utilization forced them to develop new strategies. These vague employment contractions put those workers in between unionized workers and the workers who are not members of any trade union but have regular employment contracts. In addition, trade unions were generally unsuccessful to gain members from the growing segments of working class in service sector. Young workers,

women and part-time workers are also generally far away from the trade union movement.

Whether the elements of the process of globalization level the conditions and bear the same prospects for the future of different countries is open to debate. As has been stated the global economy widened the inequality not only among different countries but also in national boundaries. We see that the features claimed to be particular to the new economic system are applied in different forms in different countries, which are at different degree of economic level. For example, flexibility in developing countries mainly aims at reducing the cost of labor and it is applied in formal sectors in order to make these sectors flexible in the same way that the informal sector in that country is flexible. In developed countries it is used mostly for increasing productivity and it is provided with the new technological developments and the new methods of organization of work. Although the developing countries have not yet reached to the level of Western countries in which the workers gained some basic rights, the relatively better conditions in the sectors in respect to workers' rights are also seen as obstacle to the development in the globalization period. This view is the result of the unequal competition among different countries, which have different conditions in the global market.

The effects of globalization on trade unions are expressed in brief terms as follows: "our movement is now under attack on a global scale and with an intensity never before experienced in its history. Unions at the national level are seeing much of what they have achieved being undermined by global financial and industrial decisions" (ICFTU, 1996:5). As has been shown the union density in most countries decreased and the necessary conditions required for the development of solidarity were devastated. With increasing differentiation among workers as informal-formal,

unionized and de-unionized, core-periphery, blue-collar and white-collar, the traditional methods of trade unions to organize are not sufficient anymore. However finding new methods to gain the strength of the past is not an easy matter. Some authors think that although the negative effects of globalization on trade union movement are clear there have been some alternatives emerged by the development of globalization. As Breitenfellner (1997:547) states:

Economic globalization has also created opportunities for trade unions. New and inexpensive technologies have swept away communications barriers and opened the way for joint efforts in research and bargaining. Cross-border interaction between workplaces is now possible. In this sense, the Internet is not only a medium but also a message.

The opportunities given by Internet can be seen as a tendency for trade unions to globalize the action. There are many efforts to activate various actions against the penetration of globalization throughout the world. As George (2000) stated “Throughout 1999, thanks primarily to the Internet, tens of thousands of people opposed to the World Trade Organization (WTO) united in a great national and international effort of organization. Anyone could have a front seat, anyone could take part in the advance on Seattle”. The demonstrations in Seattle can be seen as a great reaction towards the globalization coming from mainly trade unions, environmentalists, and anti-capitalist organizations. However, the effects of these demonstrations are restricted in the mass media of especially Western countries. As has been stated the internationalism for trade union movement or generally labor is not a new phenomenon. However, in the condition that the workers all over the world are not combined, even they have dispersed more than before in the age of globalization, the global action or the internationalism of labor seems an utopian concept without thinking some preconditions for it. As Breitenfellner (1997:552) stated global unionism is an actor who will restore the socio-economic balance of

power. There is need for global action based on local experience. They should use the cheaper and new communication technologies to communicate each other and to develop action. The concept of local experience is very significant here. In contrary to Breitenfellner's (1997:552) expression, it can be stated that global action is the secondary stage of trade union movement after the struggle for the gains in national boundaries. The reason for this secondary place of the global action should be considered in the framework of the strength of trade unions in national sphere. As has been stated the process of globalization restructures the concept of national boundary or national economy. Supra-national organizations threaten the sovereignty and independence of nation states. In these conditions trade unions should firstly restore their strength in national boundaries.

The negative features of globalization are not restricted to the objective conditions and the changes in the economic structure. As Hyman (1998) states as follows: "In many European countries it has become common for argue that one of the key problems confronting trade unions has been a socio-cultural transformation where by traditional working-class values of collectivism have given way to more individualistic orientations." However the reason for this shift from collectivism to individualism must be seek in the results of the objective conditions of economic restructuring. The differentiation among workers formed the ground of this individualism, which is embodied in the new forms of employment. The main question about the future of trade unions is well put by Alvin and Sverke (2000:88) as follows: "the question, then, is if contemporary unions can counterbalance the challenges posed by differentiation and individualization, or, to put it differently, if the traditional view of solidarity can serve as the building blocks of the labour movement in the future". One of the main requirements for the labor movement to

recover is changing this individualistic approach. This can be possible only organizing in the sectors in which the new forms of employment are dominant. If they become defenders of a small privileged group of workers, they become merely craft or 'bread and butter' unions.

Considering the Hyman's (1998) conception of socio-cultural transformation towards individualistic orientations, Bradley (1994:41) states that there are some authors who claim that trade unions have to adapt to the new conditions by embracing "the new spirit of individualism, which they see as the hallmark of current employment practice, and take on a new role as 'private sector service providers'". Bradley (1994:42) contends that this approach help trade unions to recruit new members but "unions must learn to identify members' needs more accurately and cater for them more effectively, especially where members have been marginalized in the past, such as women, ethnic minority members and temporary and part-time workers." Bradley's position is well explained by Salmon and Stewart (1994:19) in the way that the solution she suggested is not the promotion of the interests of some groups of workers to the detriment of others. Trade unions should form a unity on a platform of diversity. They continue as follows:

It is important to recognize on the one hand the significance of traditional collective bargaining issues (in contrast to individualist market unionism) while on the other hand perceiving that some sectional interests may, paradoxically, represent the best rather than the least likely way of forging trade union unity.

Related to the attitude of trade unions to different groups in the labor market, Bullard (2000:34) states that trade unions in especially the North choose to embrace corporatism and "they have traded away the broad interests of all workers in favour of the special interests of particular groups, such as industrial workers in highly competitive and profitable sectors". He relates this attitude of trade unions to the labor market dualism in the North. On the one hand there is unemployed consisting

of generally youth, women, and migrants, there is organized labor, on the other. Bullard (2000:34) states, “Generally organized labor has accepted the corporatist model because it defines its own interests narrowly and because the patriarchal power of politics of the union movement favours this approach.” Bullard (2000:34) saw trade union movement leftist but also hierarchical, patriarchal and racist. She suggests that trade unions have to acknowledge the “arguments of new social movements such as feminism and environmentalism, or even put these issues on their agenda.”

The main question is whether trade unions come to an end. Although the overall developments in global economy seem to claim this future, there is a fact that unless there are no people with nothing to sell but their labor, their struggle to improve their conditions and to defend some basic rights will not finish. If we define the working class with that terms the number of them has not decreased, in contrary it is increasing. The growing service sector all around the world and the growing marginalized blue-collar workers especially in developing countries show that the problems of these people don't decrease. The first thing that trade unions must do is struggling to organize these pseudo self-employed people. These precarious forms of work not only decrease the power of workers working in these sectors but also the strength of trade unions generally. The developments we mentioned put a boundary between unionized and non-unionized workers. The latter see the former as privileged and affluent. However, recent developments show that the interests of them are not so different. New technology rewards the core workforce and relegates many works to the periphery. Actually the works, which were seen as primary or core in the earlier period, are seen as peripheral or secondary. So, the ‘real’ workforce can be seen as the labor in the periphery in respect to their number and the

conditions they confront. So the potential members of trade unions must be these people in order to gain strength and defend not only the interests of a particular group but all workers. Trade unions still have to carry the “task of ‘collectivising employees’, of persuading them that they have interests in common with their fellow workers which are antagonistic to those of the employer and which require for their resolution some form of collective organization and activity” (Kelly, 1997:412).

In the following chapter the main characteristics of Turkish trade unionism, the integration of Turkish economy into the global system and the effects of economic restructuring on Turkish trade unionism will be elaborated.



## **CHAPTER III**

### **TURKISH TRADE UNIONISM AND GLOBALIZATION**

#### **3.1. A Brief History of the Turkish Trade Unionism**

Up to now, some general features were mentioned about trade unions. However these should be investigated according to the context with which we deal. The dynamics of trade unions and their range of activities depend on the particular characteristics of different countries with respect to their historical backgrounds, specifically the development of their trade union movements. Generally trade unions are seen from a eurocentric perspective; this is the result of the belief that all societies would trace the same path that Europe had followed. This tendency is also the natural conclusion of the fact that trade unions were the results of the very characteristics of the industrialization process and this process was seen as a European phenomenon. However, as we will see, an uneven development occurred and we cannot explicate the developments of structures by looking at a certain model, at least totally. Not only the different historical backgrounds of different countries but also the different historical periods in a single country reflect different structural features of trade unionism. However, such an understanding, which sees the experiences of workers in different countries as totally different from each other, cannot grasp the general features of the process. Therefore, although the process of industrialization shows some common features, the implications and its forms differ in various contexts.

There are some pre-conditions for the development of trade union movement. The most important one is that there must be significant number of wage labor in the whole population. Although we can trace the wage labor back to the 15<sup>th</sup>-16<sup>th</sup> centuries in the Ottoman Empire, there was no modern working class movement until

the late 19<sup>th</sup> and early 20<sup>th</sup> centuries. The prototypes of trade unions and generally occupational organizations, guilds, were directly controlled by the state in the Ottoman Empire. They were functioning according to the necessities and regulations of industrial activity. The master was not allowed to expand production to recruit more apprentices and journeymen. In addition, the system did not resemble to any kind of modern industrial relations system. There was not any opposition of journeymen and apprentices to the overall activity or exploitation. As the cheaper European products entered in to the market, the guild system and Ottoman industrial system were collapsed. Therefore in the 19<sup>th</sup> century, artisans mostly were unemployed or became farmers in their own lands. These developments prepared the characteristics of the working class in Turkey as Koç (1999a: 8) stated:

Thus the 20<sup>th</sup> century did not inherit the seeds of trade unions from the guild system in the form of journeymen's fraternities. In the absence of a well-developed indigenous industry, the majority of the apprentices, journeymen and some of the masters of guilds did not turn into an industrial working class.

We know very little about the first strikes of modern wage earners in the 19<sup>th</sup> century, such as Ereğli coal mine workers in 1863 and telegraph workers of İstanbul in February 1872. In the period of 1872-1906, there were only 24 industrial actions, which were generally unorganized and individualistic (Koç, 1999a: 9-10). The first labor-related organizations were generally charity organizations, such as the Workers' Benevolent Society (Amelepver Cemiyeti; the actual name was Amelperver Cemiyeti) established in 1866 (Koç, 1999a:10) or 1871 (Karakışla, 1995: 26). The first real organization of workers, which was considered to have class-consciousness or economic-political aim, was Ottoman Workers' Society or Ottoman Workers' Association, which was founded illegally in 1894. This organization was soon liquidated. At the beginning of the 20<sup>th</sup> century, there was not any serious powerful capital ownership to use labor power and any large masses of

labor having nothing to sell but their labor. Therefore they were weak both quantitatively and qualitatively.

The 1908 revolution can be seen as a significant factor in the development of the workers' movement. Although there was not any active participation of the masses in this democratic progress, 'in 1908 alone there were 110 strikes' (Koç, 1999a: 12). In these activities, Jews, Armenians and Greeks were especially active. These actions showed the government the potential of labor movement. In that time there were many trade unions: There were Salonica Socialist Federation of Workers which had 5000 or more members and different trade unions: carpenters, tailors, white and blue collar workers of the Anatolian Railway in İstanbul, workers at the Régie factories, port workers and railway workers in İzmir, mine workers in Zonguldak, and tobacco workers in Drama, Kavala, İskeçe, Gümülcine and Gevgeli (Karakışla, 1995:27). The government prohibited the trade unions with various acts (Tatil-i Eşgal Cemiyetleri Hakkında Kanun-u Muvakkat (1908) and Tatil-i Eşgal Kanunu (1909)). This act was in force until 1936. The Unity and Progress Party banned trade unions' activities from 1913 onwards. Therefore, there was not any serious opposition in the period of 1913-1919. However, 'In the 1919-1922 period, the workers in the occupied capital of Ottoman Empire enjoyed de facto extensive trade union rights and freedoms' (Koç, 1999a:19). In this period, many trade unions were founded.

After the War of National Liberation and the establishment of the Republic of Turkey in 1923, Turkey had very serious problems. Different political groups against the reforms and principles of the revolution organized active opposition. In addition there was economic crisis, which was inevitable after the harsh struggle against the occupiers of Turkey. Although the formation and activities of organizations

established on class basis were legally possible in the 1925-1938 period, there was not any strong spontaneous workers' movement. However, the 1938 Act prohibited associations based on class principle.

If we look at the composition of labor in the population in 1943, there were 301 thousand workers in 32 thousand enterprises employing 10 or more workers. However, a considerable portion of these workers was not still totally expropriated. Therefore, they had land and agricultural income from their own land (Koç, 1999a:32). Koç (1999a: 33) summarizes the overall characteristics of the situation in the 1925-1938 period as follows:

Progressive and pro-labour legislation and workplace regulations in the public sector in these two decades were mainly the result of the scarcity of wage-labour and the attempts of the People's Republican Party, the governments and the state to contain labour discontent and to win over the urban working people to the Turkish enlightenment, nation building and reform process.

In the 1939-1946 period, military expenditures of the government increased and the real wages of workers sharply decreased. Their working conditions got worse, working hours increased and there was not enough regulation to protect workers' health. The significance of the poverty experienced during the war years is well explained by Koç (1986: 17) as follows:

Although the absolute poverty worsened working conditions and life standards, restrictions on rights and freedoms didn't form any serious reaction in these years. However it created objective basis of rapid organization of workers in the period after the 1946.

In 1946, the relevant act of the Association Act of 1938, which prohibited associations on a class basis, was repealed. After this event, many workers' associations were founded all around the country. In those years, state was the main employer and it used paternalism and oppression well. It provided many opportunities to workers. These relatively better conditions of workers prevented them from organizing against the industrial system. The private sector was very

weak. Then, two socialist parties, the Socialist Party of Turkey (Türkiye Sosyalist Partisi) and the Socialist Laborers' and Peasants' Party of Turkey (Türkiye Sosyalist Emekçi ve Köylü Partisi) were founded and they established trade unions. In addition, state directly participated in the activity of establishing trade unions. On the one hand, this state intervention supported the establishment of trade unions, on the other hand, it prevented the formation of independent trade unions movement.

The trade unions, which mainly organized public sector workers, then created local councils and federations. İstanbul Trade Unions Council (İstanbul İşçi Sendikaları Birliği) was the most important council at that time. TÜRK-İŞ- The Confederation of Trade Unions of Turkey (Türkiye İşçi Sendikaları Konfederasyonu) was established in 1952. There are many views on the establishment of TÜRK-İŞ and the general feature of workers' movement at that time. The most common one is expressed by Baydar (1999:308) as follows:

In this period in which private sector was very weak, the backbone and the main power of TÜRK-İŞ were formed by trade unions and workers who were organized in public (state) sectors. The impact of this aspect of trade unionism played a role in the dominance of the state controlled and promoted trade unions.

This idea is partly true. For a country that has only about 30 years of republican history, this state controlled feature of workers' movement cannot be attributed only to the feature of unionization based on workers in the public sector. The number of workers, the position that the political power stands, and the relative welfare that the workers experienced have a big role in this characteristic of the workers' movement. There is another dimension that the workers' movement face with: In the condition of the Cold War, CIA (Central Information Agency) was very active in trade union movements all around the world. However, according to some observers (Koç, 1999a), Turkey's trade union movement had already been in the category of business

unionism or bread-and-butter unionism of AFL-CIO (the biggest confederation of America). Therefore, the impact of AFL-CIO or CIA agents should be considered in this context.

After 1950, Democrat Party carried out many policies, which gave many opportunities to workers. However, especially after 1955 the relations between trade unions and Democrat Party worsened because of the negative attitude of the party to the unions. Economic crisis emerged and the opportunities given to workers were not possible anymore after this crisis. As the migration from rural to urban areas increased, the large masses of people left their land and became potential labor in the cities. However they tended to be submissive and were ignorant about trade union activity. There were 76 thousand workers employed by public manufacturing industry establishments, employing at least 10 employees in 1950. There were 87 thousand workers in the similar private sector establishments (Koç, 1999a:39).

Following 1950, especially Western Europe witnessed continuous economic growth and the development of the social welfare state. The situation in Turkey was similar. In those conditions, the 1961 Constitution, which came after the coup d'état of 1960, brought many progressive results for the working people. The relatively democratic constitution of 1961 can be seen as a turning point in the development of Turkish trade unionism. With new regulations, many rights were given to workers. It guaranteed the right to strike and there was the concept of 'social state' in the Constitution. Act no. 274 concerning Trade Unions and Act no. 275 concerning Collective Labor Agreements Strikes and Lockouts were promulgated in 1963 and were valid until 1980. The consensus between labor and capital started to dissolve after the early 1970s. As we mentioned, the state had always been the main employer in economy. However various political parties used public sector to gain electors and

they recruited their own political parties' members to those establishments. These characteristics created many negative impacts on the development of the workers' movement. The working people did not want to oppose to the governments because of the fact that they were the electors of those political parties that recruited them.

We can see the rapid increase in the number of workers in the period of 1960-1980. If we look at this period carefully, we see that there was rapid increase in the number of workers fostered by the migration from rural to urban areas and the masses became politicized. Private sector began to develop. There were 3 million wage and salary earners in 1965, 4,2 million in 1975 and 6,2 million in 1980 (Koç, 1999a:43). Starting from the 1960s, there were many social and political upheavals. Trade union movement started to become effective and strong.

In 1967 DİSK (Confederation of Progressive Trade Unions of Turkey) was established by three unions from TÜRK-İŞ and two other trade unions. TİP (The Workers' Party of Turkey), which was actually founded by trade unionists but then turned into a socialist party, became influential in the formation of DİSK. MİSK (Confederation of Nationalist Trade Unions) which had close ties with MHP (Nationalist Movement Party) was founded in 1970 and became effective after 1975. HAK-İŞ, which functioned as the extension of MSP, (National Salvation Party) was founded in 1976. We can look at the trade union membership in the period of 1948-1960 (Koç, 1999) (see Table 3 in Appendix). It is true that the membership rapidly grew in the period of 1960-1980. However the increase in statistics especially after 1968 was not reliable. The competition among different confederations resulted in the exaggeration of membership. Being a member to more than one trade union led to this situation. Therefore, the actual number must be less than the number shown in statistical data. They failed to reflect the reality at all.

There was an important event in 15-16 June 1970, which indicates the development of the workers' movement and its potential to become an active participant in the formation of political agenda. The first time in the history of Turkey, a spontaneous and highly crowded masses of workers' march occurred. During these years political situation was very chaotic and there was increasing politicization in the society. DİSK can be seen as the spokesperson of these masses generally led by leftist groups. DİSK called workers to protest the changes in Trade Unions Act. There were about 100 thousand workers in the region of İstanbul-Kocaeli and they clashed with security forces. Actually this event was the zenith point of the demonstrations and harsh strikes. After these developments 1971 coup d'état occurred.

Real wages and salaries increased in the 1960-1978 period. This was due to the struggle of workers and continuous economic growth. However after the mid 1970s the clashes between the rightist and leftist groups emerged. Both of these groups aimed to exploit trade unions according to their interests. TÜRK-İŞ, without some exceptions, opposed to the socialist-communist groups but DİSK was under the control of these groups. In addition to these developments, economic crisis deepened at the late years of the 1970s. Strikes and demonstrations increased and government suspended the strikes. Many trade unionists were assassinated. As coming to 1980 this political disorder came to its culminating point. '24 January 1980 Austerity and Stabilization Program' was put into action after these developments. Military intervention in 1980 occurred as a result of this chaotic situation and economic crisis.

The reactions of trade unions to this intervention were not so clear. They saw this intervention as similar to the former coup d'états. TÜRK-İŞ supported the intervention but expressed its wish to return to parliamentary democracy. However,



this coup d'état was more oppressive compared to the previous ones. The National Security Council suspended DİSK, HAK-İŞ, and MİSK's activities. All strikes were banned. The National Security Council forced compulsory arbitration in collective agreements. Many trade unionists were arrested. The 1982 Constitution and the 2821 (Trade Unions) and 2822 (Collective Labor Agreements, Strikes and Lockouts) Acts restricted the workers' basic rights and freedoms. Firstly, all political activities of trade unions were banned (However in 1997, with article 37 of the 2822 Act and 4277 Act, this was repealed). Workers were permitted to strike only for specific number of demands and in some branches of industry. Solidarity and political strikes were certainly prohibited. And if the strike was seen as harmful, the National Security Council could suspend it. The constitution also restricted the amount of fringe benefits given to workers. The member composition in SSK (Social Insurance Institution) was changed with a government sided composition. After this defeat period of the workers, the purchasing power of all workers decreased. There were some important meetings and demonstrations in the period of 1980-1987. However, they could not create any change in the policies of the government. The 'spring actions' were very important events, which started especially in 1989. The unions which were affiliates of TÜRK-İŞ organized many actions in the form of sit-in strikes, 'work-to-rule's, lunch boycotts, slow-downs, late reporting in for work, mass sick-outs. The significance of these actions is well put by Koç (1999a:65) as follows:

The 'Spring Actions' constituted a milestone in the history of the working class in Turkey, especially in the history of the public sector workers. Self-confidence and confidence in the trade union movement developed within the ranks of workers. A new tradition of united legitimate mass struggle against the government, in which trade union and class-consciousness dominated over various differences, was built.

During the harsh struggles of workers in the 1989-1994 period, wages were increased substantively. As Özkaplan (1994:160) stated, if we assume the real wages in 1976

as 100.0, it decreased to 68.0 in 1986, and was 74.6 in 1988 with the impact of economic crisis and the weakened role of trade unions. However, it increased to 112.8 in 1990. In the public sector, if we assume the real wages in January 1988 as 100.0, it increased to 297.1 in 1992. This is respectively 100.0 in 1988 and 220.4 in 1992 for the private sector. If we look at the strikes in the period of 1984-1995, the increasing tension can be seen easily (see Table 4 in Appendix). The table supports the claim of politicization of trade unionism especially during the period of 1989-1995. The decrease in the number of strikes in 1992-1994 period can be seen as the result of relatively high level in the wages, which was achieved by the struggles we mentioned. But after the austerity program in 5 April 1994, a great reaction formed among workers. However, there was already a negative attitude towards trade unions before the program. It was claimed that the unionized workers earned more than they deserved. The government and employers tried to decrease the unionization especially after the impacts of unions on wages in the period of 1989-1994. As Özkaplan (1994) said the decrease in the rate of unionization can be explained by looking at the developments in the wages after 1989. There was a rapid increase in the real wages. Therefore the employers attempted to compensate the situation by using dismissal, subcontracting, contract labor, and deunionization.

As it was stated, the strength of trade unions cannot depend directly on the number of members. The development of trade unionism in 1980-1994 can be seen as a reference to this point. Although there was a considerable decrease in the number of members in the period of 1980-1992, the strength of trade unions was reflected in the increasing level of wages. Therefore we can look at the rate of unionization. It can be asserted that the numbers given by different authorities are very variable. According to Özkaplan (1994), for the year of 1992 we can mention

1.3 million unionized workers. This corresponds to 17% of the total wage earners. With the same method we can find that in 1980 this rate was 24%.

Different deunionization policies will be discussed in details later. But it can be stated that this period was the most political and active one for the trade unions and for workers in general. Indeed, as Koç (1995) said, in contrast to the unions in developed countries, there have been considerable improvements in trade unions in developing countries in recent years. This can be attributed to the new developments in the international division of labor, which we will discuss later in details.

The other event, which was written in the history of the Turkish working class movement, was the march of mine workers of Zonguldak. In 1990, the march was organized together with a strike. About 50-60 thousand workers and their families marched for five days and then stopped by security forces.

‘The austerity and stabilization program’, which started to be carried out in 5 April 1994, included many negative aspects for the living conditions of workers. Therefore, on 20 July 1994, TÜRK-İŞ started a general strike. On 26 November 1994, a march to parliament was organized which included 100 thousand workers. In 1995 the largest strike in the history of Turkey took place. Two hundred thousand workers went on strike. On 5 August 1995, in a rally in Ankara, about two hundred thirty thousand workers protested the government and the IMF (Koç, 1999a).

The period beginning from 1980 witnessed different traces in the development of trade unions. As Özkaplan (1994) stated, this process can be divided into three stages. The first one lasting from 1980 to 1983 can be assessed as the prohibitive one in which compulsory arbitration, strike and lockout bans obstructed trade union activities. Also pressure applied by the military regime forced people not to resist. Secondly, the period of the 1984-1989 was the starting point of regaining of the

rights to strike and collective bargaining. Especially after 1987, there were struggles in the forms of strikes and marches. Thirdly, after 1989, trade unions' struggles intensified. It was stated that trade unions began to develop rapidly after 1960; masses of people politicized and there were considerable socio-economic changes. The culminating point of all these processes was the events before the military intervention in 1980. Therefore it can be asserted that the period after 1980 was the continuation of that development of trade unionism; they began to recover. This process was fostered by the development of private sector and rapid increase in the number of workers. As we can see from the table (see Table 5 in Appendix), there was rapid increase in the number of wage-earners especially during the period of 1985-1990 (Koç, 1995:36).

In April 1991, DİSK started its activities again. In the 1993-1995 period Democracy Platform was founded including TÜRK-İŞ, DİSK, HAK-İŞ, public servants' trade unions, and some other democratic organizations and chambers. HAK-İŞ separated itself from this platform in early 1995. 28 February 1997 decisions taken by the National Security Committee help us to see the main strategies of different confederations. These decisions were accepted against the threat of fundamentalists who were also active in the Refahiyol Government. TÜRK-İŞ, DİSK, and the Confederation of Petty Tradesmen and Artisans (TESK) formed Civil Initiative and later Chambers of Commerce and Industry (TOBB) and the Confederation of Employers' Associations of Turkey (TİSK) participated in this formation. They played active role in the resignation of the Refahiyol Government in June 1997.

The cooperation which started in 1998 among TÜRK-İŞ, DİSK and HAK-İŞ was embodied with the formation of Labor Platform in 14 July 1999. The other

democratic organizations joined this platform and the number of organizations increased to 15. The reaction increased with the social security reform of the government. On 24 July 1999, Labor Platform organized a mass rally for protesting ‘IMF-imposed policies’ of the government and there were about 300 thousand workers in this mass rally.

The first factor that must be taken into account in understanding trade unionism in Turkey is that Turkey witnessed relatively late industrialization. Relating to this point, as Işıklı (1998) stated there was a close relationship between the unionization and the process of democratization in developed countries, unlike the Turkish case. For example, we see the determining impact of unionization on the process of democratization in England and France. However in Turkey, the main steps in the democratization process namely the 1876, 1908, 1923, 1946, and 1960 had not witnessed such kind of trade union movements. In contrast, for example in the 1980 military coup, there was not any active resistance of trade unions. This can be attributed to the relatively late industrialization of Turkey. Also the rights gained by working people in western countries were the results of the harsh struggle of the workers. In Turkey, especially for the period of 1950-1970, the rights were given to, not taken by working people. For example as Işıklı (1995:178) mentioned, when the collective bargaining and strike rights were accepted in 1963, industrial workforce was about 9.8% of the total workforce. The workers in Western countries gained achievements usually after they became quite dominant in the workforce. A powerful worker movement depends on the dominance of workers’ population that is wage earning in the economy. Here we can use another term ‘expropriation’. The main prerequisite in the development of the working class is the fact that they have nothing to sell but their labor-power. But as we know there is a strong tradition of

petty commodity production in rural areas in Turkey. This results in the fact that workers have some property in rural areas even after they become a member of the industrial society.

In the late Ottoman period, not only the numbers of working people but also the political situation did not allow the development of trade unionism. In the first quarter of the twentieth century, as coming to the establishment of Turkish Republic, we saw an increase not only in the activities of the working people but also in the number of trade unions. With respect to the problem of proletarianization, different definitions of working class can be used. Here the definition of Koç (1995:35) is used:

People who cannot sell anything other than their labor-power form working class. In other words, if they do not use a wide range of authority in the name of their employers, they are in the status of working class, regardless of their different occupations or their status according to law. If we look at the matters from this perspective, Turkish working class has developed qualitatively and quantitatively in recent years.

Therefore, we can conclude that the development of working class qualitatively and quantitatively took place after the 1960s in Turkey.

In an attempt to develop an analysis on the effects of economic restructuring on trade unions, what degree the Turkish economy is integrated into the global system and what dynamics play role in this integration are very important which are investigated in the following section.

### **3.2. The Integration of Turkish Economy into the Global Economy**

In any attempt to understand the structure of Turkish economy the pivotal role of state intervention has to be born in mind. The state has been effective in shaping economic dynamics especially through state-owned enterprises. However, as Keyder (1981) pointed out, in the first decade of the Republic, the state had taken up a non-

interventionist attitude. As Bayar (1996) stated, the main reason of this attitude was the restrictions brought on the government policies by the Lausanne Treaty, which obstructed the implementation of policies towards economic development. In addition, the Turkish Republic had to pay the large debt of Ottoman Empire. At the same time, Turkey was forced to maintain Ottoman tariffs until 1929. The overall result of these conditions was a laissez-faire capitalism during the period of the 1920s. However, there were other problems such as the weakness of private sector, insufficient capital accumulation, and the devastation of infrastructure during the war as well. In addition, foreigners owned all railways, banks, and industrial firms (Bayar: 1996). However, after the 1929 world economic crisis and the expiration of the restrictions of Lausanne Treaty, the government reconsidered its liberal economic attitude. Keyder (1998:46) explains this transition as follows:

The 1920s was a period of economic restructuring and affluence, especially for the commercial bourgeoisie. However, the problems pertaining to the peripheral capitalism with its orientation to foreign trade were aggravated by the strike of the world economic crisis. All these features together shook the national economy. In the ten years of economic crisis, the government started to carry out state-centered development policies, and held the responsibility of managing an economic policy, oriented to an inherently closed economy.

In 1930, with the establishment of Central Bank of Turkey, Turkey acquired domination over its national currency. In 1931, Turkey put quota system on its imports (Kazgan, 1999:79). These statist policies were supported by the first five-year plan in 1933. The state established many state-owned enterprises in the sectors of iron, steel, textile, paper, ceramics, glass and chemical products. Sümerbank (1933) and Etibank (1935) were established to give financial support these public enterprises (Bayar, 1996; Kazgan, 1999:85). With the establishment of Sümerbank, the state-owned enterprise system was organized in the framework of third five-year development plan (1934-1938) (Kazgan, 1999:85). The most important point here

related to our main subject is the implications of this statist period for the workers and generally for the development of capitalism in Turkey. There are two main standpoints in trying to understand this period as Bayar (1996) pointed out. Some intellectuals organized around the periodical, *Kadro*, stated that because the Turkish Revolution was not a class-based movement, the new system could not be called as socialism or capitalism. It was rather a means to achieve harmony among different classes. The other view belonged mainly to Celal Bayar (Ministry of Finance in 1932 and then President of the Republic between 1950-1960). He stated certainly that statism was a transitory period, in which the main aim was supporting the industrial structure, to be taken over, in the course of time, by the private sector. However there are some other alternative views on this period. As Keyder (1999:50) stated this period can be interpreted as a kind of corporatism. Statism resulted in the decrease of real wages of workers and of the income of peasants, but it increased the industrial production. Keyder (1999:49) also stated that the main features of this period were the hard pressure on workers and the central coordination of the various resources of the country in order to strengthen the industrial bourgeoisie. These features were altogether embodied in the ideology of corporation and mobilization. However, it can be asserted that this period meant resurgence for the whole country. Considering the level of workers movement and the difficulties witnessed by the Turkish Republic, this period was successful in the use of various sources of the country for the economic development and there were not so many alternatives other than such kind of a statism.

The period of 1950-1960 witnessed the policies carried out by Democrat Party to improve the private sector. The party attempted to abolish the restrictions of statism, which were claimed to prevent the development of the private sector.



However, the attempts towards privatization failed, and the importance of state-owned enterprises was once more emphasized through the policies towards increasing the number and influence of these enterprises (Bayar, 1996). In the late 1950s the economic conditions worsened. In the 1960-1970 period, import-substitution policies became dominant. Investments in the industrial sector were made mainly by the public sector. Protectionist policies began to prevail, and foreign competition was prevented (Keyder, 1998:63). The most significant feature of this period, which is closely related to our main subject, is the rapid industrialization, generating an increase in the number of workers and thereby leading to the development of political groups that claimed struggle for social transformation. Keyder (1998:64) explained this situation well:

Rapid urbanization was very influential in making masses feel free; it prepared the necessary ground for political conflict. After the liberal sentences of the new Constitution, the number of unionized workers increased from 296.000 in 1963 to 1.2 million in 1971 (30% of the wage-earners). With the rapid urbanization and dissolution of the traditional society, the engagement of the urban workers to the politics is a particular feature of the periphery.

By the end of the 1970s , Turkey was faced with a great economic crisis. On January 1980 the Demirel government announced to implement a new programme which intended a shift from the inward-oriented economy to an export-driven one. Actually, this programme was the outcome of the stand-by agreement with the IMF. This programme included abolishment of price controls, increasing the price of the products of state-owned enterprises, and the liberalization of import regulations and foreign capital inflow. The main objectives of this new programme were minimizing state intervention, establishing a free market economy, and integrating the Turkish economy into the world economic system. The policies in this new period is generally called as neo-liberal policies. The most striking aspect of this new period in

respect to integration into the global economy is the financial liberalization (Sakallıoğlu and Yeldan, 2000:487):

The promotion of financial liberalization was a conscious choice by the Turkish state, structured according to the logic of globalizing capitalism. The telecommunications and financial sectors were singled out as privileged sectors because of their dynamism in speeding up the global centralization of influence over domestic policies.

The details of the dynamics of these policies are out of the context. However, the results of these neo-liberal policies assume importance in consideration of the labor movement. The promotion of financial liberalization and the other measures taken to integrate Turkish economy into the global system has had many effects. International capital economy has not resulted in higher investment or new employment opportunities (Sakallıoğlu and Yeldan, 2000: 488). In addition, the inequality among different sections of the population has increased rapidly during the implementation of neo-liberal policies (see Table 6 in Appendix).

However, the question as to the degree of the integration of the Turkish economy with the global system is very contradictory. The criticisms in this point focus on the problematic nature of bourgeois class with respect to its dependency on state, the endurance of strong state tradition, and the role of the military (Helvacıoğlu, 2000:333). Helvacıoğlu states that Turkey has never been totally integrated into the global economy. This point is well illustrated by Öniş (1992) as follows:

In spite of the significant steps taken in the direction of a market economy and the restoration of democracy in the post-1983 era the Turkish experience failed to conform to the ‘liberal vision’ of ‘retreating states and expanding societies’. What we observe, in fact, is a reorganization or reconstitution of the state apparatus rather than a retreat of the state.

It is clear that there have been radical changes in Turkish economy in the post-1980 era. These can be inferred from the changes in the main indicators of the economy,

which are used as indicators of the level of integration into the international economy. As we see from the table (see Table 7 in Appendix), both of the foreign direct investment permits and the realization of it has increased rapidly in the post-1980 era. As has been stated foreign direct investment is an important indicator of the integration with the international economic system. Another indicator is the numbers of exports and imports (see Table 8 in Appendix). As we see the imports and exports have increased rapidly in the post-1980 era, which is defined as a new period in respect to the liberalization of economy and the integration to the global system. Although the institutions and especially the state apparatus persist to maintain its traditional character, the macro indicators of the economy show that the Turkish economy is rapidly integrating to the global system.

In the following section, the conditions of trade unions in the period of economic restructuring and the problems that they face in the process will be considered.

### **3.3. The Profile of Turkish Trade Unionism in the Period of Economic Restructuring**

Turkey has been trying to regulate its own conditions according to the changes in the world economy from the early years of 1980s onwards. As has been pointed out, to what degree the changes in Turkish economy are consistent with the globalization trend in the world is open to debate. However, considering the transformations in international markets and the conditions of competition, economic restructuring after the 1980s in Turkey can be seen as a reaction to the changes in the world economic system. Although the term globalization apparently suggests similar processes for different countries, the methods of integration and the effects of the policies

implemented in the process of integration differ with respect to different characteristics of the countries. Therefore, while discussing the effects of the socio-economic transformations on trade union movement in Turkey, this difference must be investigated. In addition to the nature of economic restructuring and its implications, trade union movements and the conditions that have created these movements show great variations from one country to the other. Thus, particular characteristics of a country, social dynamics of that country and its place in the world economic system influence the nature of the effects of this new process on the trade union movement in that country.

In this chapter firstly the methodological problems that are encountered in investigating the conditions of trade unions vis-à-vis the period of economic restructuring are pointed out. It is important to deal with these problems, because our analysis gets more consistent if we recognize those problems and consider different data and observed phenomena with a more critical glance. Secondly, the effects of economic restructuring towards globalization on the working conditions of workers, especially on the trade union movement are investigated. At this point, the development of employment by sector and the difference between developed and developing countries with respect to it, as well as the validity of new strategies in the organization of work and relevance of these techniques for the Turkish case are considered. Finally, the effects of privatization, which is one of the basic tenets of the period of economic restructuring on the Turkish trade union movement, are investigated. This point is important considering the nature and tradition of the Turkish trade union movement, which will be elaborated later. Such an analysis reveals the difference between developed and developing countries in relation to the effects of different policies of economic restructuring on the trade union movement.

There are some methodological problems while discussing the conditions of trade unions in the period of economic restructuring. An important one is the difficulty in evaluating the number and ratio of unionized workers, which is an important indicator of power and efficiency of trade unions. The data given by the Ministry of Labor and Social Security are not reliable. The information in the data is not updated, to such an extent that at times, even deceased people are shown as unionized workers. Another reason for the inconsistency of the data given by the Ministry of Labor and Social Security is related to the laws in Turkey concerning industrial relations. A trade union is seen as representative only in the case that it organizes 10% of the workers in that branch of industry and 51% of the workers in the factory concerned (2822, Collective Agreement, Strikes and Lockout Code Article 12). Therefore the Ministry tries to increase the number of unionized workers to conceal the lack of representative trade unions in a certain branch of industry. The critics of the data given by The Ministry of Labor and Social Security are generally based on following points (Mahiroğulları, 2000:31-32): In some public enterprises the unionization rate is above 100%. This proves the unreliability of the data. Although the decrease in unionized workers in the automobile, petroleum and press sectors is evident with the various forms of employment and deunionization policies in these sectors after 1984, unionization rate has been increasing in these sectors according to the data given by the Ministry of labor and Social Security. In addition, the Ministry considers only insured workers and ignores the non-insured workers. This increases the unionization rate. Therefore, while considering the unionization rate, different data given by different resources must be assessed.

According to the Ministry of Labor and Social Security unionization rates by years are shown in the table (see Table 9 in Appendix). The data given by the

Ministry of Labor and Social Security show that the unionization rate has been increasing in Turkey. However when we look at the prediction about unionization estimated according to the workers covered by collective agreements, the data given in Table 8 become unreliable. The data based on the workers covered by collective agreements are shown in Table 10 (Petrol-İş, 1995:523) (see Table 10 in Appendix). As we see from the table, there has been a considerable decrease especially after the 1980s according to the data evaluated on the basis of the numbers of workers covered by collective agreements. The fact that the number of workers covered by collective agreements decreases proves that the number of unionized workers decreases, in contrast to the data given by the Ministry. When we compare the union density of Turkey with the union density in other developing countries, we see that the union density in Turkey is lower than most of the developing countries according to the data which is evaluated from the workers covered by collective agreements. For example, this rate is 19.0% for Uruguay, 16.0% for Zambia, 33.0% for Mexico, 48.0% for Albania, 7.0% for India, and 17.0% for Singapore (Petrol-İş, 1995: 535).

In addition to the unreliability of the data, there is another problem of the information about the working conditions in various branches of industry. The number of research undertaken in this field is very limited. Unfortunately, we do not have much information about the structure of production, the conditions of employment and the problems of workers in a number of branches. The problem is the lack of detailed studies on the relevance of new technology and the new techniques practiced in the factories. Therefore, the effects of the new techniques in the organization of work in the economic restructuring process will be evaluated on the basis of this limited data.

While considering the effects of economic restructuring on the working conditions of workers, and more generally on trade unions, an important concern is the composition of employment by sector. In the developed countries, the changes in employment by sector has been a matter of discussion with respect to the power of trade unions. As Yüksel (1997:21) has stated, there has been a shift from the industrial workforce to the workforce in the service sector in OECD countries in the restructuring period. In the period 1982-1991, the change in the workforce in the service, agricultural and industrial sectors in member countries of OECD were respectively 13%, -29.7%, and -12.08%. According to Yüksel (1997:22), the reason for the weakening of power of trade unions is the decreasing proportion of blue-collar workers in the total workforce. It has been considered that trade unions have an adequate experience of organizing blue-collar workers but they have no tradition in organizing white-collar workers. Therefore their power has weakened with the increasing number of workers in the service sector. Whether this shift from industrial workforce to service sector in developed countries is also true for Turkey can be understood by looking at the Table 11 (see Table 11 in Appendix). As we see from the table, Turkey witnessed a different experience in the employment by sector from that in the developed countries. In Turkey, the proportion of industrial workforce in the total workforce remained almost stable, and even increased slightly through the post-1980 period in which economic restructuring has taken place. It is true that there has been considerable increase in the number of workers in the service sector, however the shift is not from the industrial workforce but from the agricultural workforce to the service sector.

Another question that arises while considering the effects of economic factors on the labor movement is related to the employment by sector. As has been pointed

out, a considerably large number of workers in the total workforce in developed countries has created powerful labor movements in those countries. We can compare the proportion of industrial workforce in the total workforce in Turkey with the condition in developed countries by looking at the Table 12 (see Table 12 in Appendix). As we can observe from this table, the proportion of the workforce in agriculture to the total workforce is still significant. However, the proportion of industrial workforce gets closer to the proportion prevailing in developed countries. This is the result of both the shift from the industrial workforce to the service sector in the developed countries and the development of industrialization process in Turkey. Therefore, considering the effects of economic restructuring on trade unions, the considerably high number of workforce in agricultural sector is not likely to be evaluated as a weakness for trade unions in Turkey. The proportion of industrial workforce which trade unions struggle to organize still increases and there has also been shift from agricultural workforce to the industrial workforce, as well as from the agricultural workforce to the service workforce.

A critical comparison between the developed and developing countries in relation to the employment by sector reveals a significant difference between the two while considering the effects of economic restructuring on trade unions. The case of a shift from industrial workforce to the service sector does not hold true for the Turkish case, nor does it hold true for most of the developing countries. This change arising in the developed countries should not be taken into account while considering the power of trade unions in developing countries. In addition, in spite of the considerable number of agricultural workforce, the number of workers in the industrial sector is considerably high in Turkey.



Therefore, when we elaborate on the relations between the changes in the workforce and the trade union movement, we should look at the internal changes in industrial workforce rather than emphasizing the shift from blue-collar to white-collar workers, which seems not to be completely applicable for the developing countries. However, the changes in the structure of employment gain importance in the period of economic restructuring. As has been stated, this economic transformation has created new forms of employment and new techniques in the organization of work. Therefore we must focus on the new forms of employment or the change in the organization of work rather than an emphasis on the changes in employment by sector.

While investigating the differences between the developed countries and Turkey in terms of economic restructuring, the application of the new production method that is referred to as post-fordism, and the flexibility policies in Turkey are considered. On the other hand, the effects of particular policies of neo-liberalism which have similar implications for different countries in respect to their forms of implementation is considered in the light of the particular characteristics of the trade union movement in Turkey. Therefore the analysis is developed on two lines: On the one hand, the validity of various dynamics that are influential over the power of the trade union movement in developed countries is investigated for the Turkish case. On the other hand, the effects of some policies, like privatization, which carry almost no difference in its form in different countries, are investigated with a focus on the particular characteristics of the trade union movement in Turkey.

As has been stated, the world economy faced with a crisis in the early 1970s. This crisis resulted in increased unemployment and a decrease in profits. While countries tried to solve these problems, new technology and the changes in the

political arena (a shift from social democratic governments to neo-liberal ones) led to a different approach towards the economy. The technological developments made possible new production techniques and new forms of work organization. The Keynesian policies that had dominated the earlier period had witnessed almost full-employment. Therefore, Labor Acts were arranged according to the principle of full employment in the previous era. However, harsh competition in the new era and the necessities of the post-Fordist type of production technique required new work types and new forms of production organization. Indeed, flexibility implies, on the one hand, the new organization of work as made possible within post-fordism, and on the other hand, policies of reducing labor cost which are carried out in developing countries.

The integration of Turkish economy into this process was considered in the previous section. However, the features of the process peculiar to the Turkish case and the effects of the process on the organization of work and generally working conditions of workers are very important in our subject, which will be elaborated in this section. With the intense implementation of neo-liberal policies after the 1980s, state's role in economy has been reduced. This process has many impacts on industrial relations, as pointed out by Peker (1996:9-10):

Under the structural adjustment program that followed the military intervention of 1980, the state's economic role was rolled back to the benefit of the private sector. This had a significant impact on labour, with increased redundancy, and also increased subcontracting, home-working, contract-labour, and temporary forms of employment.

This process of drawing state away from the economic activities provided advantages to private sector with respect to capital accumulation, on the one hand, and prepared the grounds for the adaptation to the harsh competition in international market, on the other. The basic tenet of flexibility is increasing productivity as well as

decreasing labor cost. Therefore, the employment forms mentioned by Peker (1996:9-10) can be seen as prototypes of flexibility. The necessity of flexibility is emphasized in the economic restructuring period. In this period, employers in Turkey claim that labor market is very rigid. Employers who always put the necessity of flexibility in agenda contend that job security impedes productivity and economic growth (TİSK, 2000a) and high wages decrease competition power (TİSK, 2000b). While elaborating on the practice of flexibility in Turkey, flexibility based on the new type of production, new technology and high level of economic organization, and flexibility oriented to reducing labor cost—as common to developing countries—should be distinguished from one another and dealt with separately.

There are many approaches to flexibility. The basic principle of flexibility as we mentioned earlier is increasing productivity and regulation of labor cost on the basis of more profit and competition power. One of the flexibility strategies, external flexibility or numerical flexibility, refers to the freedom of employers to determine the number and quality of workers. This type of flexibility is related to employment types, which can be called periphery labor. As Tuncay (1995:61) stated:

On the other hand, non-standard employment types, which are called as periphery or secondary workforce outside the core workforce, have increased in Europe for 15-20 years. Until the mid-1970s, the main employment type has been full time employment depending on contract of indefinite time period. Recently, definite time period work or casual work, part-time work, young and women employment and sub-contracting are very common.

Flexibility in employment types has many forms, such as employment contract for a definite time period, part-time work, tele-work and home-work (Tuncay, 1995:68). In employment contracts for a definite time period, workers do not have the right to receive severance or notice payments. In our laws, this type of employment is regulated (Labor act article 13). Part-time employment is very common in Europe and generally in developed countries. However, there is not any statement in our

laws about part-time work, but there is not any legal obstacle to that kind of employment. Part-time work has two forms: job-sharing and on-call work (Tuncay, 1995:70). In job-sharing, two or more workers share their work in a regular working time. Therefore, there is no possibility of work interruption when workers cannot work. In on-call-work, employers determine the time of work and the period of work. In tele-work, the workplace shifts from firms to home or other places, which can be possible with computer technology. In home-work, work is not organized according to time principle; the wage is determined according to piece. This type of work has been common in Turkey, especially in the textile, ready-made clothing and packaging industries (Tuncay, 1995:73). There are no regulations in our laws related to this type of employment. Therefore these are assumed to be self-employed.

However, a feature of Turkey and also of developing countries in general, emerges. As has been pointed out, before the 1980s, import substitution policies were dominant in Turkey. But then Turkey started to implement import oriented industrialization policies. As Şenses (1995:699) stated, there are two stages of the import-oriented industrialization policies. In the first stage, competition depends on labor-intensive sectors and it requires low wage cost. In the second stage, competition is determined according to productivity and multi-skilled workers. As Şenses (1995:699) stated, the flexibility in workforce is certainly related to the second stage of import oriented economic policies. In the second stage the productivity and new technology gain importance, while in the first stage labor cost plays a significant role. Therefore, while considering the effects of flexibility on industrial relations, the difference between those structural features in developed and developing countries must be take into account. Flexibility has been already in practice for many years in Turkey. As Petrol-İş (1995:634) contends as follows:

Flexibility, whether or not it is called as such, has been already in practice in the forms of numerical, functional, wage and the other flexibility. Freedom to dismiss, exempt personnel, flexibility in collective agreements and work hours, sub-contracting and increase in cut production can be cited among the examples of these flexibility policies.

Therefore, this kind of flexibility can be seen as pertaining to the second stage of the import substitution model. In this kind of flexibility reducing labor cost is emphasized; competitive power is enhanced by means of this strategy. Related to this point, the structure of employment has been changing rapidly in Turkey. According to Lordoğlu (2000:869), there has been an increase in women's employment especially in the service sector and part-time work. In addition, small-scale factories and the number of workers in these factories have been increasing rapidly. Unemployment has risen especially after 1990, and it has resulted in an expansion of the informal sector and of migrant workers. The impacts of this increase in the number of women workers are striking. The lower wages paid to women workers than men workers and the more submissive and docile attitudes of women workers towards the poor working conditions in the factory are some of those features. Besides, the more informal relations between workers and employers in the small enterprises in contrast to formal relationship in large enterprises have posed some difficulties for trade unions to organize in those small-scale enterprises.

Another important feature of the form of flexibility in Turkey is related to the widespread practice of informal employment. As Şenses (1995:695) stated, the sectoral composition in Turkey is comprised of the agricultural sector, the formal sector consisting of large-scale enterprises located in urban areas, and the informal sector which has an intermediary place between these two sectors. The share of each of these sectors in the total workforce is 45%, 33% and 21% respectively in 1996. Among these, in both agricultural and informal sector, flexibility prevails already to

a great extent. Notwithstanding this composition of employment, the flexibility discussions focus on that small proportion of wage earners rather than on the pseudo self-employment or agricultural sector. Therefore apart from the formal sector coming to agenda in the discussions of flexibility, there is already a widespread practice of flexibility oriented towards reducing the labor cost in the informal sector—a sector of significant size.

In the formal sector, on the other hand, even in the enterprises in which trade unions are well organized, flexibility is rapidly developing. In order to understand this, we can look at collective agreements. There are examples of flexibility in collective agreements in Turkey in recent years. As stated in Petrol-İş (2000:814), flexibility in unionized enterprises is in the form of changing the daily working hours, increasing weekly working hours, determination of leave time by employers, exchange of shifts and regular working hours. In non-unionized enterprises, these kinds of flexibility have always been in practice. Wages are not regularly paid, although the shifts, extra work and work in vacation are clearly defined. In addition, workers do 12-16 hours extra work but the total wage for these extra works are not paid. In enterprises, production process is reorganized. Some works shift from the production places to cut production or they are transferred to sub-contracting. Employers try to determine wages according to performance criteria.

The common flexibility form in Turkey is numerical flexibility followed by the wage flexibility, both of which were elaborated in the previous section. Functional flexibility, mainly based on new technology and advanced techniques of organization of work, is not so widespread (Petrol-İş, 2000:895). Subcontracting and temporary workers are very common even in large enterprises and public enterprises. Subcontracting is an important phenomenon in Turkey. Its effects on the labor

market and generally on trade unions are very devastating. As Mahiroğulları stated (2000:53):

Workers in the subcontractors are low-paid and non-unionized workers in the Turkish case. Although there are not any legal obstacles to unionization in this sector, and despite the decisions of Supreme Court towards unionization, the workers in the subcontractors cannot organize because of the fact that they are generally temporary workers and they are under the pressure of employers not to organize.

As has been observed, although the practice of flexibility is not a new phenomenon for Turkey, it assumes forms peculiar to Turkey and to developing countries generally. However, the strategies which were not named as flexibility but bear the same elements have been in practice for years and they become more widespread with the trend to globalization and new technological developments in the forms of numerical, functional, wage flexibility (Petrol-İş, 2000:894).

As has been stated, another main feature of economic restructuring is the new technology and the application of post-fordism. Different from the new employment types this feature is closely related to the organization and the quality of work. As Köstekli (2000:844) stated the new organization systems have been in practice after the mid-1980s. In these years quality circles were launched in large-scale enterprises like Koç, Sabancı, Şişe Cam. Some public enterprises such as Petkim and Sümerbank also discuss the matter. There are no detailed research about the new organizational systems and the enterprises, which use high technology and communication systems. However, Petrol-İş made a research to investigate the degree to which flexibility and post-fordist type of production prevails in the enterprises in which Petrol-İş was organized (1995:639-642). Although we cannot make generalization by using the results of the research, it can help us to understand the situation in other sectors to a certain degree. 41 of these enterprises are public and 62 are private enterprises. 58.9% of these enterprises are in the chemical sector, 36.4% are in petroleum and

4.7% are in rubber sectors. 40 of these enterprises (37.4%) have total quality management system, which is an important indicator of the flexibility in the organization of work. Thirty-eight enterprises (35.5%) use 'new technologies'. As stated in Petrol-İş (1995:642), the prevalence of extra work and difference in work hours indicates the flexibility in those enterprises. It can be said that the practice of flexibility has started in the 1990s and it has been spreading to the other firms since then. The number and variety of tasks carried out by a worker has increased and workers are participating in the management with their own suggestions as well. All these are indicators of the new organization of work which can aptly be called as flexibility and post-fordist type of production.

In order to understand the use of new technology and its effects on the working conditions in Turkey, we can look at a case study carried out by Parlak (1996) in TOFAŞ, an automobile factory in Bursa. This example reveals a typical pattern. Parlak states that TOFAŞ's management is designed according to the principles of Fordist-Taylorist type of work organization. However, after the mid-1980s, there have been important technological changes in the factory. But some areas of production are not adapted to the new technology. This is because the labor is very cheap and the production level is not worthy of using the new technology. Parlak (1996:130) states, "the use of new technology made jobs more machine-paced than before, facilitated the extension of managerial control and increased intensity of labor". He adds that this new technology has reinforced the Fordist-Taylorist work organization rather than to transform it. In addition to adapting the new technology, recruitment strategy in TOFAŞ has also changed. The workers are selected according to the main principles of Total Quality Program, which is basic for post-fordist organization of work. They design the recruitment process according to this criterion



and tell the new worker that he is a temporary worker and only after s/he is “obedient to [his] superior, stick to [his] job and develop [his] skills and capabilities, [he] may be given a permanent contract” (Parlak, 1996:133). Employment contracts include the following statement: “I agree that I may be called upon to perform any task within the limits of my ability in any part of the production without my consent” (Parlak, 1996:134). Parlak states that “the workforce is divided with respect to both the contractual status of workers, temporary of permanent, and with respect to their military service, conscripted or non-conscripted” (Parlak, 1996:134). This kind of segmentation brings a kind of flexibility in the factory that Parlak (1996:134) defines as follows:

This form of segmentation of the workforce was an important innovation to circumvent the restrictions on dismissal and redundancy, which were initially imposed by the military government and later by the 1983 Labour Code. However, its use was more sophisticated and served wider objectives than that of ‘numerical flexibility’ alone (Atkinson, 1985).

Workers bounded by temporary employment contract are deprived of many regulations in the protective articles of the Labor Code, such as severance payment. Temporary workers are used in order to decrease labor cost without any resistance from workers themselves or from trade unions. The management easily dismisses workers and recruits new workers when necessary. The new technology and the work organization have not brought a decrease in ‘alienation’ or hard-work. As Parlak (1996:137) states, the use of “new technology and participatory management practices such as Quality Circles and CEDAC (a form of participative suggestion scheme for eliminating production problems) have resulted in organizational changes, but they have not altered the routine, boring, monotonous and tiring processes”.

The condition we observe in TOFAŞ reveals both the particular characteristics of the use of new technology in Turkey and the effects of the changes in factory on the workers generally. The use of new technology in some areas of production and the isolation of some areas from this restructuring show us a general trend in the use of new technology in Turkey (see Yentürk, 1995). In addition, the use of temporary workers and the increase in the segmentation of workforce disrupt the solidarity among workers. The temporary workers struggling to reach the position of permanent workers endure the bad working conditions. The forcing of workers in employment contract to do any work within their ability without consent is a way of providing flexibility. The point related to this case is stated by Yüksel (1997:22), which directly reflects the changes and dynamics of the trade union movement. There has been a trend from centralized trade unions, which were based on class conflict, to the corporatist trade union movement, which is based on consensus. In this new era, workers are seen as individuals, which participate in the improvement of productivity and profit of enterprises. Under these new conditions, trade unions have not much to do in the situation of conflict. Employers have alternatives, like shifting production to the other places even to other countries. They tend to transfer part of the production to subcontractors. Therefore different employment contracts like the one in TOFAŞ are used to shape the relation between employers and workers in an individualistic way.

Another point can be seen when we look at how workers feel about and cope with the conditions outside the TOFAŞ as Parlak (1996:137) stated:

The existence of the army of unemployed, and extremely low wages outside renders some workers submissive and makes them accept their subjection to the sort of work they do in TOFAŞ. Some workers, when they get bored or tired, force themselves to imagine what they would be doing if they were not working for TOFAŞ.

This reveals the effects of not only the conditions in the factory but also the conditions outside the factory on the workers. Unemployment, bad working conditions, low wages, the abundance of informal sector, illegal and non-insured work which are partly the outcomes of economic restructuring make workers fear resisting the bad conditions and renders them submissive in the factory. In the TOFAŞ case rather than the strategies of deunionization, the employer chooses using temporary workers to decrease the labor cost. In the case that this is not possible deunionization strategies are used.

There are a number of views on the effects of flexibility and generally post-fordism on labor market. Some authors focus on the negative aspects of this process in relation to labor. As Baş (1995:778-779) states flexible specialization has been fostering unemployment, which is already increasing with the new technological developments. De-unionization or the increase in the number of employer- or state-controlled unions are further effects of the non-standard forms of employment that arise from flexibility and the new technology in the organization of work. The process of flexible specialization increases white-collar workers and always worsens the position of traditional blue-collar workers. Another author (Koray, 1995:755) states that while core labor with high wages and satisfaction of work create productivity, the peripheral labor gets unskilled and has no hope to find job. However for the employer the number of potential workers increases and they easily adapt to the changing conditions in the market and to the harsh competition. Türkmen (1995: 744) states that employers reduce the labor cost by transferring the work to the subcontractors. The workers in subcontractors have low wages and generally no insurance. This situation creates a threat for the other workers for reduced wages. In case the workers in the subcontractors want to organize, they are

generally dismissed. They are shown as the alternatives of the workers in formal sectors. However there are opposite views, which focus on the positive aspects of flexibility and generally new production systems. As Yüksel (1997:21) has stated, flexibility is a characteristic of a post-industrial restructuring. It means a shift from unskilled mechanized labor to the skilled labor, which uses its information. Tuncay (1995: 59) states that flexibility in Labor Acts naturally serves the interests of the enterprise. However, workers also gain an opportunity from this situation. They are components to each other. Especially, flexibility in working hours and new employment types serves also for the interests of the workers. They are free to choose their own working hours and they are more satisfied with the work they do. However if we look at the point from a broader perspective, in discussions of flexibility and of post-fordism the economy is defined as organized around the core labor. As has been stated the situation is reverse. There has been a growing informal sector and the field in which precarious forms of labor utilization is dominant. Firms that use high technology transfer a part of their production to the subcontractors. The workers in those subcontractors have low wages and no insurance generally. Therefore, there has been a dualism in the labor market, namely the core and the periphery, the former was defined flexible and the latter, Fordist. As has been stated, in that respect we can say that the labor process cannot be defined in terms of the core labor, we must also look at the peripheral work force. The views that defend the necessity of the new technology and flexibility mainly focus on this core work force. Flexible firms extend subcontracting, segment their workforces more, having a core workforce which is multi-skilled and functionally flexible, and a peripheral workforce which is more disposable with fewer employment rights, that is temporary employment, informal sector, short-term contracts and part-time working. Flexibility

emerges from the notion of difference between core and peripheral workers. The core workers are less in numbers and generally high and multi skilled. However, the peripheral workers which can be called as ‘McDonalds workmanship’ (Petrol-İş, 1995:829) are low skilled and they are frequently dismissed and don’t have any kind of job security. Another consequence of the flexibility is creation of new jobs. In European countries there has been an increase in the undefined jobs, professional-technical jobs and decrease in agricultural workers, personnel in management and salesclerk (Petrol-İş, 1995:829). However, there has been new differentiation among workers: unionized and non-unionized workers, core and peripheral labor, formal and informal work, high and multi-skilled and unskilled, etc. The consequence of this situation for the trade unions is devastating. Trade unions face a dilemma in this situation. If they are the defenders of a small group of high skilled workers their future will be merely the occupational organizations whose main function is increasing wages and participating in the coordination of work. If they choose to organize the peripheral workers they will frequently face the threat of dismissal of their members or losing their present members.

As has been stated in the discussion of effects of different policies of economic restructuring, the basic character or the tradition of trade union movement is very important. Another main important policy, which is one of the main tenets of the economic restructuring period, is privatization. It is particularly important for the Turkish case in respect to its effects on trade union movement. If we look at the tradition of Turkish trade union movement the effects of privatization become clear. The main feature of Turkish trade unionism is its dependence on the public sector workers. As has been stated the state has been the main employer in Turkish economy and the first powerful trade unions were established in state-owned

enterprises. This tradition of Turkish trade unionism gains importance in the discussion of the effects of privatization after the 1980s. Privatization is seen as a basic feature of globalization and the development of free market economy. The state owned enterprises have generally established monopolies in their sectors and have functioned as an economic motto in the development of the country in the post Second World War period. However, in the age of globalization they are seen as obstacles to free competition and the spread of multinational corporations. As Oyan (1998:137) stated, public enterprises are seen as obstacle to the capital accumulation based on flexible production and flexible employment because of the relatively high job security, high union density, and rigid wage systems in those enterprises. Especially in the countries in which crude flexibility models based on reducing wages are dominant, this feature of public enterprises is emphasized as obstacles to economic restructuring.

One of the main problems in the process of privatization for the trade unions organized in public sector is dismissal after privatization. As stated in Petrol-İş (2000:301) the number of workers dismissed after privatization in 1997, 1998, and 1999 were 7.935. The proportion of workers dismissed after privatization was 68.2% and the proportion of workers de-unionized after privatization was 72%. As Müftüoğlu (quoted in Kağıcıoğlu, 1999:291) stated:

Dismissals after privatization led to decreasing members of trade unions on a larger scale. In addition, the main reason of high union density in public sector is that these enterprises are large-scale and they recruit large number of workers. Because these enterprises are privatized in parts, the large enterprises proper to trade union organization are turned into small-scale enterprises that are isolated from each other and have less number of workers.

Another main problem about the employment in the public enterprises is the state intervention to the employment types in these enterprises to make the process of privatization easier. As Kağıcıoğlu stated (1999:290) contract personnel in these

enterprises is close to one third of the total employment. The practice of exempt personnel is highly common. It increased by 51.2% in public sector while it increased by 8% in private sector in 1997. The workers in public sector are generally organized. This feature is also seen as an obstacle to privatization and the practices of contract exempt employment are seen as tools for de-unionization.

In the process of privatization the difficulties that trade unions face are really serious in Turkey. Except the period of 1970-1980, trade unions in Turkey have not so much experience of organizing in private sector. Due to this feature of trade unionism in Turkey unions lose their members after privatization and they cannot easily regain them. In the conditions of harsh competition, employers do not want to negotiate with trade unions in determination of wages and other conditions of work for they know the effect of trade unions on wages.

## CONCLUSION

Globalization, or with a more critical stance, economic restructuring oriented towards globalization, has affected the employment structure, organization of work and the dynamics in the political realm in many countries, forming the impression that a new era has started. However, as has been pointed out, this conceptualization in which globalization is presented as an almost inevitable process that produces similar effects in various countries is quite problematic. The process called arguably as 'globalization' produces new relations of dependency between countries, thereby deepening the inequalities between them. The domination of transnational corporations in the economy is produced through the forms of the nation-state, and as we have seen, the distribution of these monopolistic corporations over countries reflects the inequality between these countries. Therefore, globalization emerges rather as a process that spreads to various parts of the world via transnational corporations and the financial market, which furthermore can be ultimately imposed upon those countries that are possible to control. In the context of these relations of dependency and the deepening inequality among countries, globalization has to be reconsidered from a critical stance, and be stripped off from the existing misunderstandings. Consequently, in an investigation of the relationship between globalization and trade unionism, it should not be overlooked that the process embodies relations of dependency, and that it produces different outcomes in terms of objective conditions in different countries.

It is quite problematic to take up a universal approach concerning the effects of economic restructuring on work practices in general, and on trade unions in particular. This process of restructuring, which has caused significant changes in the



developed countries since the 1970s due to the shift of production to countries with an abundance of cheap labor, has had different implications for the developed and the developing countries. Whereas in the developed countries the significant changes have taken the form of an increase in the rate of unemployment, and the shift of employment from industry to the service sector, in developing countries they have entailed an increase in the number of workers employed in the existing flexible sectors of industry in which there is no security provision, and increased pressure on trade unions arising from the search for cheap labor in an environment of fierce competition that results from privatization and deregulation of the economy. In these countries legislations on working conditions, already quite backward in character before the restructuring, have enabled employers to embark upon such measures as deunionization and collective dismissals, and thereby reducing labor costs. The gradually declining strength of trade unions has made it difficult for them to react against the measures taken up by employers. As they have lost strength in terms of the number of their members, and due to the negative claims directed towards unionism, trade unions have found it difficult to reverse the process.

Concentrating on the Turkish case necessitates an emphasis on the social-economic structure of the country and the features of the trade unionism that is peculiar to the country. In the analysis of the features peculiar to developing countries, it should be pointed out that the major difference between these countries and Turkey derives from the latter's tradition of trade unionism and the historical evolution of its institutions. As has been mentioned, in Turkey, as in many of the developing countries, there is no shift from the industrial to the service sector. Therefore, the argument that the inexperience of trade unions in the service sector adversely affects union power loses validity in the developing countries in general.

But the fact that the number of workers employed in the industrial sector has remained stable, and has even slightly increased through the process of restructuring cannot be analyzed on its own. Within the industrial sector, the increase in the weight of those employed in the marginal sector, which offers temporary and low-paid jobs, usually without security has had a destructive impact on trade unions. Employers have attempted at reducing the strength of trade unions by posing these sectors as alternatives to the formal sectors, and have subcontracted part or whole of their production to these sectors as a means of reducing labor cost.

There are also other important issues that emerge from a consideration of the characteristics borne by the structure of unionism in Turkey. Turkish trade unions, which basically depended on workers in the public sector, and which did not have a significant experience in the private sector apart from the organizational activity carried out by DİSK in the private sector around the 1970s, rapidly lost their members in the public sector as a result of privatization, which is an important tool of restructuring. In Turkey, trade unions generally take up a counter position to privatization, yet attempts at getting organized within the private sector are not actively pursued. Considering the high rates of unionization within the public sector, the difficulty of getting organized in the private sector can be more easily understood. In such an era in which a negative attitude against trade unions and a continuous attempt at reducing labor costs is prevailing, organization in the private sector becomes tougher. On the other hand, it is indeed difficult for a unionism which is accustomed to the positive attitude of employers in the public sector to organize in the private sector despite all the negative attitudes displayed therein.

Remarkable differences are also observed in the implementation of policies and the organization of work within the process of economic restructuring oriented

towards globalization. In place of the flexible practices in the developed countries, which are based on productivity and which aim at including the new forms of employment within the legislation on working conditions, in Turkey the dominant policy has tended to shifting the formal sectors to the already flexible informal sector. The effect of this on trade unions has been much more destructive than the effect that flexibility practices have had in the developed countries. Yet, this should not lead to the conclusion that trade unions in the developed countries are not affected by the new forms of employment, or that the new techniques employed in the organization of work do not affect unions adversely. As it has been pointed out, the production techniques employed during the globalization process have led to certain new fragmentations among workers. However, it would be problematic to relate these divisions, which take the form of formal-informal, unionized-deunionized, core-periphery, exclusively with the globalization process and refer to them as new phenomena. It is more correct to regard the process as one which reinforces existing fragmentations. Yet it is possible to discern a difference in this sense between the developed and the developing countries like Turkey.

The impacts of the transformations experienced in Turkey on working conditions in general, and on trade unions in particular, can be explored in relation to the mentioned features. The process has positive impacts as well as negative ones. For one thing, the shift from the agricultural to the industrial sector implies a rapid proletarianization process, which in turn implies an increase in the number of potential members of trade unions. At the same time, the public sector unionism, which depends basically on negotiations with the government, and which has no experience of organization in the private sector, has to get organized in the private sector. A trade union movement that accomplishes to be organized in the private

sector under such difficulties will acquire a much more resistant character and will thus be able to give the necessary response against the negative impacts of restructuring on unions.

If the role attributed in this process to trade unions is a compromising one that seeks consensus in the workplace between the employees and the employer, and that favors productivity, this type of a unionism cannot be expected to flourish in developing countries, because the majority of the workforce in these countries is gradually concentrated in the periphery labor. This kind of consensus can be established only under one condition, and that is, if trade unions choose to organize core labor, which is the basis of post-fordist production. Yet, at this point trade unions face with a paradox. If they are to be content with this group of the workforce, they will lose the so-called peripheral labor which forms the majority of the workforce and which experience quite unfavorable working conditions. That is, if they focus on core labor, they will go through a rapid loss of members, and rather than representing the major part of the workforce, they will fall into craft unionism. On the other hand, if they choose to concentrate on the peripheral labor, they will face with a serious problem of restructuring in a country like Turkey, where unionism has a strong tradition of struggle yet lacks adequate experience in the private and marginal sectors. Therefore trade unions can be said to have reached the crossroad especially in developing countries. Those unions that are conscious of the objective conditions resulting from economic restructuring and that are able to determine strategies in line with these conditions will be the beneficiaries of this process.

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## APPENDIX

**TABLE 1**

**Decrease in the Rate of Unionization in Different Countries (1985-1995)**

Country	Decrease in the rate of unionization % (1985-1995)
Argentina	42.6
Mexico	28.2
USA	21.1
Venezuela	42.6
Japan	16.7
Australia	29.6
New Zealand	55.1
France	37.2
Germany	17.6
Greece	33.8
Israel	77.0
Italy	7.4
Holland	11.0

Source: Koç (1999b:14)

**TABLE 2**

**Estimated Structural Unemployment in the OECD Countries, 1986-1996.**

Country	1986	1996
France	8.9	9.7
Italy	8.4	10.6
Finland	5.5	15.4
Spain	19.1	20.9
Belgium	11.7	10.6
Turkey	7.5	7.5
UK	10.2	7.0
OECD	7.0	7.1

Source: Selected from OECD (1998: 8)

**TABLE 3****Union Membership in Turkey (1948-1980)**

Year	Trade Unions	Membership
1948	73	52.000
1960	432	282.000
1966	704	374.058
1968	755	1.057.928
1970	737	2.088.219
1980	733	5.721.074

Source: The Ministry of Labor and Social Security

**TABLE 4****Strikes in Turkey (1984-1995)**

Years	The number of strikes	Workers in strikes
1984	4	561
1985	21	2410
1986	21	7926
1987	307	29734
1988	156	30057
1989	171	39435
1990	458	166306
1991	398	164968
1992	98	62189
1993	49	6908
1994	36	4782
1995	120	199867
1996	38	5461
1997	37	7045
1998	44	11482
1999 (30.11.1999)	34	3282

Source: The Ministry of Labor and Social Security

**TABLE 5****The Number of Wage Earners in Turkey (1970-1990)**

Year	The number of wage earners	The rate of it in the working population
1970	4.172.699	27.60
1975	5.386.527	30.99
1980	6.162.002	33.27
1985	6.978.181	33.94
1990	8.990.727	38.45

Source: Koç (1995:36).

**TABLE 6****Share in Aggregate Disposable Income in Turkey (1970-1994)**

Share in Aggregate Disposable Income		
Percentiles	1987	1994
Lowest 10%	1.94	1.84
Highest 10%	34.02	40.51
Lowest 5%	0.70	0.69
Highest 5%	23.01	30.34

Selected from (Sakallioğlu and Yeldan, 2000:488)

**TABLE 7****Foreign Direct Investment in Turkey (1950-1997)**

Years	Foreign Direct Investment Permits (millions of US dollars)	Foreign Direct Investment Realizations (millions of US dollars)
1950	1	5
1960	10	24
1970	88	58
1980	97	18
1985	235	99
1990	1861	700
1995	2938	772
1997	1077 (January-September)	245 (January-June)

Source: DPT (State Planning Institution) (1998)

**TABLE 8****Exports And Imports in Turkey (1950-1997)**

Years	Merchandise Exports	Merchandise Imports
1950	263	-286
1960	321	-468
1970	588	-948
1980	2.910	-7.513
1985	8.255	-11.230
1990	13.026	-22.581
1995	21.975	-35.187
1997 (January-June)	11.997	-21.055

Source: DPT (State Planning Institution, 1998)

**TABLE 9****Unionization Rate in Turkey (1984-1997)**

	Total Workers	Total Unionized Workers	Unionization Rate
1984 January	2.317.016	1.247.744	53.85
1990 January	3.495.087	1.921.441	54.97
1991 January	3.573.426	2.076.679	58.11
1993 January	3.683.426	2.341.979	63.58
1996 January	3.973.306	2.695.627	67.84
1997 January	4.111.200	2.713.839	68.01
1999 January	4.350.016	2.987.975	68.68
2000 January	4.508.529	3.086.305	68.45

Selected from the Statistics of the Ministry of Labor and Social Security

**TABLE 10****Estimated Union Density Based on Coverage of Collective Agreement in Turkey (1970-1990)**

	Union Members according to Collective Agreements	Wage Earners in Population Census	Union Density (%)
1970	819.373	4.173.000	19.6
1980	1.049.250	6.162.000	17.0
1985	1.419.584	6.978.000	20.3
1990	1.463.880	8.991.000	16.3
1993	1.280.067	9.767.588	13.1
1995	1.081.315	10.322.231	10.5
1996	960.357	10.611.253	9.1

Source: (Petrol-İş, 1995:523)

**TABLE 11****Domestic Labor Market and Sectoral Developments for Turkey (1980-1998) (%) (12+age) (Thousands)**

Sectors	1980	1985	1990	1993	1996	1997	1998
Civilian labor force	16.523	17.547	19.146	19.806	21537	21008	21594
Agriculture	54.2	50.4	48.4	45.4	45.8	42.4	43.0
Industry	20.0	21.1	20.4	21.7	21.7	23.3	22.7
Service	25.8	28.5	31.1	32.8	32.6	34.3	34.3

Source: Selected from Turkish Treasury (2000)

**TABLE 12****Employment by Sector in Different Countries**

Country	Total (Millions)	Agriculture (%)	Industry (%)	Services (%)
USA	131.464	2.7	23.6	73.7
Italy	20.123	6.6	32.0	61.5
Spain	13.205	8.0	30.4	61.6
Japan	65.142	5.3	32.0	62.7
Norway	2.216	4.7	23.4	71.9
Germany	35.715	2.9	35.0	62.1
Turkey	21.594	43.0	22.7	34.3

Source: Selected from DİE (State Institute of Statistics Prime Ministry Republic of Turkey, 1999)